

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

**ELECTRONIC APPLICATION OF MARION COUNTY)
WATER DISTRICT FOR A RATE ADJUSTMENT)
PURSUANT TO 807 KAR 5:076)**

CASE NO. 2021-00394

**RESPONSE OF MARION COUNTY WATER DISTRICT
TO COMMISSION STAFF REPORT**

Pursuant to the Commission's Order dated November 17, 2021, Marion County Water District ("Marion District") responds to the Commission Staff Report ("Report") as follows:

1. Marion District expressly reserves its right to contest specific recommendations listed in the Report in future Commission proceedings, but accepts for purposes of this proceeding, the Report's recommended revenue requirement and proposed rates.
2. Marion District does not request a conference with Commission staff and waives its right to a formal hearing in this matter. Marion District request the Commission to issue a final Order approving the rates and charges recommended.
3. While Marion District accepts for purposes of this proceeding the Report's recommended revenue requirement and proposed rates, it does not agree with the Report's recommendation that labor costs related to certain non-recurring charges be removed from those charges.

Marion District questions the Report's assertion that labor costs related to certain non-recurring charges should be removed from those charges given that District personnel are currently paid during normal business hours. Marion District agrees that its personnel are paid during normal business hours. However, all personnel time that is occupied with those services associated with non-recurring charges diminishes available time to complete their regular work assignments. This ultimately results in the need to increase the overall number of personnel, the cost of which increases the amount of revenue required from rates. The resulting increase in rates is then borne by all other customers served by Marion District.

Marion District's current nonrecurring charges are consistent with 807 KAR 5:006, Section 9, which provides that a utility may make special nonrecurring charges to recover customer specific costs incurred that would otherwise result in monetary loss to the utility or

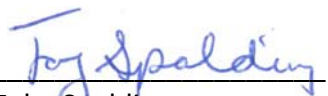
increased rates to other customer to whom no benefits accrue from the service provided or action taken. The regulation does not limit a utility's recovery to the marginal costs associated with an activity but rather defines a nonrecurring charge as a fee or charge assessed to a customer to recover the specific cost of an activity. Marion District has provided customer specific costs including the cost of labor to provide each nonrecurring service. Marion District's current charges for nonrecurring services reflect the actual customer-specific costs to provide those services. A customer receiving a nonrecurring service pays no more than the cost that Marion District incurs to provide the service.

4. Marion District has not yet incurred any cost costs attributable to the preparation of its application for rate adjustment. However, Monarch Engineering, Inc., has indicated that an invoice for their services associated with this case in the amount of \$4,000.00 is forthcoming.

WHEREFORE, Marion District requests that the Commission issue an Order approving the rates recommended in the Commission Staff Report.

Date: March 16, 2022

Respectfully submitted,



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