

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

**ELECTRONIC PURCHASED)
WATER ADJUSTMENT FILING OF)
MUHLENBERG COUNTY WATER) CASE NO. 2022-00231
DISTRICT NO. 3)**

**RESPONSE OF
MUHLENBERG COUNTY WATER DISTRICT NO. 3**

TO

**COMMISSION STAFF'S FIRST
REQUEST FOR INFORMATION**

DATED SEPTEMBER 2, 2022

FILED: September 29, 2022

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TO COMMISSION STAFF’S FIRST REQUEST FOR INFORMATION**

Comes Muhlenberg County Water District No. 3 (“Muhlenberg District No. 3”) for its Response to Commission Staff’s First Request for Information, and states as shown on the following pages.



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District No. 3*

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

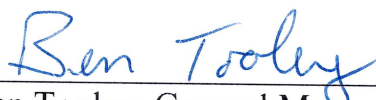
In the Matter of:

**ELECTRONIC PURCHASED)
WATER ADJUSTMENT FILING OF)
MUHLENBERG COUNTY WATER) CASE NO. 2022-00231
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**CERTIFICATION OF RESPONSE OF MUHLENBERG COUNTY
WATER DISTRICT NO. 3 TO COMMISSION STAFF'S
FIRST REQUEST FOR INFORMATION**

This is to certify that I have supervised the preparation of Muhlenberg District No. 3's Responses to Commission Staff's First Request for Information. The response submitted on behalf of Muhlenberg District No. 3 is true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

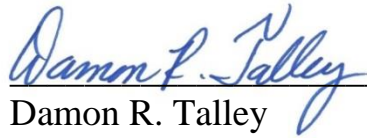
Date: September 29, 2022



Ben Tooley, General Manager
Muhlenberg County Water District No. 3

CERTIFICATE OF SERVICE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on September 29, 2022; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.


Damon R. Talley

MUHLENBERG COUNTY WATER DISTRICT NO. 3

CASE NO. 2022-00231

**Response to Commission Staff's First
Request for Information**

Question No. 1

Responding Witness: Ben Tooley, General Manager

Q-1. Refer to Application, Exhibit C. Explain whether Muhlenberg District No. 3 is charging any of its customers a wholesale rate. If so, provide the wholesale rate, the amount of water sold, and the total revenue received for the annually past five years and monthly for 2022.

A-1. No.

MUHLENBERG COUNTY WATER DISTRICT NO. 3

CASE NO. 2022-00231

**Response to Commission Staff's First
Request for Information**

Question No. 2

Responding Witness: Ben Tooley, General Manager

Q-2. Refer to the current tariff on file with the Commission, Original Sheet No. 4. Explain whether Item G, Wholesale Water Rate is a cancelled rate. If it is not a cancelled rate, explain the difference between the wholesale amount listed in the current tariff and the current wholesale amount listed in Exhibit C of the application.

A-2. The Wholesale Water Rate shown on Original Sheet No. 4 of Muhlenberg District No. 3's Tariff is definitely a "**cancelled**" rate. Original Sheet No. 4 shows a red line drawn through the Wholesale Water Rate. This indicates that it has been cancelled. To the best of our knowledge, this wholesale rate has never been charged to any Muhlenberg District No. 3 customer. Muhlenberg District No. 3 sold water to the City of Sacramento ("Sacramento") as water for "resale" for more than 35 years, but there was never a wholesale rate established for Sacramento. Sacramento always paid the same rates as retail customers paid. Sacramento started purchasing water from the McLean County Regional Water Commission ("Regional Water Commission") in 2018 and eventually ceased purchasing water from Muhlenberg District No. 3.

MUHLENBERG COUNTY WATER DISTRICT NO. 3

CASE NO. 2022-00231

**Response to Commission Staff's First
Request for Information**

Question No. 3

Responding Witness: Ben Tooley, General Manager

Q-3. Refer to Application, Exhibit C. Explain when the current wholesale rate was approved and when it went into effect. If not approved, explain how long the wholesale rate has been charged to customers.

A-3. Muhlenberg District No. 3 does not have a wholesale rate that has been approved by the Commission. In 2018 when Muhlenberg District No. 3 was preparing its Alternative Rate Filing (“ARF”) Application, it requested Alan Vilines with the Kentucky Rural Water Association (“KRWA”) to prepare a Cost of Service Study (“COSS”) and establish a wholesale rate as part of the ARF rate adjustment case. Alan Vilines prepared the COSS and proposed a wholesale rate of \$3.86 per 1,000 gallons. This proposed wholesale rate was included in Muhlenberg District No. 3’s ARF Application. See PSC Case No. 2018-00346.

Muhlenberg District No. 3 was still negotiating with Sacramento at that time and offered to obtain approval of a wholesale rate by the Commission if Sacramento would change its mind and resume purchasing most, if not all, of its water from Muhlenberg District No. 3 rather than from the Regional Water Commission. These talks proved futile and Sacramento ceased purchasing any water from Muhlenberg District No. 3.

On page 3 of the Staff Report dated January 22, 2019, in Case No. 2018-00346, Commission Staff stated that it was not necessary to establish a wholesale rate for Sacramento since Sacramento was no longer purchasing water from Muhlenberg District No. 3. Commission Staff encouraged Muhlenberg District No. 3 to file for a wholesale rate in its next rate

case. Muhlenberg District No. 3 mistakenly thought that it could make such a request in this Purchased Water Adjustment (“PWA”) rate case.