

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF	)	
GRAYSON COUNTY WATER DISTRICT AND	)	
EDMONSON COUNTY WATER DISTRICT FOR	)	
AN ORDER APPROVING THE TRANSFER OF	)	
OWNERSHIP OF EDMONSON COUNTY WATER	)	CASE NO.
DISTRICT'S GRAYSON COUNTY DISTRIBUTION	)	2025-00330
SYSTEM AND AN ORDER AUTHORIZING THE	)	
ISSUANCE OF SECURITIES BY GRAYSON	)	
COUNTY WATER DISTRICT PURSUANT TO THE	)	
PROVISIONS OF KRS 278.020, KRS 278.300,	)	
AND 807 KAR 5:001	)	

ORDER

On July 21, 2026, Edmonson County Water District (Edmonson District) and Grayson County Water District (Grayson District) (collectively, Joint Applicants) filed a motion,¹ pursuant to KRS 278.400, requesting rehearing of the Order entered July 2, 2026, regarding the Commission's denial of the proposed transfers for lack of sufficient evidence. Joint Applicants seek rehearing to correct material errors and omissions as well as present additional evidence not previously included in the record.²

LEGAL STANDARD

KRS 278.400, which establishes the standard of review for motions for rehearing, limits rehearing to new evidence not readily discoverable at the time of the original hearings, to correct any material errors or omissions, or to correct findings that are

¹ Joint Applicants' Motion for Rehearing (Motion) (filed July 21, 2026).

² Motion at 2-8.

unreasonable or unlawful. A Commission Order is deemed unreasonable only when “the evidence presented leaves no room for difference of opinion among reasonable minds.”³ An order can only be unlawful if it violates a state or federal statute or constitutional provision.⁴

By limiting rehearing to correct material errors or omissions, and findings that are unreasonable or unlawful, or to weigh new evidence not readily discoverable at the time of the original hearings, KRS 278.400 is intended to provide closure to Commission proceedings. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

MOTION

In support of its motion, Joint Applicants asserted that the Commission should grant rehearing on two grounds: (1) material error and omission; and (2) new evidence. The Joint Applicants argued that the Commission’s July 2, 2026 Order contained a material error when the Commission found that:

The record reflects that Edmonson District’s existing water system indebtedness consists of six Rural Development (RD) Water Bonds and three Rural Water Financing Agency (RWFA) loans, and that the proposed transactions in Case Nos. 2025-00329 and 2025-00330 divide that existing indebtedness between the acquiring utilities.⁵

³ *Energy Regulatory Comm’n v. Kentucky Power Co.*, 605 S.W.2d 46 (Ky. App. 1980).

⁴ *Public Service Comm’n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm’n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

⁵ Order (Ky. PSC July 2, 2026) at 2.

Joint Applicants argued that this finding was erroneous because Grayson District would not assume any of Edmonson District's debt and instead would pay an estimated cash purchase price of \$4,525,680.⁶

Joint Applicants also disagreed with the Commission's finding that:

Without evidence of the approvals and financing documents necessary to accomplish the proposed allocation of Edmonson District's existing indebtedness, the Commission is unable to determine whether the statutory requirements of KRS 278.300 have been satisfied.⁷

Joint Applicants contended that the Kentucky Infrastructure Authority (KIA) commitment letter did not exist when the joint application was filed. Although Grayson District received the commitment letter before the Commission issued its final Order, Grayson District did not submit it to the Commission because it was not requested in the data requests of the proceeding.⁸

Lastly, in support of its motion, Joint Applicants further asserted that the July 2, 2026 Order did not address the reliability and water-quality concerns documented in the record.⁹ Joint Applicants submitted a July 14, 2026 letter from Sarah Marshall, Director of the Kentucky Division of Water (DOW), supporting the proposed changes in ownership and discussing the regulatory and enforcement framework governing the affected systems.¹⁰ Joint Applicants contended that the DOW correspondence establishes several facts material to the Commission's determination that were not fully before the

⁶ Motion at 3.

⁷ Order (Ky. PSC July 2, 2026) at 2.

⁸ Motion at 3-4.

⁹ Motion at 5.

¹⁰ Motion, Exhibit C – DOW.

Commission at the time the Order was entered.¹¹ Joint Applicants also submitted written testimony from Grayson County Judge/Executive Kevin Henderson and Grayson County Magistrate Brian Ashley describing historical water-quality and availability problems and improvements in service since Grayson District assumed operation of the system.¹² Joint Applicants contended that this evidence presents facts material to the Commission's determination that were not fully before the Commission when the July 2, 2026 Order was entered.¹³

DISCUSSION AND FINDINGS

The Commission has reviewed the Joint Applicants' motion, the July 2, 2026 Order, and the record. Without determining whether the July 2, 2026 Order contained a material error, the Commission finds that the Joint Applicants' motion for rehearing should be granted for the limited purpose of supplementing the evidentiary record.

On July 9, 2026, Joint Applicants filed a motion¹⁴ requesting that the Commission schedule an informal conference for the purpose of discussing information the Commission could find helpful in order to fully evaluate the proposed transfer. On July 13, 2026, the Commission entered an Order¹⁵ granting the request, and an informal conference was held between Commission Staff and Joint Applicants on July 15, 2026.¹⁶

¹¹ Motion at 6.

¹² Motion, Exhibit D – Henderson, Motion, Exhibit E – Ashley.

¹³ Motion at 8.

¹⁴ Joint Applicants' Motion for Clarification and Informal Conference (filed July 9, 2026).

¹⁵ Order (Ky. PSC July 13, 2026).

¹⁶ PSC Letter Filing Informal Conference Memorandum and Attendance List into the Record (Informal Conference Memorandum) (filed July 21, 2026).

During and subsequent to the informal conference, Joint Applicants presented additional information that may be pertinent to the Commission's evaluation of the proposed transfer of assets and Grayson District's proposed financing.¹⁷

Accordingly, the Commission finds that further development of the evidentiary record may assist in determining whether the proposed transfer of assets and Grayson District's proposed issuance of securities should be approved. The Commission emphasizes that granting rehearing neither modifies the July 2, 2026 Order nor authorizes the transfer of assets or issuance of securities.

IT IS THEREFORE ORDERED that:

1. Joint Applicants' motion for rehearing is granted for the purpose of developing the record concerning the proposed transfer of assets.
2. Commission Staff shall issue requests for information to Joint Applicants, and Joint Applicants shall respond to all such requests within the timeframe established in those requests.
3. Joint Applicants' proposal to transfer assets and issue securities remains unapproved pending a final Order on rehearing.
4. The remainder of the July 2, 2026 Order not in conflict with this Order remains in effect.

¹⁷ Informal Conference Memorandum at 1-2; Edmonson County Water District's Response and Clarification to Memorandum (filed July 21, 2026); Motion, Exhibit A - Brown Testimony; Motion, Exhibit B – KIA Commitment; Motion, Exhibit C – DOW; Motion, Exhibit D – Henderson Testimony, and; Motion, Exhibit E – Ashley Testimony.

Entered on this 6th day of August, 2026.

PUBLIC SERVICE COMMISSION



Angie Hatton
Chair



Mary Pat Regan
Vice Chair



Andrew W. Wood
Commissioner



Barry L. Mayfield
Commissioner

ATTEST:



Justin McNeil
Executive Director

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