

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC TARIFF FILING OF THE CITY OF	)	
AUGUSTA TO INCREASE THE WHOLESALE	)	CASE NO.
WATER RATE CHARGED TO BRACKEN	)	2024-00349
COUNTY WATER DISTRICT	)	

ORDER

On September 26, 2024, the city of Augusta (Augusta) filed with the Commission a revised tariff sheet setting forth a proposed adjustment to its existing rates for wholesale water service to Bracken County Water District (Bracken District). Augusta proposed to increase the wholesale rate to Bracken District from \$2.36 per 1,000 gallons to \$2.967 per 1,000 gallons, an increase of \$0.607 per 1,000 gallons, or 25.7 percent. Augusta proposed an effective date of December 1, 2024.<sup>1</sup> On November 19, 2024, the Commission suspended Augusta's proposed tariff for five months from December 1, 2024, up to and including April 30, 2025.<sup>2</sup>

On November 27, 2024, Bracken District filed a motion to intervene,<sup>3</sup> which was granted by the Commission on December 27, 2024.<sup>4</sup> Several requests for information

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<sup>1</sup> Augusta's Notice of Proposed Rate Adjustment (filed Sept. 26, 2024).

<sup>2</sup> Order (Ky. PSC Nov.19, 2024) at 4.

<sup>3</sup> Bracken District's Motion to Intervene (filed Nov. 27, 2024).

<sup>4</sup> Order (Ky. PSC Dec. 27, 2024).

and responses were filed by the parties,<sup>5</sup> and on March 19, 2025, Augusta filed rebuttal testimony.

On March 25, 2025, Augusta requested that the matter be taken under submission.<sup>6</sup> On March 26, 2025, Bracken District filed a motion to indefinitely suspend the rate increase request and pointed out that, on March 19, 2025, Augusta amended its application by requesting a rate of \$3.181 per 1,000 gallons,<sup>7</sup> an increase from the \$2.967 per 1,000 gallons proposed in the application.<sup>8</sup> Also, on March 26, 2025, Bracken District filed a request for a hearing before the Commission.<sup>9</sup>

On April 18, 2025, the Commission issued an Order finding that Augusta had amended its proposed tariff with the March 19, 2025, filing by providing sworn testimony in support of an increased rate.<sup>10</sup> The Commission further found it appropriate to suspend the amended proposed rate for a period of five months, up to and including September 18,

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<sup>5</sup> Augusta's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Dec. 31, 2024); Augusta's Response to Bracken District's First Request for Information (Bracken District's First Request) (filed Jan. 16, 2025); Augusta's Response to Bracken District's Second Request for Information (Bracken District's Second Request) (filed Feb. 6, 2025); Bracken District's Response to Augusta's First Request for Information (Augusta's First Request) (filed Mar. 12, 2025). Bracken District's Response to Commission Staff's Post-Hearing Request for Information (Staff's First Request) (filed Aug. 2, 2025), and Augusta's Response to Commission Staff's Post-Hearing Request for Information (Staff's Second Request) (filed Aug. 2, 2025).

<sup>6</sup> Augusta's Request that Matter be taken under Submission (filed Mar. 25, 2025).

<sup>7</sup> Rebuttal Testimony of John Laycock, Mayor of Augusta (filed Mar. 19, 2025) at 3 and 10–12.

<sup>8</sup> Notice of Proposed Rate Adjustment (filed Sept. 26, 2024) at 2.

<sup>9</sup> Bracken District's Request for a Hearing Before The KY PSC, and Issuance of Subpoenas for Witnesses (filed Mar. 29, 2025).

<sup>10</sup> Order (Ky. PSC Apr. 18, 2024) at 3.

2025, pursuant to KRS 278.190 and granting the request for a hearing pursuant to 807 KAR 5:001, Section 9(1)(b).<sup>11</sup> A hearing was scheduled for July 16, 2025.<sup>12</sup>

On April 24, 2025, Augusta filed a request for reconsideration of the Commission's April 18, 2025, Order and a request for an emergency hearing.<sup>13</sup> On April 28, 2025, Bracken District filed a response objecting to the reconsideration and emergency hearing.<sup>14</sup> On May 13, 2025, the Commission issued an Order denying the request for reconsideration and request for an emergency hearing.<sup>15</sup>

On June 27, 2025, Bracken District filed a motion seeking to allow a witness, Chairman Anthony Habermehl, to appear remotely or in the alternative have a substitute to appear in person.<sup>16</sup> On July 1, 2025, Augusta filed a motion, which responded to Bracken District's motion and requested that the hearing set for July 16, 2025, be rescheduled.<sup>17</sup> On July 7, 2025, Bracken District filed a response to Augusta's request taking the position that it had no objection to continuing the hearing date with the condition that the rate would be further suspended until the final Order of the Commission is

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<sup>11</sup> Order (Ky. PSC Apr..18, 2024) at 3–4.

