

RECEIVED

NOV 02 2020

PUBLIC SERVICE
COMMISSION

From: [PSC Public Information Officer](#)
To: [PSC Executive Director](#)
Subject: FW: 2020-00290 Request for Intervention
Date: Monday, November 2, 2020 4:54:20 PM

From: C A [REDACTED]
Sent: Saturday, October 31, 2020 11:36 PM
To: PSC Public Information Officer <PSC.Info@ky.gov>
Subject: 2020-00290 Request for Intervention

To Whom It May Concern,

As residents of the Persimmon Ridge community in Shelby County Kentucky, this email is to express our opposition to the proposed sewer service rate increase by Bluegrass Water Company for Persimmon Ridge and request that the proposal be denied. The proposal outlines an increase from our current monthly rate of \$35 to \$96.14, which is nearly a 275% increase and should be ruled as excessive. A monthly sewer rate of nearly \$100 for a single family residence is grossly egregious. According to the filing, Bluegrass Water Company is seeking to spread the cost of improvements to all of its facilities across its entire customer base. The filing document further cites \$2,010,900 in improvement costs to four additional facilities it is seeking to acquire. The filing documents cite that Bluegrass is seeking a Unified Tariff Rate to reduce "rate shock" and spread the burden of expenses incurred across the systems it owns/operates. Bluegrass should be expected to allocate all operating and necessary improvement expenses to each respective system and not set its rates in such a way that forces some systems to subsidize others. The methodology to spread the costs of its entire system across its entire customer base unfairly imposes any inherent disadvantages of its size and sub optimal acquisition decisions to systems/communities which should not suffer those negative impacts.

Based on the information provided in the filing and related documents, improvement costs at Persimmon Ridge are cited as \$260,183 for a community of 361 residences. The proposed monthly increase of \$61.14 for those 361 residences increases Bluegrass revenue by \$22,071 per month, which is \$264,858 annually. Note that this does not include the revenue generated from the current monthly rate of \$35 per residence, nor does it include the Commercial increase that is proposed (presumably for the golf club in the community). This illustrates that the improvement costs would be recovered by Bluegrass in less than one year. However, the proposed higher rate would continue unsubstantiated in perpetuity. The filing does not demonstrate a sustained need for that rate to provide sewer services in Persimmon Ridge.

A modest increase may be justified as necessary to accommodate any increase in the operating cost from the current rate to provide sewer service to the community, to recover the initial improvement costs over a number of years, and to establish funding for any improvements that may become necessary in the future. However, the rate should not be set such that it would more than fund the initial level of improvement needs on a yearly basis with no expectation for that level and frequency of improvement to be necessary.

We appreciate your consideration of this letter of opposition.

Respectfully,
Stephani and Christopher Francis
Residents of Persimmon Ridge
Shelby County, KY