

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

In the Matter of:

**ELECTRONIC TARIFF FILING OF)
MUHLENBERG COUNTY WATER DISTRICT) CASE NO. 2021-00210
TO REDUCE ITS WHOLESALE WATER)
RATES)**

**RESPONSE OF
MUHLENBERG COUNTY WATER DISTRICT
TO
COMMISSION'S REQUEST FOR INFORMATION
DATED MAY 25, 2021**

FILED: July 8, 2021

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

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TO REDUCE ITS WHOLESALE WATER)
RATES)**

**RESPONSE OF MUHLENBERG COUNTY WATER DISTRICT TO
COMMISSION’S REQUEST FOR INFORMATION**

Comes Muhlenberg County Water District, for its Response to the Commission’s Request for Information, and states as shown on the following pages.



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District*

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

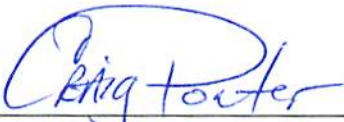
In the Matter of:

**ELECTRONIC TARIFF FILING OF)
MUHLENBERG COUNTY WATER) CASE NO. 2021-00210
DISTRICT TO REDUCE ITS)
WHOLESALE WATER RATES)**

**CERTIFICATION OF RESPONSE OF MUHLENBERG COUNTY WATER
DISTRICT TO COMMISSION’S REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of Muhlenberg County Water District’s Responses to the Commission’s Request for Information. The response submitted on behalf of Muhlenberg County Water District is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Date: 7/8/2021



Craig Porter, Superintendent
Muhlenberg County Water District

CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8 and the Commission's March 16, 2020 and March 24, 2020 Orders in Case No. 2020-00085 regarding electronic filings, I certify that Muhlenberg County Water District's Response to the Commission's Request for Information was electronically transmitted to the Public Service Commission on July 8, 2021 and Muhlenberg County Water District will file original paper copies of this filing within 30 days of the lifting of the State of Emergency.



Katelyn L. Brown

MUHLENBERG COUNTY WATER DISTRICT

CASE NO. 2021-00210

Response to Commission's Request for Information

Question No. 1

Responding Witnesses: Kendra Newman, Office Manager; Craig Porter, Superintendent

Q-1. Provide an explanation for how Muhlenberg District is able to absorb the reduction in revenues from its wholesale customer without revising retail rates.

A-1. The amount of revenue that will be lost from Muhlenberg District's wholesale customers will be *de minimus*. In 2020, Muhlenberg District had Operating Revenues of almost \$4 million (\$3,988,647). In contrast, the annualized amount of reduction in its revenues by reducing the wholesale rate from \$6.63 to \$5.27 per 1,000 gallons will only be **\$27,132** or less than **0.7%** (19,950,300 gallons sold to wholesale customers times \$1.36 per 1,000 gallons reduction in wholesale rate equals \$27,132. When \$27,132 is divided by \$3,988,647, the result is 0.0068 or 0.68%, which rounds up to 0.7%).¹

This miniscule reduction in revenues is dwarfed by the reduction in expenses in the amount of **\$82,362** detailed in the response to Question 2 and the reduction in long-term debt expense in the amount of **\$228,592** detailed in the

¹ Muhlenberg County Water District, 2020 PSC Annual Report.

response to Question 3 of the Commission's Request for Information dated
May 25, 2021.

MUHLENBERG COUNTY WATER DISTRICT

CASE NO. 2021-00210

Response to Commission's Request for Information

Question No. 2

**Responding Witnesses: Kendra Newman, Office Manager; Craig Porter,
Superintendent**

Q-2. Provide a list of expenses that have decreased since its base rate adjustment in Case No. 2012-00009.

A-2. Please see the attached spreadsheet which shows the expenses that have decreased since Muhlenberg District's base rate adjustment in Case No. 2012-00009. The total decrease is **\$82,362**.

Muhlenberg County Water District

Response to Commission Staff's Request for Information

Question No. 2

Account	2020	2012	Change
00650-0008 GAS & OIL	20,007.09	62,128.91	(42,121.82)
00651-0008 TRUCK REPAIR & MAINTENANCE	9,662.20	12,474.50	(2,812.30)
00658-0008 INSUR WORKMAN'S COMP/AD&G	18,318.16	29,195.24	(10,877.08)
00670-0007 Bad Debt Expense	13,299.37	31,045.98	(17,746.61)
00678-0008 SEMINARS AND TRAINING	1,584.71	10,388.78	(8,804.07)
TOTAL	62,871.53	145,233.41	(82,361.88)

MUHLENBERG COUNTY WATER DISTRICT

CASE NO. 2021-00210

Response to Commission's Request for Information

Question No. 3

Responding Witnesses: Kendra Newman, Office Manager; Craig Porter, Superintendent

Q-3. Provide a list of the long-term debt that has been retired since the conclusion of Case No. 2012-00009.

A-3. Muhlenberg District's annual long-term debt payments have been reduced by **\$228,592** since the conclusion of Case No. 2012-00009.

As stated in Finding paragraph 5 on page 3 of the Commission's April 30, 2012 Order in Case No. 2012-00009, Muhlenberg District's average annual principal and interest payment on its long-term debt for the period from 2012 through 2014 was \$429,351.

\$200,759 is the average annual principal and interest payment on Muhlenberg District's current long-term debt (See Table B of the Cost of Service Study prepared by Alan Vilines and filed in support of Muhlenberg District's revised tariff sheet reducing its wholesale rate. Table B is also attached to this Response).

SUMMARY

2012-2014 Average Annual Long-Term Debt Payment	\$429,351
2021-2025 Average Annual Long-Term Debt Payment	<u>\$200,759</u>
Reduction	\$228,592

Currently, Muhlenberg District only owes two (2) long-term debts:

- 2007D KRWFC Bonds
- 2013C KRWFC Bonds

Table B
DEBT SERVICE SCHEDULE
Muhlenberg County Water District
 CY 2021 - 2025

C.Y.	<u>Transmission & Distribution</u>		<u>Radio Read Meters</u>		<u>TOTALS</u>
	<u>KRWFC Series 2007</u>		<u>KRWFC Series 2013</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Int. & Fees</u>	
2021	\$ 107,500	\$ 36,286	\$ 130,000	\$ 12,070	\$ 285,856
2022	112,500	31,395	135,000	6,480	285,375
2023	117,500	26,276	-	-	143,776
2024	122,500	20,930	-	-	143,430
2025	130,000	15,356	-	-	145,356
TOTALS	\$ 590,000	\$ 130,244	\$ 265,000	\$ 18,550	\$ 1,003,794
			<u>Trans. & Dist.</u>	<u>Meters</u>	
Average Annual Principal & Interest			\$ 144,049	\$ 56,710	\$ 200,759
Average Coverage on Long Term Debt			28,810	11,342	40,152