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December 29, 2021

Ms. Linda Bridwell, P.E.
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 2020-00287
Merger of Southeast and West Daviess County Water Districts into
Daviess County Water District
Notice of Intent to File General Rate Case

Dear Ms. Bridwell:

Pursuant to Ordering paragraph 2 of the Commission's December 15, 2020 Order in Case No. 2020-00287, the Daviess County Water District ("Daviess District") hereby provides notice of its intent to file a general rate case with the Commission on or before June 30, 2022.

Cost of Service Study. As stated in the Verified Joint Application ("Merger Application") in Case No. 2020-00287, Daviess District plans to prepare a Cost of Service Study ("COSS") as soon as possible following the completion of the Audit Report and PSC Annual Report for calendar year 2021. Daviess District has already contacted Kentucky Rural Water Association ("KRWA") and requested its services to perform the COSS and to assist with the preparation of the general rate case application.

General Rate Case. Daviess District must file a general rate case application instead of utilizing the Alternative Rate Filing ("ARF") procedure because its gross annual revenue will exceed the \$5,000,000 amount set forth in 807 KAR 5:076, Section 2 (Its gross annual revenue will actually exceed \$6,000,000 for calendar year 2021). Previously, the Southeast Daviess County Water District ("Southeast

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District”) and the West Daviess County Water District (“West District”) were eligible to use, and did utilize, the simplified and less expensive ARF procedure for their respective rate cases (See Case No. 2020-00195 and 2020-00196 for their most recent rate adjustments). Daviess District’s employees, who were the former employees of Southeast District and West District, have never filed a general rate case. Likewise, they do not possess the technical expertise to prepare a COSS. Thus, the need to engage the services of KRWA to prepare the COSS and provide assistance in preparing the general rate case application.

Test Year. Because the merger of the former Southeast District and West District did not become effective until January 1, 2021, its first full year of operation will not end until December 31, 2021. Therefore, the Test Year will be calendar year 2021. It would have been inappropriate to use a Test Year commencing prior to the effective date of the merger.

Unified Rate Schedule. Daviess District currently has two (2) separate rate schedules: one for its Southeast Division and one for its West Division. As stated in the Merger Application, Daviess District plans to propose a unified rate schedule for all its retail water customers. This will achieve one of the merger goals of having all retail customers pay the same rates regardless of their location. Daviess District has instructed KRWA to propose a unified rate schedule in the general rate case that will be filed on or before June 30, 2022.

Should you need additional information, please let us know.

Yours truly,



Damon R. Talley

DRT:MEW