

CASE NO. 2020-00277
CITY OF AUGUSTA
RESPONSES TO COMMISSION'S ORDER DATED AUGUST 25, 2020

1. Refer to the February 6, 2016 Water Purchase Contract (Contract) between Augusta and Bracken District, Section 16, Methodology for Rate Adjustment, pages 4-5.

a. Provide the calculations that follow the requirements outlined in the February 6, 2016 Contract that Augusta used to compute its proposed wholesale rate of \$2.50 per 1,000 gallons.

b. If Augusta did not follow the methodology that is outlined in the February 6, 2016 Contract, provide the calculations it did use to compute the proposed wholesale water rate and explain why it deviated from the method that is defined in the Contract.

c. Provide copies of Augusta's responses to Items 1.a and 1.b in Excel spreadsheet format with all columns and rows accessible and all formulas unprotected.

RESPONSE: In making its initial proposal to Bracken County Water District, Augusta identified two primary drivers requiring an increase in rates: (1) the FY2019 Audit showing a net loss for the water treatment plant operations and (2) increases in health insurance premiums for its water treatment plant employees. These factors indicated that Augusta needed to recover approximately \$34,500 in additional revenue. Augusta proposed to increase its rates by 15 cents per 1,000 gallons for all customers, which would generate approximately \$31,200 additional revenue. Augusta discussed this with Bracken County Water District, who agreed to the proposed rate.

Augusta has now calculated what the rate would be if the methodology outlined in the February 6, 2016 Contract was used. This calculation reveals that Augusta could charge Bracken County Water District at least \$2.58 per 1,000 gallons. This calculation does not include

unexpected rate case expense that would be appropriate to include as an amortized operating expense. Please see the attached Excel file for this calculation.

If Augusta's proposed rate of \$2.50 per 1,000 gallons is accepted without further litigation, Augusta will not amend its proposed rate.