

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTH	)	
EASTERN WATER ASSOCIATION, INC. FOR A	)	CASE NO.
RATE ADJUSTMENT PURSUANT TO 807 KAR	)	2026-00233
5:076	)	

ORDER

On September 8, 2026,¹ South Eastern Water Association, Inc. (South Eastern Water) filed its application with the Commission requesting an adjustment to its water service rates pursuant to 807 KAR 5:076. South Eastern Water filed this application in compliance with the final Order in Case No. 2025-00375.² In that proceeding, South Eastern Water was ordered to file an application by August 31, 2026, for either a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or for an alternative rate adjustment (ARF) pursuant to 807 KAR 5:076 to ensure its revenue is sufficient to support adequate and reliable service.

¹ South Eastern Water tendered its application on August 30, 2026. By letter dated September 1, 2026, the Commission rejected the application for filing deficiencies. The deficiencies were subsequently cured, and the application is deemed filed on September 8, 2026.

² See Case No. 2025-00375, *Electronic Application of South Eastern Water Association, Inc. for a Certificate of Public Convenience and Necessity and Financing of The U.S. 27 Water Line Replacement Project Pursuant to The Provisions of KRS 278.020, KRS 278.300, and 807 KAR 5:001*, (Ky. PSC Jan. 29, 2026) Order at 14, ordering paragraph 11.

The Commission finds that a procedural schedule³ should be established to ensure the orderly review of South Eastern Water's application. The procedural schedule is attached as Appendix A to this Order.

In addition, South Eastern Water should file on or before the date set forth in the procedural schedule its responses to the Commission Staff's (Staff) request for information, attached to this Order as Appendix B, and should respond to any future requests for information propounded by Staff by the date or dates set forth on any such requests.

IT IS THEREFORE ORDERED that:

1. The procedural schedule set forth in Appendix A to this Order shall be followed.
2. On or before the date set forth in the procedural schedule, South Eastern Water shall file its responses to the Staff's request for information attached to this Order as Appendix B.
3. South Eastern Water shall respond to any additional requests for information propounded by Commission Staff as provided in those requests.
4. No later than the date set forth in the procedural schedule, Staff shall file with the Commission and serve upon all parties of record a written report (Staff Report) containing its recommendations regarding South Eastern Water's requested rate adjustment.

³ No action is necessary to suspend the effective date of South Eastern Water's proposed rates for service. Pursuant to 807 KAR 5:076, Section 7(1), an applicant who applies for a rate adjustment pursuant to the procedures set for in 807 KAR 5:076 may not place its proposed rates into effect until the Commission approves those rates or six months from the date of the filing of its application.

5. No later than 14 days after the date of service of the Staff Report, each party of record shall file with the Commission:

a. Its written comments on and any objections to the findings contained in the Commission Staff Report; and

b. Any additional evidence for the Commission to consider.

6. If Staff recommends that South Eastern Water's financial condition supports a higher rate than South Eastern Water proposes or the assessment of an additional rate or charge not proposed in South Eastern Water's application, South Eastern Water in its response to the Staff Report shall also state its position in writing on whether the Commission should authorize the assessment of the higher rate or the additional rate or charge.

7. If Staff recommends that changes should be made to the manner in which South Eastern Water accounts for the depreciation of South Eastern Water's assets, South Eastern Water in its response to the Staff Report shall also state its position in writing on whether the Commission should require South Eastern Water to implement the proposed change for accounting purposes.

8. A party's failure to file written objections to a recommendation contained in the Staff Report within 14 days after the date of the filing of the Staff Report shall be deemed a waiver of all objections to that finding.

9. If a party requests a hearing or informal conference, then the party shall make the request in its written comments and state the reason a hearing or informal conference is necessary.

10. A party's failure to request a hearing or informal conference in the party's written response shall be deemed a waiver of all rights to a hearing on the application and a request that the case stand submitted for decision.

11. A party's failure to file a written response within 14 days after the date of service of the Staff Report shall be deemed a waiver of all rights to a hearing on the application.

12. As set forth in 807 KAR 5:001, Section 4(11), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding that is not adequately represented in the case, or (2) that intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented or the issues and facts the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of the utility consumed by the movant or a general statement regarding a potential impact of possible modification of rates will not be deemed sufficient to establish a special interest.

13. Any motion to intervene filed after the date established in the procedural schedule attached as Appendix A to this Order shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

14. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085⁴ regarding filings with the Commission.

