

# *Union County Water District*

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Morganfield, Kentucky 42437  
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June 23, 2022

Ms. Linda Bridwell  
Executive Director  
Public Service Commission  
211 Sower Blvd  
Frankfort, KY 40601

RE: Case No. 2022-00160  
Union County Water District  
Alternative Rate Filing Adjustment

Dear Ms. Bridwell:

Union County Water District had previously filed an Alternative Rate Filing Application on June 3, 2022 using calendar year 2020 as the test year. However, because the District had also filed its 2021 Annual Report on May 31, 2022, the Commission rejected that Application as deficient and requested that it be updated using the most recent financial results. Enclosed for filing in the referenced case is Union County Water District's updated replacement Application.

As a result of using 2021 data, the rate increase included in the updated Application has increased from 9.46% to 15.30% using the Debt Service Coverage method for computing the Revenue Requirement consistent with the original Application.

For purposes of comparison, the District has also included a computation of the Revenue Requirement using the Operating Ratio method in Attachment 4 to the Application. Because the District has a relatively low level of debt outstanding, the Operating Ratio method yields a significantly higher rate increase of 41.73%.

The District acknowledges the beneficial effect that the Operating Ratio method would have on its ability to construct, operate, and maintain the District's system. If the Commission determines that the Operating Ratio method is more appropriate for setting the Revenue Requirement, the District respectfully requests consideration by the Commission to implement that increase over a three-year period because of the customer impact.

The District has already published the Customer Notice associated with the original Application for the required three times. Because it may be that the Notice will need be republished due to the higher rate increase associated with this updated Application, the District requests that the current Notice be considered sufficient until the Commission determines which method for computing the Revenue Requirement will be used. The District is seeking to avoid the unfortunate and avoidable occasion where it might be required to publish a Notice three times based upon this updated Application and then publish a subsequent Notice three additional times based upon a change in the Revenue Requirement methodology.

The Attorney General's Office of Rate Intervention has also been provided a copy of this Updated application by electronic mail.

Sincerely, *Gary Sheffer*

Gary Sheffer  
Manager