

BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
FRANKFORT, KENTUCKY
CASE NO. 2025-00300

[Electronically Filed]

CITY OF HANSON, KENTUCKY

APPLICANT/COMPLAINANT,

vs.

CITY OF MADISONVILLE, KENTUCKY

RESPONDENT/DEFENDANT.

**VERIFIED APPLICATION FOR DECLARATORY ORDER
AND FORMAL COMPLAINT**

COMES NOW, the City of Hanson (“*Hanson*”), by counsel, and pursuant to KRS Chapter 278 and 807 KAR 5:001, respectfully petitions the Kentucky Public Service Commission (“*KYPSC*”) for a declaratory order affirming that Madisonville’s provision of wastewater treatment service to Hanson constitutes extraterritorial utility service subject to the Commission’s jurisdiction. Hanson further requests that the Commission declare Madisonville’s 2024 rate reclassification and increase unlawful and void under KRS 278.160(1) and 807 KAR 5:001 §16 for failure to obtain prior Commission approval.

This petition seeks a declaratory order confirming that the KYPSC retains plenary jurisdiction under KRS Chapter 278 and 807 KAR Chapter 5 over the wholesale wastewater treatment rate charged by Madisonville to Hanson. Hanson requests a declaration that Madisonville’s unilateral 2024 rate reclassification and increase—from \$1.04 to \$3.75 per 1,000 gallons—was void ab initio for failure to obtain Commission approval. Hanson also seeks a formal hearing to establish a fair and just wholesale rate consistent with the long-standing intermunicipal sewer contract and the Commission’s 2001 precedent recognizing jurisdiction over the same relationship.

I. INTRODUCTION

1) This matter arises from a unilateral contracted wholesale wastewater treatment rate change and customer reclassification imposed by the City of Madisonville on Hanson, by adopting a Madisonville City Ordinance that attempted to increase from \$1.04/1000 gallons to \$3.75/1000 gallons, a 361% rate increase for Hanson.

2) Refusing to acknowledge and accept this Commission's authority and jurisdiction over the matter, Madisonville filed suit in Hopkins Circuit Court, Case No. 24-CI-00849¹, where it sought to enforce what it believes is its "unilateral authority" to (a) reclassify Hanson as a "retail" customer and (b) impose any wholesale wastewater rate on Earlington. Hanson joined the Hopkins Circuit Court, Case No. 24-CI-00849, as an intervening complainant. This action follows, despite Hanson's best efforts to resolve the matter extrajudicially and without this Commission.²

II. PARTIES

3) The Applicant/Complainant is an independent home rule city within Hopkins County, Kentucky, which operates its own separate utility, being the Hanson Municipal Sewer System.

4) Hanson's address is P.O. Box 337, 30 Sunset Road, Hanson, KY 42413. It can be reached through the undersigned attorneys at THOMAS, ARVIN & ADAMS, PLLC, PO BOX 675, Hopkinsville, Kentucky 42241-0675.

5) Respondent/Defendant, Madisonville, is an independent home rule city within Hopkins County, Kentucky, which operates its own separate utility, Madisonville Municipal

¹ Of note, the City of Earlington has also filed a Formal Complaint and Application for Declaratory Order with the PSC.

Utilities. It can be reached through its city attorney, Hon. Hillary Lantrip Croft, at Riddle Legal Group, 220 N. Main Street, Madisonville, Kentucky 42431

III. JURISDICTION

6) Pursuant to KRS Chapter 278 and 807 KAR 5.001, this Commission has jurisdiction over the regulation of rates and services of wholesale wastewater utility rates and services between utilities.

7) Pursuant to KRS Chapter 278 and 807 KAR 5:001, this Commission has jurisdiction over allegations to declare and resolve whether a utility rate or service of a utility is unreasonable, unlawful, or otherwise in violation of Kentucky law or administrative regulation.

8) Pursuant to KRS 278.200, the Commission has authority over ‘contracts and agreements affecting rates and services of utilities,’ including inter-utility wholesale wastewater treatment agreements. See *City of Franklin v. Simpson County Water District*, 872 S.W.2d 460 (Ky. 1994). Madisonville’s provision of sewage treatment to Hanson, a separate municipal utility, constitutes service for compensation to another utility outside its territorial limits and thus falls squarely within the Commission’s jurisdiction under KRS 278.010(3)(f) and KRS 278.200.

IV. BACKGROUND

9) After the adoption of the Federal Water Pollution Control Act (33 U.S.C. § 1251) and the corresponding regulations, the EPA established the 201Grant Agreement Program to ensure small city compliance with the new laws and regulations without imposing significant financial constraints.

10) Hanson, along with the independent City of Earlington, worked with Madisonville to receive the first-ever EPA 201 Grant Agreement to fund the three cities’ EPA-compliant

wastewater treatment operation. A copy of the Grant terms, pursuant to 40 CFR 35.925-11 are attached as **Exhibit A**, the terms of which are incorporated herein by reference.

11) According to the terms of the grant program, a single “regional” wastewater treatment plant was established to service a collection of cities’ sewage.

12) Each participating city was then required by the terms of the EPA 201 Grant to enter into a separate “User Agreement,” – or Sewer Contract – with the wastewater treatment plant. Hanson’s separate “User Agreement” – or Sewer Contract with Madisonville – is attached as **Exhibits B**, the terms of which are incorporated herein by reference.