⁴ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

Entered on this 24th day of September, 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

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2026-00233 DATED SEP 24 2026

Requests for intervention shall be filed no later than 10/13/2026

All requests for information to South Eastern Water
shall be filed no later than 10/20/2026

South Eastern Water shall file responses to requests
for information no later than 11/03/2026

All supplemental requests for information to
South Eastern Water shall be filed no later than 11/24/2026

South Eastern Water shall file responses to supplemental
requests for information no later than 12/08/2026

Commission Staff's Report shall be filed no later than..... 01/19/2027

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2026-00233 DATED SEP 24 2026

COMMISSION STAFF'S INITIAL REQUEST FOR INFORMATION TO SOUTH EASTERN WATER ASSOCIATION, INC.

South Eastern Water Association, Inc. (South Eastern Water), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on November 3, 2026. The Commission directs South Eastern Water to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

South Eastern Water shall make timely amendment to any prior response if South Eastern Water obtains information that indicates the response was incorrect or

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which South Eastern Water fails or refuses to furnish all or part of the requested information, South Eastern Water shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, South Eastern Water shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide the following information related to billing software:
 - a. Brand or common name for software.
 - b. State whether the software is locally installed on a utility-owned computer or is a subscription service that is internet based.
 - c. If locally installed, state the installation date.
 - d. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.
2. Provide the following information related to general ledger software:
 - a. State if the billing software and general ledger software are integrated.

- b. Brand or common name for software.
- c. State whether the software is locally installed on a utility-owned computer or is a subscription service that is internet based.
- d. If locally installed, state the installation date.
- e. State whether the system is still serviced by the manufacturer and whether the utility maintains a service contract.

3. Refer to the Schedule of Adjusted Operations (SAO), Revenue Requirements Calculation, SAO Adjustment References. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected. Employee names should be redacted from all documents.

- a. The general ledger in Excel spreadsheet format with all transactions for each of the years ended December 31, 2025, and year-to-date 2026.

- b. The trial balance in Excel spreadsheet format for the years ended December 31, 2025, and year-to-date 2026.

- c. Provide a cross reference that matches each test year general ledger account to each revenue and expense line that is reported in the Schedule of Adjusted Operations and reconcile each amount that does not match.

4. Refer to the Application, Attachment 4, SAO, provide an itemization of the Other Water Revenues, stated as \$406,372 and state whether each item is a recurring revenue.

5. Using a table format, provide an Excel spreadsheet with all formulas, rows, and columns fully accessible and unprotected which contains a list of each position within

the utility (Position 1, Position 2, etc.), including job titles, pay rates, total wages paid, and total FICA cost for each employee for the test year. Include the date the employee was hired and, if applicable, the employee's termination date. If a position is recently vacated but the intent is to fill it, note the vacancy and the amount of time that it has been vacant. Employee names should be redacted from all documents. In addition, provide the following:

a. Calculations, by employee, that support pro forma wages of \$696,411. This may be provided as a separate table or combined with the table above. If a position is recently vacated but the intent is to fill it, note the vacancy and the amount of time that it has been vacant.

b. A summary of overtime hours worked and costs that were due to vacant positions and thus will be eliminated when the vacant positions are filled.

c. Refer to the Application, Attachment_12_SEWA_Rate Study.xlsx, Wages Tab, Rows 16 and 17. Provide the date that employees 12 and 13 became eligible to contribute to the pension plan(s). If not yet eligible, provide the date they will be eligible to contribute.

6. Provide a complete description of each employee benefit, paid to or on behalf of each employee for the calendar year 2025. Supplemental coverage for which the employee pays 100 percent of the cost should also be included. Employee names should be redacted from all documents.

a. Provide a copy of one invoice for 2025 for each employee benefit described above.

b. State whether there were any significant changes to any benefit coverage described above subsequent to the test year.

c. Provide a copy of the most recent invoice for each employee benefit described above.

7. Provide certificates of insurance and most recent invoices for general liability, workers' compensation, automobiles, property, and casualty for 2025 and 2026.

8. Provide the current per gallon price for purchased water.

9. Refer to the Application, Attachment 4, Debt Service Schedule. For each outstanding debt issuance, provide the Commission case number in which South Eastern Water was authorized to issue the debt or explain why such authorization was not required. .

10. Refer to the Application, Attachment_12_SEWA_Rate Study.xlsx, Water Loss Tab.

a. Explain why South Eastern Water proposed using the 2025 Water Loss Reports for the application instead of using the 2025 Annual Report.

b. Explain why the 2025 Water Loss Reports do not match the 2025 Annual Report.

11. Provide the minutes from South Eastern Water's Board meetings for the calendar years 2024, 2025, and 2026 year to date. Consider this a continuing request through the date of issuance of Commission Staff's Report.

a. Designate each action that authorizes hiring.

b. Designate each action that authorizes adjustments to wage rates and any other compensation or fringe benefit actions.

