

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION
Electronically filed

In the Matter of:

ELECTRONIC TARIFF FILING OF THE CITY OF)	
MANCHESTER REVISING ITS WHOLESALE)	CASE NO.
WATER SERVICE RATES TO NORTH)	2022-00139
MANCHESTER WATER ASSOCIATION)	

RESPONSE TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO THE CITY OF MANCHESTER

Comes, City of Manchester Kentucky, by and through counsel, for its Response to Commission Staff's First Request for Information to the City of Manchester.

Request 1: Refer to Commission Staff's First Request for Information (Staff's First Request) Item 1. In its response, Manchester neglected to provide any explanation or support for its proposed rate of \$2.50 per 1,000 gallons to North Manchester Water Association.

Additionally, Manchester did not provide any explanation or support for its proposed increases of \$.50 per 1,000 for the next three years, or its increase of 13 percent for five years after that.

Explain in detail, and provide all supporting calculations for Manchester's proposed wholesale rate of \$2.50 per 1,000 gallons and subsequent increases for the following eight years.

Response: Manchester raised North Manchester Water Association to \$2.50 so that it can break-even on the sale of the water to its wholesale customer. The increases for the following eight years are to combat inflation. Even with the \$0.50 raises over the next three years, Manchester will not be selling wholesale water to North Manchester at the rates Manchester buys wholesale water from its supplier. In 2027, Manchester will be selling water to North Manchester Water Association at \$4.52 per 1,000 gallons. Manchester buys water from its wholesaler at the present time for \$4.90 per 1,000 gallons. This figure, the rates Manchester buys

its wholesale water, was used to calculate the rate increases for North Manchester Water Association.

Request 2: Refer to Staff's First Request, Items 2 and 6. Manchester provided a document titled "Water Rate Analysis" that was performed in the Fall of 2019. Explain why Manchester is providing a "rate analysis" for a test period from January 2018 to December 2018 when it states that it is using fiscal year 2021 as the test period upon which it based its proposed rate adjustments.

Response: Manchester used the "rate analysis" for 2019 because that was the most up to date analysis it had. The analysis showed that the rates for all customers needed to be raised at that point in time, therefore Manchester felt justified in raising its wholesale rates and using the fiscal year 2021 as the test period.

Request 3: Provide the information requested in the following tables:

Response: Please see attached spread sheet.

Request 4: Refer to Manchester's Response to Staff's First Request, Item 7.

Manchester Stated that its independent audit report for the fiscal year 2021 has not been completed.

- a. Provide the date Manchester expects that the 2021 Audit will be completed.
- b. Provide a detailed explanation as to why Manchester Completed its rate analysis before the fiscal year 2021 audit had yet to be officially completed.

Response: a. The 2021 audit is expected to be completed on October 15, 2022.

Please see attached letter from Cloyd and Associates.

b. Manchester did not complete a rate analysis for the year 2021. The rates were raised prior to the audit being completed because the City Council of Manchester

voted to raise all customers, including wholesale customers, rates prior to the Audit being completed.

Request 5: State the annual effect to proposed wholesale rate adjustment(s) will have on Manchester's revenues. Show all calculations made and state all assumptions used to derive this response. Provide this in an Excel Spread sheet with all formulas, columns, and rows unprotected and fully accessible.

Response: Please see attached spreadsheet.

Request 6: Provide the information below:

- a. Identify all entities to which Manchester provides wholesale water service.
- b. Provide for each customer listed above, the previous 24 months monthly water usage and the amount that Manchester charged for its service.

Response: a. The only wholesale customer Manchester has is North Manchester Water Association Inc.

b. Please see attached spreadsheet referenced in Response 3.

Request 7: Provide the ordinance or resolution of the city council or similar governing body in which the proposed rate adjustment(s) were discussed.

Response: Please see attached.

Request 8: Provide the minutes of each city council meeting in which Manchester's proposed wholesale rate adjustment(s) were discussed.

Response: Please see attached.

Request 9: Provide a copy of all correspondence, electronic mail messages, or other written communications between Manchester and its wholesale customer regarding the current proposed revisions to Manchester's wholesale rates.

Response: There are no correspondence between Manchester and its wholesale customer concerning the proposed revisions to Manchester's wholesale water rates.

Respectfully submitted,



Jenna Corum
City of Manchester Attorney
213 Main Street
Post Office Box 887
Manchester, Kentucky 40962
Telephone: (606) 599-7005
Fax: (606) 731-0821
icjlawky@gmail.com

CERTIFICATE OF SERVICE

I hereby certify that the foregoing electronic filing is a true and accurate copy of the document is being filed electronically to the Commission on this date and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding:

And by filing the original with:

Public Service Commission
211 Sower Boulevard
Post Office Box 615
Frankfort, Kentucky 40602

All on this 2nd day of September, 2022



Jenna Corum