

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

PSC Case 2022-99

In Re Matter of: ELECTRONIC APPLICATION OF SOUTHERN
WATER AND SEWER DISTRICT FOR AN ALTERNATIVE RATE
ADJUSTMENT

MEMORANDUM IN SUPPORT
OF SOUTHERN'S POSITION

Comes Southern Water and Sewer District "Southern", by and through counsel, and provides the Public Service Commission with a memorandum in support of its position on issues raised in this proceeding.

As the Public Service Commission is aware, when Southern filed this case, the District requested that no changes be made to its water rate structure. At that time, Southern recognized that a revenue increase would be justified, but felt as though it would not be appropriate to increase water rates at this time. Southern listed the many improvements made over the past few years and several more planned for the near future that would reduce water loss and therefore improve Southern's overall financial condition as the basis of their request to not raise water rates. The District requested that a reasonable period of time be allowed so that the cost savings from these referenced improvements be realized prior to implementing a rate increase. At the time of the filing of this case, the District based its decision to not request a rate increase upon the notion that the cost savings from several operational improvements would be sufficient to ensure the financial stability of the District.

Since the filing of this case, Southern has revised its position to not request a rate increase. Recently, Southern has decided to revise its position and request that the Public Service Commission use its discretion to increase water rates up to but not to exceed 8.3 percent. This range is based upon the PSC staff's recommendation of the rate increase necessary for Southern to continue to operate and be financially stable.

The main driving force behind the District's decision to amend its recommendation is the high rate of inflation. When Southern filed this case, the District did not take into account the high rate of inflation. The District is struggling to hire and maintain employees as many potential employees can earn significantly more income in other industries due to the tight job market. The District feels as though it may be forced to increase pay for initial hires as well as implement pay increases for current employees in order to have the manpower required to operate. Finally, the price of chemicals, utilities, office supplies, gasoline, and various other items/services required to operate the District has increased. The high rate of inflation played a huge role in the District's amended position to grant the PSC discretion to implement increased water rates.

CONCLUSION

Southern Water and Sewer District hereby recommends that the PSC use its discretion to determine the amount of a water rate increase necessary, up to a maximum of 8.3 percent, to enable the District to continue to operate in sound financial condition.

Respectfully Submitted on this the 5TH day of December 2022 by;

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