

**MCCREARY COUNTY WATER DISTRICT**

**Revised Response to Commission Staff's Third Request for Information  
Cases No. 2021-00300 and No. 2021-00301**

Question No. 4

Responding Witness: Stephen Whitaker

**Q-4. Refer to McCreary District's response to the Commission Staff's Report (filed April 4, 2022) (McCreary District's Response), page 3, the Sanitary Sewer Collection System Phase I Project.**

- a. Provide the date that McCreary District estimates that Phase 1 of its Sanitary Sewer Collection System Phase I Project (Phase 1) will be completed.**
- b. Identify the number of customers that currently reside along phase 1 of the sewer force main extension.**
- c. McCreary District estimates that the additional 405 customers will generate \$57,348 in additional revenues. Provide the supporting calculations and the assumptions that McCreary District used to calculate the expected revenue impact for the additional customers. Include copies of any documentation used by McCreary District to calculate its estimate.**
- d. Provide the estimated cost McCreary District will incur to provide sewer service to the additional 405 customers. Include copies of any documentation used by McCreary District to calculate its cost estimate.**
- e. Provide calculations of the projected impact the competition [sic] Phase 1 will have on annual depreciation expense.**

**A-4. a. McCreary County Water District currently estimates that the Sanitary Sewer Collection System Phase I project will be completed in September 2022.**

**b. Total number of potential customers along the Sanitary Sewer Collection System Phase I project is 305.**

**c. The reference to additional annual revenues of \$57,348 is based upon the assumption that 100 customers will take service upon the Sanitary Sewer Collection System Phase I Project being placed in service, that each customer will use 4,000 gallons of water monthly, and that a 16.38 percent increase in McCreary District's present rates for sewer service occurs. The supporting calculations for this revenue level are shown below.**

Monthly bill for 4,000 gallons =  $\$28.15 + (2 \times \$9.82/1,000 \text{ gallons}) = \$47.79$ .

Monthly minimum charge includes 2,000 gallons.

$\$47.79/\text{month} \times 12 \text{ months} \times 100 \text{ customers} = \$57,348$ .

At this time, 164 households have applied to receive sewer service through the Sanitary Sewer Collection System Phase I Project. Once the Project is placed into service, additional annual revenues of \$94,050.72 should be generated. The calculations for this amount are shown below.

Monthly bill for 4,000 gallons =  $\$28.15 + (2 \times \$9.82/1,000 \text{ gallons}) = \$47.79$ .  
Monthly minimum charge includes 2,000 gallons.  
 $\$47.79/\text{month} \times 12 \text{ months} \times 164 \text{ customers} = \$94,050.72$ .

In its response to the Staff Report, as well as its Application in Case No. 2020-00399, McCreary District has represented the maximum expected number of customers will be 305. If the Sanitary Sewer Collection System Phase I Project serves 305 customers, then the Project will produce total additional annual revenues of \$174,911.40. The calculations for this amount are shown below.

Monthly bill for 4,000 gallons =  $\$28.15 + (2 \times \$9.82/1,000 \text{ gallons}) = \$47.79$ .  
Monthly minimum charge includes 2,000 gallons.  
 $\$47.79/\text{month} \times 12 \text{ months} \times 305 \text{ customers} = \$174,911.40$ .

- d. McCreary District estimates that its annual cost of operation for the Sanitary Sewer Collection System Phase I Project will be \$40 for each installed grinder pump station. See Case No. 2020-00399, Application, Exhibit 16. Assuming 164 installed grinder pump stations, the annual cost of operation will be \$6,560 ( $\$40.00 \times 164$ ).

In its response to the Staff Report, as well as its Application in Case No. 2020-00399, McCreary District has represented the maximum expected number of customers will be 305. Assuming 305 installed grinder pump stations, the annual cost of operation will be \$12,200 ( $\$40.00 \times 305$ ). Because McCreary County Water District's sewage treatment has adequate capacity to treat the additional wastewater, no other significant operational and maintenance costs are expected. See Case No. 2020-00399, Application, Exhibit 16.

- e. A detailed depreciation schedule for the Sanitary Sewer Collection System Phase I Project was provided to the Public Service Commission in McCreary District's Application in Case No. 2020-00399 at Exhibit 23. A copy of that schedule is attached as Attachment 4. Note that the attachment assumes the installation of 240 grinder pump stations.