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## NEWS RELEASE

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### **Sedalia Water District to Join Graves County Water District *PSC approves merger; Graves currently operates Sedalia***

**FRANKFORT, Ky. (Jan. 28, 2016)** – The Kentucky Public Service Commission (PSC) has approved the merger of Sedalia Water District with the Graves County Water District.

In an order issued today, the PSC imposed conditions that separate the finances of the two districts. That will not only preserve existing rates for Sedalia customers, but also will prevent them from being charged higher rates to pay off Graves County's existing debts.

Sedalia Water District was formed in 1966 and has 142 customers.

Graves County Water District was created in 2008 by the merger of Consumers, Fancy Farm, Hardeman and South Graves water districts. It merged with Hickory Water District in 2012 and now has about 6,180 customers.

In late 2014, Sedalia Water asked Graves County water to assume all of its system and operations. Graves County Water District's governing board voted in November 2014 to absorb Sedalia Water. The two districts submitted a merger application to the PSC on Aug. 25, 2015.

Graves County Water has been operating Sedalia Water's system for the past year.

Because Sedalia Water has no debts, while Graves County Water has loan obligations of nearly \$1.8 million, the PSC directed Graves County Water to establish two divisions, with the Sedalia separated from the rest of the district in order for the proposal to comply with a state statute regarding the treatment of debt in a merger. Graves County Water will adopt the rates and terms of service for former Sedalia Water customers.

While revenue from the two divisions will be combined, in the event that a rate increase is needed to repay Graves County Water's existing debts, that rate increase will not be allowed to extend to the former Sedalia Water customers, the PSC said.

Today's order also addresses future appointments to the Graves County Water District board, and sets out a schedule for the steps needed to complete the merger.

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In approving the merger, the PSC took note of a Kentucky statute favoring consolidation of water districts “whenever feasible.” The PSC found that the transaction serves the public interest because it is likely to eliminate wasteful duplication, improve management, reduce costs and provide better service.

The PSC also found that Graves County Water District has the financial, technical and managerial abilities to provide reasonable service, as required by Kentucky law.

Today’s order and other records in the case are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2015-00296.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.

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