



Carroll County Water District  
205 Main Cross Street      Ghent, Kentucky 41045      Phone: 502-347-9500      Fax: 502-347-9333

May 26, 2022

Ms. Linda Bridwell  
Executive Director  
Public Service Commission  
PO Box 615  
Frankfort, KY 40602

RE: Case No. 2021-00475  
Carroll County Water District

Dear Ms. Bridwell:

The Carroll County Water District (the District) submits the following comments concerning the Commission Staff Report dated May 17, 2022:

1. Although the District does not agree with the Staff's removal of certain labor expenses from nonrecurring charges, the District does not wish to contest that adjustment in this case. The District's failure to object to Staff's findings and recommendations concerning the reduction of certain Non-Recurring Charges shall not be construed to be a waiver of the District's right to contest a similar finding or recommendation in a future proceeding. The District expressly reserves its right to do so.

Please reconsider the new practice of removing labor from the calculation of the non-recurring charges. The long-term effect will be to increase the workload and add additional costs to general service rates. The fees currently being charged are fair and serve to discourage service requests that are not necessary. The labor charges for nuisance calls by irresponsible customers should not be passed on to others. (example: A \$7 return check fee will allow customers to submit insufficient funds to buy more time for services thereby allowing the tenant to relocate out of the system resulting in lost revenue to the district.) Also, the workflow due to more unnecessary temporary disconnections will be substantial. CCWD has several seasonal homes or camp lots. If the customer attempts to save money by removing service for several months, the District cannot leave a locked smart-meter in the ground. Best management practice calls for the battery powered smart meter to be removed, because of battery life and the possibility of being stolen or damaged. Once the meter is removed, it requires service orders, administration duties of bill processing, the testing of the meter and the required data tracking. In simple terms, it creates an avalanche of additional work. The individual that requests this service should pay the cost, not the entire customer population.

*Proudly serving quality water at a great price  
for our customers of Carroll, Gallatin, and Owen Counties!*



2. The District concurs with the findings presented in the Staff Report regarding water rates with three exceptions:

a. **Depreciation Expense Adjustments.**

Two asset categories in the Depreciation Schedule, Pumping Equipment and Transmission & Distribution Mains, also include SCADA/Telemetry equipment. It appears Staff used a life of 20 years to compute the depreciation expense adjustment for that equipment. Because SCADA/Telemetry equipment is “Communication Equipment”, an asset life of 10 years is appropriate and was used in the application to compute the depreciation expense adjustment. This asset life is taken directly from the NARUC schedule.

For the asset category of Meters, it appears Staff used a life of 40 years for the entire group. However, all the meters in the District’s system are Radio Read type meters. Because of the electronics and battery life of these meters, it is well established that they have a useful life of only 15 years and should be depreciated over that period. A period of 15 years was used in the application to compute the depreciation expense adjustment for Meters.

Reverting to the asset lives used in the application, as described above, results in a Revenue Requirement of some \$43,800 above that presented in the Staff Report. The District respectfully requests that these changes be included in the Final Order and the resulting overall rate increase be adjusted accordingly.

b. **Cost of Service Study**

The Cost of Service Study (COSS) submitted with the application as Attachment 5, computes usage charges and customer charges separately. These figures are shown in Table H of Attachment 5. Usage charges and customer charges are then combined to arrive at proposed minimum bills.

Customer Costs are divided into two categories – Operations Costs and Capital Costs. Operations Costs are held constant for all meter sizes and Capital Costs are factored by a Service Ratio which recognizes the difference in testing, maintaining, and replacing larger meters and services versus a residential, 5/8” x 3/4” meter. The Service Ratio factors were developed specifically for this study from actual invoice prices for a batch of materials used to install various size meters.



The minimum bills recommended by the Staff does not display the higher percentage change from existing bills that was notable in the rates proposed in the District's application. Higher costs for maintaining and replacing larger meters are a very real issue for utilities and the customers utilizing the larger meters should bear their fair share of that expense. If this share of costs is fairly distributed to customers with larger meters, then minimum bills of customers with residential size meters will be reduced.

Therefore, the District requests that the Commission revisit the rate design in the Staff Report and adjust the Customer Cost component in the minimum bills for different meter sizes in proportion to the factors provided in the application.

**c. Board Members Benefits (FICA Withholdings)**

The issue with the Commissioners compensation comes from the exhibit CC 1.1j – Commissioner Compensation. The District is not providing FICA and Medicare tax payments for each commissioner, these are merely withholdings. Each commissioner has these items withheld from salaries each month and the District forwards payments on behalf of the Commissioners in a similar fashion as the employees. These two items should be removed from total Commissioner compensation and revenue requirements recalculated based on this.

3. The District waives its right to request an informal conference or hearing in this case.

If you need any additional information from the District while considering these comments, please contact our office.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Obe D. Cox', is written over a horizontal line.

Obe D. Cox  
General Manager