<sup>12</sup> Order (Ky. PSC Apr..18, 2024) at 5.

<sup>13</sup> Augusta's Request for Reconsideration of Commission Order Entered April 18<sup>th</sup>, 2025 & Request for Emergency Hearing Pursuant to KRS 278.190(2) (filed Apr. 18, 2025).

<sup>14</sup> Intervenor, Bracken County Water District's (BCWD's) Response Objecting to City of Augusta's Request for KY PSC to Reconsider its April 18, 2025, Order and/or Alternatively to set an Emergency Hearing, Pursuant to KRS 278.190(2) (filed Apr. 28, 2025)

<sup>15</sup> Order (Ky. PSC May.13, 2024) at 5-6.

<sup>16</sup> Intervener, Bracken District's Motion to [Excuse] Chairman, Anthony Habermehl, as a Witness with Alternative Motion to Substitute Vice- Chairman, Rick King as a Witness or Authorized Chairman Anthony Habermehl, to Appear by Zoom (filed June 27, 2025).

<sup>17</sup> Augusta's Motion to Reschedule July 16, 2025 Hearing Due to the Unavailability of Witness John Laycock and Response to Bracken District's Motion to Excuse Witness (filed July 1, 2025) (Motion to Reschedule) at 1-2.

issued.<sup>18</sup> On July 9, 2025, the Commission issued an Order which cancelled the July 16, 2025, hearing date, denied Bracken District's request to further suspend the tariff, and rescheduled the hearing to July 31, 2025.<sup>19</sup>

On July 31, 2025, a hearing was held before the Commission. On August 5, 2025, an Order was issued which established due dates for post-hearing requests for information and a briefing schedule.<sup>20</sup> On August 19, 2025, the parties filed post-hearing briefs and on August 26, 2025, response briefs were filed by the parties.

The matter now stands submitted for a decision on the record.

### LEGAL STANDARD

Pursuant to KRS 278.200, the Commission has jurisdiction over Augusta's rates for wholesale water service to Bracken District. The Supreme Court's decision in *Simpson County Water District v. City of Franklin* specifically stated that

where contracts have been executed between a utility and a city . . . KRS 278.200 is applicable and requires that by so contracting the City relinquishes the exemption and is rendered subject to the PSC rates and service regulation.<sup>21</sup>

Following the Court's decision in *Simpson County*, the Commission has allowed city-owned utilities to file rate adjustments by a tariff filing, and if a hearing is requested and the Commission suspends the proposed rate, the requirements and procedures set forth

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<sup>18</sup> Intervenor Bracken County Water District's (BCWD'S) Response to City of Augusta's Request for Excuse of Witness (Mayor, John Laycock) and/or Continuance of Hearing set for July 16, 2025 (filed July 7, 2025).

<sup>19</sup> Order (Ky. PSC July.9, 2025) at 2.

<sup>20</sup> Order (Ky. PSC Aug. 5, 2025).

<sup>21</sup> *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460, 463 (Ky. 1994).

in KRS Chapter 278, and the Commission's regulations, apply equally to filings by a city-owned utility or a jurisdictional utility.<sup>22</sup>

Augusta's wholesale water rate charged to Bracken District is subject to KRS 278.030, which provides that a utility may collect fair, just and reasonable rates. KRS 278.260 explains that the Commission may, on its own motion, investigate whether "any regulation, measurement, practice or act affecting or relating to the service of the utility or any service in connection therewith is unreasonable." Thus, in accordance with KRS 278.030, KRS 278.200, and KRS 278.260, the Commission must determine whether Augusta's proposed rate increase is fair, just and reasonable based upon the evidentiary record.

