



June 15, 2023

Ms. Linda Bridwell
Executive Director
Public Service Commission
PO Box 615
Frankfort, KY 40602

RE: Case No. 2023-00037
Edmonson County Water District – Sewer Division

Dear Ms. Bridwell:

The Edmonson County Water District (the District) submits the following comments concerning the Commission Staff Report dated June 5, 2023:

1. Although the District does not agree with the Staff's removal of certain labor expenses from nonrecurring charges, the District does not wish to contest that adjustment in this case. The District's failure to object to Staff's findings and recommendations concerning the reduction of certain Non-Recurring Charges shall not be construed to be a waiver of the District's right to contest a similar finding or recommendation in a future rate proceeding. The District expressly reserves its right to do so.
2. The District concurs with the findings presented in the Staff Report regarding sewer rates except for Staff's recommendation for full depreciation. The District respectfully requests that the Commission approve new rates based on the required revenue computed with one-half depreciation shown on page 21 of the Staff Report with the resulting increases phased in over two years.

When fully implemented those rates will cover all operating expenses and debt service, plus over \$20,400 per year will be available for deposit into the depreciation fund. Also, over \$1,000 per year in additional working capital is available for system improvements. The District's average annual expenditure for sewer system replacements for the past five years has been only \$1,380. Therefore, over \$21,400 per year is more than enough to set aside for future repairs and replacements. It should also be noted that the Sewer Division's cash accounts currently total about \$190,000 which is available for use with any required system maintenance.

This request is based not only on the actual financial needs of the District, but also on the burden that higher rates will place on the customers. All customers are located within the city limits of Brownsville on the northern side of the Green River. The median household income for Brownsville is less than \$36,000 and about 21 percent of families live in poverty. Raising rates to fully recover depreciation will cause an undue hardship for customers, especially since this additional revenue is not needed.

The sewer system serves only 57 customers. There has been no growth in the customer base since the system was placed in service and no growth is expected in the future. The system construction was funded primarily with grants to make sewer service affordable for customers. The rates resulting from full depreciation will have the opposite effect. The difference between one-half depreciation and full depreciation amounts to an additional expense per customer of almost \$30 per month or \$360 per year.

While the rates with one-half depreciation will produce revenues less than the District's total revenue requirement, the rates requested by the District will not result in any degradation of service to the public (reference Case No. 2006-00410, Hardin Co. Water District No. 1).

3. The District waives its right to request an informal conference or hearing in this case.

If you need any additional information from the District while considering these comments, please contact our office.

Sincerely,

A handwritten signature in cursive script that reads "Tony Sanders".

Tony Sanders
General Manager