

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN ELECTRONIC INVESTIGATION INTO	)	
MILBURN WATER DISTRICT TO DETERMINE	)	
THE FEASIBILITY OF MERGER WITH A	)	CASE NO.
PROXIMATE UTILITY PURSUANT TO KRS 74.361	)	2021-00341
OR ABANDONMENT PURSUANT TO	)	
KRS 278.020(6), KRS 278.021	)	

ORDER

The Commission, on its own motion, finds that, the stay of proceedings granted by Order issued March 6, 2024,<sup>1</sup> has expired as of November 30, 2025, and an amended procedural schedule should be entered in this matter.

Pursuant to KRS 74.361(2), the Commission is authorized to conduct such investigations as may be reasonably necessary to determine the advisability as to the merger of water districts. Before ordering a hearing into the merger of any water district, the Commission shall “shall cause to be prepared in writing a feasibility report and study regarding the proposed merger, containing such studies, investigations, facts, historical data, and projections as in the circumstances may be required in order to enable the commission to formulate a proper decision regarding such merger.”<sup>2</sup> Based upon the written report and study, the Commission “may propose by order that a merger of water districts be accomplished, and, upon the issuance of such order, shall give actual notice

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<sup>1</sup> Order (Ky. PSC Mar. 6, 2025), as amended by Order (Ky. PSC Aug. 13, 2025) to correct the expiration date of the stay of proceedings to November 30, 2025.

<sup>2</sup> KRS 74.361(2).

to all water districts proposed to be merged.”<sup>3</sup> If the Commission orders such a merger of water districts, the order shall provide for a formal public hearing to be held before the Commission on the subject of such proposed merger.<sup>4</sup> At the formal hearing, water districts that the Commission seeks to merge:

[S]hall be afforded the right to appear, to present evidence, to examine all exhibits and testimony, to cross-examine all witnesses, and to submit such memoranda, written evidence, and briefs as may be desired.<sup>5</sup>

### DISCUSSION

Commission Staff’s Feasibility Study on Merger (Feasibility Study) was issued on May 31, 2024.<sup>6</sup> Milburn Water District (Milburn District) and Graves County Water District (Graves District) were directed to file written comments regarding the findings of Commission Staff no later than 14 days from the date of the Feasibility Study.<sup>7</sup> On June 12, 2024, the Parties filed a joint motion requesting an extension of time to file their responses to the Feasibility Study.<sup>8</sup> The Parties requested time to ensure their respective Board of Commissioners would have the opportunity to meet and discuss the report’s findings and recommendation.<sup>9</sup> The Parties further argued additional time was necessary to address the 2024 Kentucky General Assembly appropriation of \$5,000,000 to the

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<sup>3</sup> KRS 74.361(3).

<sup>4</sup> KRS 74.361(3).

<sup>5</sup> KRS 74.361(4)

<sup>6</sup> Notice of Filing Feasibility Study (issued May 31, 2024).

<sup>7</sup> Feasibility Study (issued May 31, 2024).

<sup>8</sup> Joint Motion for Extension of Time to Respond to Commission Staff’s Feasibility Report (Joint Motion for Extension) (filed June 12, 2024).

<sup>9</sup> Joint Motion for Extension.

Carlisle County Fiscal Court, and Carlisle County's plan to use these funds to support the construction of a water treatment facility and water lines to serve Milburn District's existing customers and Carlisle County's schools, and eventually to serve the city of Arlington and Cunningham Water District.<sup>10</sup> By Order issued June 14, 2024, the Parties were granted an extension until August 13, 2024, to file their responses to the Feasibility Study.<sup>11</sup>

On August 7, 2024, the Parties further filed a joint motion for a stay of proceedings for 180 days to permit Carlisle County Fiscal Court to develop a comprehensive plan for water service to Carlisle County.<sup>12</sup> The Parties stated that, only after that plan is developed can an accurate assessment of Milburn District's status and the feasibility of an involuntary merger of the Districts be made and argued a stay would permit Carlisle County Fiscal Court to develop its plan.<sup>13</sup> The Parties further requested that the Commission indefinitely extend the time to file their responses to Staff's Feasibility Study. By Order issued August 15, 2024, the stay of proceedings was granted and the extension for the Parties' responses to Staff's Feasibility Study was continued until further Order by the Commission.<sup>14</sup>

On January 27, 2025, the Parties again jointly moved to continue the existing stay of proceedings until November 30, 2025, to permit the Carlisle County Fiscal Court to further develop and execute its plan for expanding and consolidating water service within

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<sup>10</sup> Joint Motion for Extension.

<sup>11</sup> Order (Ky. PSC June 14, 2024).

<sup>12</sup> Joint Motion for Stay of Proceeding (filed Aug. 7, 2024).

<sup>13</sup> Joint Motion for Stay of Proceeding.

<sup>14</sup> Order (Ky. PSC Aug. 15, 2025).

Carlisle County.<sup>15</sup> By Order issued March 6, 2025, the Commission granted the continuance of the stay of proceedings through November 30, 2025, and continued the extension for the Parties' responses to Staff's Feasibility Study until further Order by the Commission.<sup>16</sup> The March 6, 2025 Order further ordered Milburn District to file an application for a general rate adjustment, alternative rate adjustment pursuant to 807 KAR 5:076, or file a detailed explanation of why neither rate adjustment is necessary on or before September 1, 2025.<sup>17</sup>

The stay of proceedings granted by Order issued March 6, 2025, has now expired. No further motion has been received from the Parties, nor has any update been provided. The Commission accordingly finds that an amended procedural schedule should be entered, and that the Parties should file their responses to Staff's Feasibility Study on or before April 23, 2026.

The Commission, on its own motion, THEREFORE ORDERS that the procedural schedule contained in the Appendix to the March 31, 2022 Order, previously amended on May 13, 2022, and March 6, 2024, is now amended as attached in the Appendix to this Order.

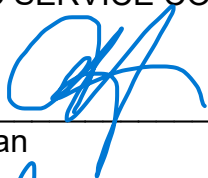
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<sup>15</sup> Joint Motion to Continue the Stay of Proceedings (filed Jan. 27, 2025).


<sup>16</sup> Order (Ky. PSC Mar. 6, 2025).

<sup>17</sup> Order (Ky. PSC Mar. 6, 2025).

PUBLIC SERVICE COMMISSION

  
Chairman

  
Commissioner

  
Commissioner

ATTEST:

  
Executive Director



APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2021-00341 DATED JAN 21 2026

Parties shall file their responses to Commission Staff's  
Feasibility Report no later than ..... 04/23/2026

\*Graves County Water District  
P. O. Box 329  
301 East Broadway  
Mayfield, KY 42066

\*Milburn Water District  
7731 State Route 80 East  
Arlington, KY 42021

\*Graves County Water District  
Graves County Water District  
P. O. Box 329  
301 East Broadway  
Mayfield, KY 42066

\*Milburn Water District  
Milburn Water District  
7731 State Route 80 East  
Arlington, KY 42021

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