### BACKGROUND

Augusta is a fourth-class city that operates a water treatment plant facility that provides potable water to both the City of Augusta's Water Distribution Department (Augusta Distribution)<sup>23</sup> and to Bracken District.<sup>24</sup> On January 8, 2015, Augusta filed a new tariff increasing rates to Bracken District. The Commission opened an investigation into that matter on February 10, 2015.<sup>25</sup> Over a year later, on February 9, 2016, Augusta and Bracken District filed a Joint Motion for Approval of Settlement Agreement and

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<sup>22</sup> *Simpson County Water District v. City of Franklin*, 872 S.W.2d 460, 463 (Ky. 1994); *City of Danville v. Public Service Comm'n, et al.*, Civil Action No. 15-CI-00989, Opinion and Order (Franklin Circuit Court Division II, June 14, 2016).

<sup>23</sup> Augusta Distribution is not regulated by the Commission.

<sup>24</sup> Bracken District is a water utility organized pursuant to KRS Chapter 74 which owns and operates a water distribution system. Bracken District is regulated by the Commission.

<sup>25</sup> Case No. 2015-00039 *Proposed Adjustment of The Wholesale Water Service Rates of The City Of Augusta* (Ky. PSC May 19, 2016).

Stipulation and Water Purchase Contract.<sup>26</sup> The Commission thoroughly reviewed the Settlement Agreement, the Contract, and the evidence of record, and found that, except for the Contract's provision of a penalty in the event that Augusta fails to provide certain reports and documents to Bracken District, the contract provisions were reasonable.<sup>27</sup> The 2016 Contract was amended by an Agreement dated April 20, 2021.<sup>28</sup> The April 20, 2021 amendment dealt solely with paragraph 21 of the Agreement that pertains to the timely submission of any of the reports or documents by Augusta.<sup>29</sup>

Augusta provides water to Bracken District<sup>30</sup> and Augusta Distribution through separate master meters but does not provide water transmission or distribution services.<sup>31</sup> All costs incurred by Augusta are for water production.<sup>32</sup> Pursuant to the 2016 Contract, Section 16.e., water production costs are allocated between Bracken District and Augusta Distribution based upon the total annual volume of water delivered to each party<sup>33</sup> except that Section 16.d. of the 2016 Contract limits debt service costs assignable to Bracken District to 64 percent of Augusta Treatment's total annual debt service requirement.<sup>34</sup>

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<sup>26</sup> Case No. 2015-00039, Augusta and Bracken District's Joint Motion for Approval of settlement Agreement and Stipulation and Water Purchase Contract (filed Feb. 6, 2016).

<sup>27</sup> Case No. 2015-00039, Order (Ky. PSC Apr. 15, 2016) at 7–9.

<sup>28</sup> First Amendment to Water Purchase Contract dated April 20, 2016.

<sup>29</sup> First Amendment to Water Purchase Contract dated April 20, 2016.

<sup>30</sup> Bracken District has a secondary supplier for purchased water, Western Mason Water District. See Bracken District's Response to Augusta's First Request, Item 3.

<sup>31</sup> Augusta's Response to Staff's First Request, Item 3.

<sup>32</sup> Augusta Tariff Filing (filed Oct 29, 2024), Wholesale Water Rate Study, City of Augusta Kentucky Water Treatment Plant Department August 5, 2024 (KRWA 2024 Study) at 2.

<sup>33</sup> Water Purchase Contract dated February 6, 2016, at 5.

<sup>34</sup> Water Purchase Contract dated February 6, 2016, at 5.

Based on Section 16.c. of the 2016 Contract, the debt service component of the volumetric rate is equal to 120 percent of the annual debt service payment on debt instruments issued to finance the construction.<sup>35</sup> In other words, Bracken District is responsible for 64 percent of 120 percent of the three-year average annual debt service payment on debt instruments issued to finance the construction. This equates to 76.8 percent of the overall annual debt service payment.

Augusta currently charges a uniform rate to both wholesale customers<sup>36</sup> in the amount of \$2.36 per 1,000 gallons that went into effect on May 1, 2021, pursuant to the final Order of the Commission in Case No. 2020-00277.<sup>37</sup> According to the filings, Augusta retained the Kentucky Rural Water Association (KRWA) to evaluate the current rate. KRWA's findings were summarized in a report issued on August 5, 2024 (KRWA 2024 Study). The KRWA 2024 Study initially applied the 2016 Contract terms to the calculation and information and determined the resulting rate for Bracken District would be \$2.870 per 1,000 gallons of water.<sup>38</sup> The KRWA 2024 Study further found a unified rate of \$2.967 per 1,000 gallons was appropriate if the contractual 64 percent debt service allocation limit in the 2016 Contract was disregarded.<sup>39</sup>

On September 18, 2024, Augusta's Utility Operation's Manager, Doug Padgett, presented the KRWA 2024 Study to the Water Treatment Plant Advisory Board (Advisory

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<sup>35</sup> Water Purchase Contract dated February 6, 2016, page 4–5.

