

Case No. 2023-00211
City of Liberty
Responses to Commission Staff's First Request for Information

PSC DR 1-1:

Provide the current minimum bill rate being charged to East Casey County Water District (East Casey District).

Response: Consistent with the tariff on file with the Public Service Commission that has been in effect since July 1, 2012, the City of Liberty does not charge East Casey District a minimum bill. East Casey District always purchases more than the monthly minimum of 10,000,000 gallons.

Although Ordinance No. 2012-02 included two tiers of usage, the rates are effectively the same. Ordinance No. 2012-02 indicates that the minimum bill for the first 10,000,000 gallons is \$25,500, which is a rate of \$2.55 per 1,000 gallons. All monthly consumption above 10,000,000 gallons is \$2.55 per 1,000 gallons.

Ordinance 23-O-02, which sets the City's proposed wholesale rate, erroneously indicated that the prior rate had a minimum bill of \$25,000 instead of \$25,500. The sale of the first 10,000,000 gallons to East Casey has effectively been \$25,500 since July 1, 2012, which is consistent with the 2012-02 ordinance and tariff.

Witness: Allen Sparr

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PSC DR 1-2:

Refer to the Liberty, Kentucky Amended Water & Sewer Rate Ordinance, Ordinance No. 23-O-02. Provide the cost justification for raising the minimum bill rate to East Casey District by 10 percent while only raising the minimum bill rate for water rates in town by 7.8 percent.

Response: The 10 percent increase was agreed to by East Casey District.

In addition, a comparison of the percentage increase in 2023 to East Casey District to the percentage increase for in-town retail customers is not relevant because it would be based on two different starting points. Such a comparison would be based on increase to East Casey District on rates set in 2012, but would be based on an increase to in town retail customers from 2017. An apples-to-apples comparison would require starting with both rates in place in 2012. The minimum bill that was established on July 1, 2012, for in-town retail customers was \$12.22 for 2,000 gallons. The minimum bill that was established on July 1, 2023, for in-town retail customers is \$18.21 for 2,000 gallons. This reflects an increase of approximately 49 percent.

Moreover, simplified analysis from the City’s Fiscal Year 2022 Audit suggests that the City could have justified an increase of 17.03 percent to all customers, as shown in the table below.

Operating Expenses	\$ 1,092,189.00	FY22 Audit Page 17
Add: Average Annual Debt Principal and Interest	\$ 214,841.00	FY 22 Page 18 (137,392+77,449)
Additional Working Capital	\$ 42,968.20	1.2x DSC
Overall Revenue Requirement	\$ 1,349,998.20	Sum of above
Less: Other Operating Revenue	\$ (10,183.00)	FY22 Audit Page 17
Interest Income		
Revenue Requirement - Water Rates	\$ 1,339,815.20	
Revenue from Service	\$ (1,111,642.00)	FY22 Audit, Page 17
Required Revenue Increase	\$ 228,173.20	
Percentage Increase	17.03%	

Witness: Allen Sparr/Legal