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March 15th, 2024

Linda Bridwell
Executive Director
Kentucky Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Re: Case No. 2024-00010
Morgan County Water District
Alternative Rate Filing Application

Dear Ms. Bridwell:

Enclosed for filing in the referenced case is Morgan County Water District's application for an adjustment to its water rates. This ARF Application is being filed pursuant to 807 KAR 5:076 and uses the calendar year 2022 as the test year with appropriate adjustments to normalize revenues and expenses.

Morgan County Water District has made considerable progress in addressing previous system deficiencies identified by Kentucky Division of Water and Kentucky Public Service Commission. However, we have also incurred increases in our operating expenses to achieve these improved results. Consequently, the District is in need of a substantial increase in water rates as soon as practicable. We are prepared to promptly respond to information requests to ensure timely review and approval of this application.


The commissioners of Morgan County Water District have received several objections from ratepayers regarding this proposed rate increase, particularly related to affordability of the future water bills. We are reviewing our leak adjustment practices to ensure that those customers adversely impacted by leaks on their service or with their plumbing fixtures are treated with as much consideration as possible within the tariff provisions.

We are also developing a cost reduction plan to maintain our financial viability while we await review of this rate application. We have been diligent in maintaining the balance of proceeding as rapidly as possible with addressing and resolving issues of regulatory non-compliance while also staying within our authorized rates. We find that we are now in need of this substantial rate increase sooner than we would have preferred. We are prepared to accept and support a three-year phase-in of the requested rates; however,

our rate consultants have advised that the first year of the phase-in would need be at least 25.3% to meet the debt service requirements of our lenders. We respectfully request that this application be expedited.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Shannon W. Elam". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Shannon Elam
General Manager