<sup>36</sup> Augusta sells wholesale water to Augusta Distribution, and Bracken District.

<sup>37</sup> Case No. 2020-00277 *Electronic Tariff Filing of the City of Augusta Revising its Wholesale Water Service Rates* (Ky. PSC May 27, 2021).

<sup>38</sup> Augusta Tariff Filing, KRWA 2024 Study, at 21.

<sup>39</sup> Augusta Tariff Filing, KRWA 2024 Study, at 21.

Board) during the Advisory Board's meeting.<sup>40</sup> The Advisory Board voted 2 to 1 in favor of presenting the KRWA 2024 Study to Augusta's City Council, with Bracken District's representative voting no.<sup>41</sup> The KRWA 2024 Study and the Advisory Board's recommendation was presented to the Augusta City Council on September 18, 2024, and the Augusta City Council voted unanimously to authorize the Unified Tariff and instructed that the Unified Tariff be submitted to the Commission for approval.<sup>42</sup>

On or about September 26, 2024, Bracken District received a notice of a proposed rate adjustment from Augusta proposing to increase the rate from \$2.36 per 1,000 gallons, to \$2.967 per 1,000 gallons based on the KRWA 2024 Study, to become effective on December 1, 2024. The notice was dated September 24, 2024.<sup>43</sup> On October 9, 2024, Bracken District sent a letter advising Augusta that it "objects to the rate increase request of \$2.97, as not in conformity with the 2016 contract and any subsequent amendments thereto."<sup>44</sup> Bracken District further added that it "is requesting to Intervene in the wholesale water rate increase request of City of Augusta . . . and is filing this request with the Kentucky Public Service Commission."<sup>45</sup>

On March 19, 2024, Augusta Mayor, John Laycock, submitted sworn rebuttal testimony stating in pertinent part as follows:

I am requesting to amend the original \$2.967 per 1,000 gallons tariff proposed in this proceeding to \$3.181 per

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<sup>40</sup> Augusta's Response to Staff's First Request (filed Dec. 31, 2024), Items, 1–2.

<sup>41</sup> Augusta's Response to Staff's First Request (filed Dec. 31, 2024), Items, 1–2.

<sup>42</sup> Augusta's Response to Bracken District's First Request (filed Jan. 16, 2025), Item, 14.

<sup>43</sup> Augusta Tariff Filing at 1.

<sup>44</sup> Order (Ky. PSC Nov. 19, 2024) at Appendix B.

<sup>45</sup> Order (Ky. PSC Nov. 19, 2024) at Appendix B.



thousand gallons. The amended rate request will afford Augusta Treatment an opportunity to recover test-year depreciation in the amount of \$42,105 that accrued on all plant including plant financed with long-term debt.<sup>46</sup>

However, Mayor Laycock also stated as follows:

The requested unified rate is \$3.20 calculated as follows:<sup>47</sup>

Original Revenue Requirement of Unified Tariff	\$584,359
Add: Depreciation on Debt Financed Plant	\$42,105
Additional Rate Case Expense (\$11,500 / 3 Years)	<u>\$3,833</u>
Amended Revenue Requirement of Unified Tariff	\$630,298
Divide by: Adjusted Test-Year Gallons Sold (000 omitted)	\$196,923
Rate Per Thousand Gallons	\$3.20

The Commission found that Augusta amended its application through the testimony of Mayor Laycock requesting a rate of \$3.181 per 1,000 gallons which was deemed filed on March 19, 2025.<sup>48</sup> The amended application included a request for rate case expense as set forth above. Subsequently, Augusta has updated its rate case expense, with the most recent update being filed on September 4, 2025.<sup>49</sup>

### DISCUSSION

Having considered the evidence of record, the Commission finds that the parties having negotiated, and the Commission having approved in 2016 and again in 2021, a contract that governs the wholesale water transaction between these parties; as such the Commission finds it should follow the contract terms in setting a fair, just and reasonable

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<sup>46</sup> Rebuttal Testimony of John Laycock, Mayor of Augusta (filed Mar. 19, 2025) at 10.

<sup>47</sup> Rebuttal Testimony of John Laycock, Mayor of Augusta (filed Mar. 19, 2025) at 12.

<sup>48</sup> Order (Ky. PSC Apr. 18, 2025).

