



November 18, 2020

Honorable Mayor Harold Armstrong
Glasgow City Council
Glasgow City Hall
126 East Public Square
Glasgow, Kentucky 42141

Re: FY 2020-21 Budget/Rate Increase

Dear Mayor Armstrong and Members of City Council:

It is an honor and privilege to serve as General Manager for the customers and employees of the Glasgow Water Company. Our team is focused on a common agenda, trying to make GWC the premier water utility in our state. Currently we are the 10th largest utility in Kentucky for total annual volume of water produced and 14th largest for water customer connections (among 435 utilities). The GWC is engaged in a long-range plan that addresses operational capabilities and capital improvement projects. This planning process has allowed the GWC to complete \$44.1M in projects during my 14-year tenure.

GWC's commitment to the community is to maintain reliable infrastructure, quality services, and reasonable rates for our customers while meeting future system needs and regulatory obligations. In recent years, the GWC has encountered significant increased operating expenses that warrant an increase in our current retail water and sewer rates. City Ordinance 2015-2877 (effective 12-28-15) authorized the Glasgow Water and Sewer Commission on an annual basis to increase retail rates up to 3% per year for five years from the date of the first rate increase. Since the rate authorization, the GWC has only implemented one rate increase, effective August 1, 2016, and the authorization will expire on August 1, 2021, thus making this the second and final rate increase in the allowable five-year period.

As part of our FY2020-21 annual budget, the GWC adopted a 3% increase effective January 1, 2021. For comparison, a city water customer's minimum bill (2,000 gallons or less per month) would increase \$0.26 per month under the 3% increase. A city sewer customer's minimum bill would increase \$0.34 per month. Therefore, a city customer's water and sewer minimum bill combined would be a total increase of \$0.60 per month. As an alternate comparison, a city water and sewer customer using 4,000 gallons would see an increased bill of \$1.04 per month. 37% of GWC customers are minimum bill customers, while 45% of customers use between 2,000-5,000 gallons per month. Attached is a rate sheet that details the proposed increase and compares GWC water rates to other utilities within our region or utilities of comparable size or larger within Kentucky. From the rate comparison, it is evident that GWC has some of the cheapest rates in Kentucky.

The Glasgow Water and Sewer Commission and administrative staff of the GWC have and will continue to focus on fiscal financial responsibility. I am extremely proud of the advancements the GWC has made, but there is still much work to be done. Our staff is ready for the challenges ahead and is dedicated to the community we serve. Thank you for allowing me to serve in a roll that has become my professional passion.

Respectfully,

A handwritten signature in black ink, appearing to read 'S. Young', with a long horizontal flourish extending to the right.

Scott Young
General Manager