12. Provide a document listing the name of each member of the Board for each of the calendar years 2024, 2025, and 2026 and state, individually, the total amount of each benefit paid to, or on the behalf of, each director during each year (i.e., wages, health insurance premiums, life insurance premiums, FICA taxes, etc.), their term (beginning and ending), and current authorized annual compensation.

a. Provide documentation from the authority responsible that authorizes each Board member appointment, term of appointment, and compensation. For any appointment or compensation authorized by the fiscal court, provide the applicable fiscal court meeting minutes or other official record reflecting the action.

b. Provide training records for each board member for 2024, 2025, and 2026 or a statement that the individual has not attended training.

13. Refer to the Application, Attachment 4, SAO, Adjustment H, References. Provide the following information regarding the proposed rate case expense.

a. State whether the amount in the application is a fixed amount and what would cause the stated amount to increase or decrease, respectively.

b. State the date the quoted amount is payable by South Eastern Water.

c. Confirm that the anticipated rate case expense will be paid for by South Eastern Water and not paid for by a third party, i.e. grant fund. If not confirmed, explain the response.

d. Provide a copy of the invoice or a signed quote used to justify the proposed \$9,335 total rate case amount.

14. Refer to the Application, Attachment 4, Table A, Depreciation Expense Adjustments table. Also refer to South Eastern Water's 2025 Annual Report, page 20. The Depreciation Table reports 2025 PSC Annual Report Depreciation is \$1,393,391 and a test-year amount of \$1,391,535. South Eastern Water explained the \$1,856 difference between the two items was due to adjustments made after December 31, 2025.

a. Provide a list of the post test year adjustments that explains the difference.

b. In the 2025 Annual Report, South Eastern Water reported Depreciation Expense of \$1,429,697. Explain and reconcile where and how South Eastern Water determined \$1,393,391 as the PSC Annual Report amount.

15. Provide the following with respect to new tap installations.

a. Number of installations during the test year.

b. State whether labor costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

c. State whether material costs were capitalized and, if so, provide the total amount and designate the line in the fixed assets listing that reflects the capitalization.

16. Provide the date that South Eastern Water's billing cycle begins (meter read date).

17. State whether the date that the billing cycle begins is the date that would be best stated as the effective date of any order the Commission issues concerning rates in this case.

18. State the last time South Eastern Water performed a cost-of-service study (COSS) to review the appropriateness of its current rates and rate design.

a. Explain whether South Eastern Water considered filing a COSS with the current rate application and the reasoning for not filing one.

b. Explain whether any material changes to South Eastern Water's system would cause a new COSS to be prepared since the last time it completed one.

c. If there have been no material changes to South Eastern Water's system, explain when South Eastern Water anticipates completing a new COSS.

d. Provide a copy of the most recent COSS that has been performed for South Eastern Water's system in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

19. Provide the number of occurrences and dollar amounts for late fees that were recorded during the test year.

20. Provide a schedule listing the number of occurrences for each nonrecurring charge that was recorded during the test year and the total amount recorded for each nonrecurring charge. If the revenue for any nonrecurring charge was zero, include that charge and indicate that no revenue was recorded. Include the general ledger account numbers where each nonrecurring charge is recorded.

21. Provide updated cost justification sheets to support each nonrecurring charge listed in South Eastern Water's tariff.

22. Provide updated cost justification sheets to support each Meter Connection/Tap-on Charge listed in South Eastern Water's tariff.

23. Refer to the Application, Attachment_12_SEWA_Rate Study.xlsx, Revenue Requirement Tab, Cells G10 and G25. The formulas to calculate the Revenue Required from Sales of Water do not include the test year's Interest Income. Confirm this was an error in the calculation. If not, provide an explanation for not including the Interest Income.

24. Refer to the Application, Attachment 4, SAO, Adjustment G, Table A Depreciation Expense Adjustments, Meter Change-outs.

a. Provide an explanation for the proposed fifteen-year service life for meters. Include in this explanation any engineering reports, testing reports, or technical specifications that support the proposed fifteen-year service life for each meter model and brand.

b. Confirm that each meter proposed for fifteen-year service life is a radio-read or Automated Meter Reading (AMR) meter. If not confirmed, explain the response.

Service List for Case 2026-00233

* Morris Vaughn

South Eastern Water Association, Inc.

6615 Hwy 914

Somerset, KY 42501

* South Eastern Water Association, Inc.

6615 Hwy 914

Somerset, KY 42501

* Mona Taylor

South Eastern Water Association, Inc.

6615 Hwy 914

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* Sam Reid

312 N. Jackson Street

Perryville, KY 40468