<sup>49</sup> Augusta's response to Staff's Post-Hearing Request, Item 1. The requested amount of rate case expense was set forth as \$115,772.12.

wholesale rate. The Commission finds a wholesale rate increase to \$3.10 per 1,000 gallons is reasonable and should be approved as discussed in further detail below.

If a valid contract is entered into between the city-owned utility and the water facility which is within the Commission's jurisdiction, the Commission has jurisdiction over the city-owned utility to the extent services are provided to that water facility.<sup>50</sup> The Commission has the "right and duty" however to regulate rates and services, no matter what a contract provides.<sup>51</sup> The Commission recognized that the negotiated contract in this matter, even as amended in 2021, resulted in fair, just and reasonable rates between the parties.<sup>52</sup>

Augusta and Bracken District have a history of contentious proposed rate increases. These disputes have resulted in substantial legal fees which have the potential to exacerbate the proposed wholesale rate increases. In Case No. 2015-00039, the parties spent a combined total of approximately \$140,000<sup>53</sup> in an intensely litigated proceeding. The Commission found that the expenditures were "far out of proportion to the issues."<sup>54</sup> Additionally, the Commission carefully scrutinized the parties' 2016 Contract approving the "reasonableness of the provisions...excepting the proposed Penalty Provision"<sup>55</sup>

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<sup>50</sup> *City of Greenup vs. Public Service Commission*, 182 S.W.3d 535, 538 (Ky. 2005), *Simpson County Water District vs City of Franklin*, 872 S.W.2d 460 (Ky. 1994) and KRS 278.200.

<sup>51</sup> *Bd of Education of Jefferson County v. William Dohrman, Inc.* 620 S.W.2d 328 (Ky. App. 1981).

<sup>52</sup> Case No. 2020-00277, May 27, 2021 Order at 4.

<sup>53</sup> Case No. 2015-00039, Apr. 15, 2016 Order at 8.

<sup>54</sup> Case No. 2015-00039, Apr. 15, 2016 Order at 8.

<sup>55</sup> Case No. 2015-00039, Apr. 15, 2016 Order at 8.

Augusta argued that the rates resulting from the 2016 Contract formula are not fair, just and reasonable because the annual debt service costs allocable to Bracken District are limited to 64 percent of Augusta Treatment's total annual debt service costs and the depreciation accruing on plant financed with long-term debt are not included in Augusta Treatment's wholesale rate.<sup>56</sup> Although the Commission acknowledges Augusta's position concerning the 64 percent in the contract, the Commission notes that the 64 percent is applied to the debt service component of the volumetric rate, which is 120 percent of the average annual debt service payments over a three-year period. This results in Bracken District being responsible for 76.80 percent of the revenue requirement related to debt service.<sup>57</sup> This is in keeping with the 76.72 percent of the Augusta Distribution annual water production which is purchased by Bracken District.<sup>58</sup> Both parties argued for different calculations in the rate increase based on several different reasons.<sup>59</sup>

As noted, Augusta's position is that the contract provisions should not be followed explicitly. However, Augusta did not present sufficient evidence that circumstances have changed from 2021, the most recent amendment, to re-evaluate the contract. In contrast, Bracken District's position has been that the 2016 Contract should be followed.<sup>60</sup>

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<sup>56</sup> Rebuttal Testimony of John Laycock, Mayor of Augusta (filed Mar. 19, 2025) at 8. Augusta's Post-Hearing Brief (filed Aug. 19, 2025) at 5.

<sup>57</sup> 2016 Contract at 5.

<sup>58</sup> Augusta Tariff Filing (filed Oct. 29, 2024), KRWA 2024 Study at 19 and Augusta's Post-Hearing Brief (filed Aug. 19, 2025) at 3.

<sup>59</sup> Augusta's Post-Hearing Brief, Bracken District's Post-Hearing Brief (filed Aug. 26, 2025), Augusta's Post-Hearing Response Brief (filed Aug. 26, 2025) and Bracken District's Post-Hearing Response Brief (filed Aug. 26, 2025).

<sup>60</sup> Bracken District's Post-Hearing Brief at 14–15.

However, Bracken District encourages the Commission to go further and adjust the KRWA 2024 Study Revenue Requirement. The Commission first notes that KRWA is an independent, third-party.<sup>61</sup> Bracken District was granted full rights of a party in this matter and chose not to have an independent party evaluate and offer evidence to contradict the KRWA 2024 Study. Accordingly, Bracken District failed to present sufficient evidence regarding any specific allocation or expenditure to refute the KRWA 2024 Study.

