

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF GRANT COUNTY	)	CASE NO.
SANITARY SEWER DISTRICT FOR AN ALTERNATE	)	2019-00424
RATE ADJUSTMENT	)	

**RESPONSE OF GRANT COUNTY SANITARY SEWER DISTRICT  
TO COMMISSION STAFF REPORT**

Comes now the Grant County Sanitary Sewer District (“District”), through its Chairman Charles Givin, and submits the following Response to the Commission Staff Report. This Response has been prepared after consultation of the District with its accountant, counsel, and Superintendent. In summary, the District has no objections to the adjustments recommended in the Staff Report relating to Items 2(A), 2(B), 2(C), 2(D), 2(E), and 2(F). The District does take exception with the Staff Report conclusions and adjustments made with respect to the Average Annual Principal and Interest Payments. The District would respectfully request that its requested Rate Adjustment be approved with all Staff recommended adjustments except the Average Annual Principal and Interest Payments as set forth below. For clarity, the following numerical paragraphs correspond with those set forth in the Staff Report.

2(A) **Billing Analysis Adjustment**. The District is prepared to and will resubmit bills to “Commercial Customers” who were underbilled. Those bill adjustments will be made for a period of two (2) years as required in KRS 278.225. The District is also prepared to submit credit statements to those “Commercial Customers” who have been overbilled for a five (5) year period as required in KRS 413.120.

2(B) **Billing Analysis Adjustment**. Given the minimal \$470.00 decrease in water sales revenue as determined by Staff, the District accepts this finding.

2(C) **Owner, Manager, and Management Fee**. The District accepts the Staff's finding.

2(D) **Employee Health Insurance Benefits**. The District acknowledges and is aware of previous Orders issued by the Public Service Commission relating to rate making adjustments *vis-a-vis* salaries and benefit packages of utility employees. The District believes that the adjustment recommended in the Staff Report is reasonable.

2(E) **Employee Dental Insurance Benefits**. The District accepts the adjustment recommended in the Staff Report.

2(F) **Miscellaneous Non-Operating Income**. The District accepts the conclusion contained in the Staff Report.

As to the OVERALL REVENUE REQUIREMENT AND REQUIRED REVENUE INCREASE findings contained in the Staff Report, the District would respond as follows:

(1) **Average Annual Principal and Interest Payments**. As noted in the Staff Report, the District has not had a general rate increase of customer rates since 2006. When the District assumed management and control of the sanitary sewer system from the City of Crittenden in 2004, many components of the sanitary sewer system were in a substantial state of disrepair requiring substantial maintenance, and/or replacement. Despite these obstacles, the District was able to significantly improve the overall efficiency and operation of the sanitary sewer system without increasing rates. This was achieved in large part due to the District's engagement of the Bullock Pen Water District to assume all operations of the

District, including field maintenance personnel, office personnel, and the like. More importantly, the District was able to engage the skill, expertise, and knowledge of Bullock Pen Water personnel to assist the District in providing quality sanitary sewer services to its customers. While engaging the Bullock Pen Water District to manage all operations of the sanitary sewer system, the District was able to provide quality service without any duplication of services and at minimal expense. This efficiency enabled the District to operate for nearly 14 years without a rate increase. Currently, there are several components of the District's existing infrastructure that will need repair, replacement, and or improvement both currently and in the reasonably foreseeable future. Except for the District's sanitary sewer treatment plant, much of the District's infrastructure has or is approaching the end of its operational efficiency. Replacement of and improvements to various infrastructure components will continue to remain an ever present reality for the District. Funding to finance these projects can only come through general rates. Given the age of many infrastructure components, repair, replacement, and or maintenance will only increase thereby creating a more significant strain on the District's limited financial resources.

Through the foresight of the District's leadership, refinancing of certain financial obligations was undertaken which has provided the District an opportunity to pay off one of its primary financial obligations in 2023. This refinancing provided significant savings to the District which ultimately benefitted its customers. While the Staff Report states that the five (5) year average is more appropriate because the District will be relieved of its BB&T lease payment in 2023, it does not recognize the reality that the District will continue to have

increasing demands for maintenance, repair, and/or replacement of aging infrastructure. The financial demands for funding of these current and foreseeable projects is vital to maintaining the District's ability to provide quality and compliant sanitary sewer services to its customers. Accordingly, the District believes that the three (3) year averaging method is appropriate.

**SUMMARY**

Overall, the District does not have any significant objections to the Staff Report with the exception of the calculation of average annual principal and interest payments. To that extent, the District would respectfully request that the Public Service Commission approve its proposed Rate Adjustment utilizing the three (3) year average method as opposed to the Staff Report's recommendation of a five (5) year average.

Respectfully submitted,

GRANT COUNTY SANITARY SEWER DISTRICT

BY: Charles Givin  
CHARLES GIVIN, CHAIRMAN

COMMONWEALTH OF KENTUCKY  
COUNTY OF GRANT

Subscribed, sworn to and acknowledged before me by Chairman Charles Givin, for and on behalf of the Grant County Sanitary Sewer District on this the 26th day of March, 2020.

Dianne K Cook  
NOTARY PUBLIC, State at Large  
My Commission Expires: 2-13-24  
Notary ID#: KYNP 1437

*//s// Thomas R. Nienaber*

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