



SOUTHERN WATER & SEWER DISTRICT

P.O. Box 610
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McDowell, KY 41647

Ph. (606) 377-9296 Fax. (606) 377-9286

September 6, 2022

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

RE: Case No. 2022-00099

Dear Ms. Bridwell:

Southern Water and Sewer District (the District) submits the following comments concerning the Commission Staff Report dated August 26, 2022:

1. The District concurs with the revenue requirement calculations presented in the Staff Report. However, we do not wish to burden its customers with an additional rate increase so soon after the change to a volumetric rate that occurred in late 2020. The Staff Report figures confirm that with the existing rate structure the District will operate with a positive annual cash flow and be able to make substantial contributions to its depreciation fund.

Therefore, the District requests that the Commission allow a short period of time for cost savings from all recent District improvements to be fully realized. We propose filing another ARF case by June 30, 2024 and using that analysis to determine the next general service rates. Soon after that date, the Meter Replacement Surcharge now being paid by customers will be eliminated, thus reducing the overall cost to customers. Also, at that time several existing loans will be paid or nearly paid in full, so the average debt service and coverage that will be used in a rate analysis will be some \$210,000 less than current. This will make a huge difference in the revenue requirement and future customers' bills.

2. Although the District does not agree with the Staff's removal of labor expenses from certain 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 on this issue shall not be construed as a waiver of the District's right to contest a similar finding or recommendation in a future rate proceeding. The District expressly reserves its right to do so.
3. The District acknowledges the hearing scheduled by the Commission and waives its right to request an informal conference or another hearing in this case.

Sincerely,

A handwritten signature in blue ink that reads "Jeff Prater". The signature is written in a cursive style with a long horizontal stroke extending to the right.

Jeff Prater
Chairman