Based on the evidence of record, the Commission concludes that the 2016 Contract, which the parties previously took the position resulted in “a fair, just, and reasonable disposition of the issues presented by the proposed wholesale rate adjustment,”<sup>62</sup> should be followed. The Commission also finds that the KRWA 2024 Study presented sufficient evidence regarding a reasonable revenue requirement. The Commission will use the KRWA 2024 Study revenue requirement to calculate the wholesale rate as described below.

As of September 4, 2025, Augusta indicated that its rate case expense was \$115,772.12, consisting of \$15,732.45 for consulting/rate study and \$100,039.67 for legal fees.<sup>63</sup> The KRWA 2024 Study submitted by Augusta already included \$8,250.00 for the study in the proposed rate, so the additional administrative fees to be included in the rate is \$107,522.12. The Commission finds that the administrative fees of \$115,772.12 should

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<sup>61</sup> [History - Kentucky Rural Water Association](#) “Kentucky Rural Water member utilities guarantee an enhanced quality of life for nearly ninety-five percent (95%) of the public drinking water and wastewater customers across the Commonwealth of Kentucky, making KRWA the largest utility organization of the state. KRWA was established in 1979 as a private, non-profit organization by a core group of utility leaders who shared the vision of building a self-governed, member driven association. Their original goal – to foster professionalism in our industry through non-regulatory training, technical assistance programs, and advocacy – continues to this day.”

<sup>62</sup> Case No. 2015-00039, Joint Motion (filed Feb. 9, 2016) at Exhibit A, Settlement Agreement at 2.

<sup>63</sup> Augusta’s Supplemental Response to Staff’s Post-Hearing Request (filed Sept. 4, 2025), Item 1.

be included in rates for recovery and amortized over three years. The resulting rate, using the 2016 contract and KRW 2024 Study, including rate case expense, totals \$3.10 per 1,000 gallons. For this reason, the Commission finds that a wholesale rate increase of \$3.10 per 1,000 gallons is fair, just and reasonable and should be approved.

The Commission encourages the parties to work toward a new agreement that addresses the concerns raised by both parties in this matter. It was apparent, based on hearing testimony, that currently, no one could explain where or why the contract contained a 64 percent debt allocation<sup>64</sup> as discussed above. Equally obvious was that neither party presented sufficient evidence that the contractual allocation was now not fair, just and reasonable. It was also unclear at the hearing if the other contract provisions regarding communications were being followed.<sup>65</sup> The post-hearing briefs from both parties present issues outside of the scope of this investigation. Should any of those issues give rise to concerns about reliability and sufficiency of service,<sup>66</sup> the Commission may address those issues in a separate case, if necessary. The Commission, however, will not engage in speculative matters, such as the potential future requirement to treat per- and polyfluoroalkyl substances (PFAS), or dramatic rhetoric to appease the parties in this case.

Finally, the exorbitant rate case expense to continually re-litigate issues related to an arms-length transaction and the negotiated contract, concerns the Commission and

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<sup>64</sup> Hearing Video Testimony (HVT) of Doug Padgett at the July 31, 2025 hearing, at 02:48:46, HVT of Scott Lawless of the July 31, 2025 hearing at 04:56:14, 04:58:57, and HVT of Anthony Habermehl at the July 31, 2025 hearing 05:38:43.

<sup>65</sup> HVT of Anthony Habermehl at the July 31, 2025 hearing at 05:37:59.

<sup>66</sup> KRS 278.030, KRS 278.040 as well as the previously cited cases related to municipalities selling water to a regulated utility.

should be of concern to both parties participating in this case. Ultimately, the ratepayers are bearing the expense of the failure of the parties to work toward some common ground. In future cases, the Commission may evaluate rate case expense with an eye towards steps taken to avoid extended, litigious action.

IT IS THEREFORE ORDERED that:

1. The wholesale rate of \$3.10 per 1,000 gallons in accord with the 2016 Contract is approved.
2. The wholesale rate of \$3.10 per 1,000 gallons is fair, just and reasonable and is approved for the provision of wholesale water service to Bracken District for services rendered on and after the date of service of this Order.
3. Within 20 days of the date of service of this Order, Augusta shall file with the Commission, using the Commission's electronic Tariff Filing System, new tariff sheets setting forth the rate and charge approved by this Order and its effective date, and stating that the rate and charge were authorized by this Order.
4. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:



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