

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF CUMBERLAND)	
COUNTY WATER DISTRICT FOR A RATE)	CASE NO. 2022-00291
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

**RESPONSE OF CUMBERLAND COUNTY WATER DISTRICT
TO COMMISSION STAFF REPORT**

Pursuant to the Commission’s Order dated October 14, 2022, Cumberland County Water District (“Cumberland District”) responds to the Commission Staff Report (“Report”) as follows:

1. Cumberland District expressly reserves its right to contest specific recommendations listed in the Report in future Commission proceedings, but accepts for purposes of this proceeding, the Report's recommended revenue requirement and proposed rates.
2. Cumberland District does not request a conference with Commission staff and waives its right to a formal hearing in this matter. Cumberland District request the Commission to issue a Final Order approving the rates and charges recommended, with one exception. This being the amount of the nonrecurring Returned Check Charge. Refer to Cumberland District’s response to Staff’s Second Request, Item 7.j. The District inadvertently omitted a \$5.00 “handling fee for returned deposited item” levied by Cumberland District’s Bank for returned customer checks. This amount should have been included as a Miscellaneous Expense on the Cost Justification Sheet submitted for the Returned Check Charge. Documentation of the existence of this fee from Cumberland District’s Bank is attached hereto as Exhibit A. Therefore, Cumberland District requests that the Commission’s Final Order prescribe a Returned Check Charge of no less than \$8.50.
3. While Cumberland District accepts for purposes of this proceeding the Report's recommended revenue requirement and proposed rates, it does not agree with the Report's recommendation that labor costs related to certain non-recurring charges be removed from those charges.

Cumberland District questions the Report’s assertion that labor costs related to certain non-recurring charges should be removed from those charges given that District personnel are currently paid during normal business hours. Cumberland District agrees that its personnel are paid during normal business hours. However, all personnel time that is

occupied with those services associated with non-recurring charges diminishes available time to complete their regular work assignments. This ultimately results in the need to increase the overall number of personnel, the cost of which increases the amount of revenue required from rates. The resulting increase in rates is then borne by all other customers served by Cumberland District.

Cumberland District's current nonrecurring charges are consistent with 807 KAR 5:006, Section 9, which provides that a utility may make special nonrecurring charges to recover customer specific costs incurred that would otherwise result in monetary loss to the utility or increased rates to other customer to whom no benefits accrue from the service provided or action taken. The regulation does not limit a utility's recovery to the marginal costs associated with an activity but rather defines a nonrecurring charge as a fee or charge assessed to a customer to recover the specific cost of an activity. Cumberland District has provided customer specific costs including the cost of labor to provide each nonrecurring service. Cumberland District's current charges for nonrecurring services reflect the actual customer-specific costs to provide those services. A customer receiving a nonrecurring service pays no more than the cost that Cumberland District incurs to provide the service.

WHEREFORE, Cumberland District requests that the Commission issue an Order approving the rates recommended in the Commission Staff Report.

Date: February 28, 2023

Respectfully submitted,



Matthew Dyer,
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EXHIBIT A

Documentation of Bank Handling Fee for Returned Deposited Item

21221-01

FIRST & FARMERS NATIONAL BANK RETURNED DEPOSITED ITEM NOTICE
02/09/23 DDA ACCT# 5100108146
PO BOX 337
BURKESVILLE KY 42717

WE HAVE CHARGED YOUR ACCOUNT FOR THE FOLLOWING ITEMS RETURNED UNPAID TO US:

MAKER #	MAKER NAME	REASON FOR RETURN	SERIAL#	AMOUNT
5247624802	KEVIN KELLEY	NOT SUFFICIENT FUNDS		52.83
36183453469	SCOTT, REID EST OF	NOT SUFFICIENT FUNDS		34.56

CUMBERLAND COUNTY WATER DISTRI
O & M ACCOUNT
133 LOWER RIVER ST
BURKESVILLE KY 42717-9622

ITEM(S) TOTAL	87.39
<u>HANDLING FEE</u>	<u>10.00</u>
TOTAL AMOUNT	97.39