13) Since the three cities were awarded the grant in 1978, Hanson, through its Hanson Municipal Sewer System, has been a contracted “wholesale” wastewater treatment utility customer of the Madisonville Municipal Utilities since 1984.

14) Pursuant to the terms of the Earlington-Hanson-Madisonville EPA 201 Grant Agreement, Hanson’s separate utility would continue to own and operate its own respective “retail” wastewater collection and transmission system within its territorial city footprint for its retail customers and residents. The wastewater collected in Hanson would then be transferred from its territorial footprints to a specific central collection point, where Hanson’s wastewater was metered by both cities and then finally comingled with Madisonville’s own wastewater flow to the Madisonville Wastewater Treatment Plant (“**MWWTP**”).

15) Pursuant to the terms of the Earlington-Hanson-Madisonville EPA 201 Grant Agreement, Hanson, through its separate utility, would pay its proportional share of the costs of operation and maintenance (including replacement) as defined in § 35.905-17 of all wastewater treatment service at the MWWTP. This objective metered percentage of all of the gallons of wastewater treated, established its wholesale sewage treatment cost.

16) The EPA 201 Grant Program, codified at 40 C.F.R. Part 35, required the grantee (Madisonville) to enact and maintain a user charge and cost-recovery ordinance subject to state-level regulation. The KYPSC has been the recognized body to implement those cost-recovery standards under state law. Because the grant terms require state review of cost recovery, KYPSC's oversight is necessary to ensure compliance with those conditions. Thus, the Madisonville–Hanson agreement is not purely local; it was federally and state-conditioned, falling within the KYPSC's oversight authority.

17) Under the terms of the grant and the original Sewer Contract – established June 25, 1984, as amended on June 1, 1995 - Hanson and Madisonville, as did Earlington, agreed that Madisonville would assume all expenses and costs incurred for the metering equipment and transportation costs from the meter to the MWWTP. This cost, as agreed, has been excluded from the wholesale sewage rate for over forty (40) years.

18) This wholesale sewage treatment rate to be charged by Madisonville was agreed to be recomputed annually after Madisonville provided a copy of the documents supporting the new annual wholesale change, and the receipt of consent of Hanson after its independent verification of any annual wholesale rate increase.

19) The methodology for the wholesale rate computation for the wholesale wastewater treatment, albeit not necessarily conforming to the prescribed method of 807 KAR Chapter 5, provided protections to the residents of Earlington and has largely remained unchanged until 2024.³

³ Prior to this action and the commencement of Hopkins Circuit Court Case No. 24-CI-00849, Hanson and Earlington demanded an accounting from Madisonville so as to achieve the transparency necessary to protect its residents/customers from excessive, unfair, and unjust rate calculations. Prior to this dispute, the transparent accounting enabled the cities to establish a mutually agreed, fair and just rate, for submission to the KYPSC.

PRIOR RATE ADJUSTMENTS

20) On or about January 20, 1998, Hanson and Madisonville amended the contracted wholesale wastewater treatment rate to an agreed annual rate of \$1.95/1,000 gallons. This amended sewer contract is attached hereto as **Exhibit C**, the terms of which are incorporated herein by reference. While mutually agreed, the changed wholesale rates were not approved by the KYPSC.

21) While some rate changes have been made without the KYPSC approval, the KYPSC did accept Madisonville's wholesale wastewater rate change in 2001 in Application C62-0011 Hanson.

22) On or around July 31, 2001, Madisonville, following the prescribed procedures of 807 KAR Chapter 5, applied for a wholesale wastewater treatment rate change with the KYPSC for the Hanson rate. A copy of this prior application is attached as **Exhibit D**, the terms of which are incorporated herein.

23) By its prior application of wholesale wastewater treatment rate changes in 2001 for Hanson, Madisonville knew any and all changes to the wholesale rate were subject to the exclusive jurisdiction of the KYPSC, in the same manner as Hanson's purchase of water supplied by Madisonville.

24) To the extent that KYPSC staff later characterized the 2001 acceptance as an administrative error, such a view does not erase the record of Madisonville's own voluntary submission and the Commission's acceptance, which collectively confirm that both parties treated the Commission as the proper regulatory forum for wholesale wastewater rate changes.⁴

⁴ Hanson has reviewed the informal staff letter sent on September 4, 2025, in response to Hanson's Mayor's informal complaint. A copy of this letter is attached as **Exhibit E**. It is Hanson's position and understanding that this informal staff analysis is not an agency formal action and cannot preclude this Petition. Only the Commission itself can issue binding orders or final determinations on jurisdiction.

MADISONVILLE’S UNAPPROVED UNILATERAL WHOLESALE RATE CHANGES

25) In 2019, Madisonville commissioned its CPA, Charles Kingston, to perform a rate analysis for the Hanson wholesale rate to be implemented in 2020. His purported wholesale rate analysis resulted in the identification of a wholesale rate of \$0.81/1000 gallons for Hanson. While not approved by the KYPSC, this rate change was never implemented. A copy of the 2019 Kingston Rate analysis is attached hereto as **Exhibit F**.

26) On or around January 1, 2024, Madisonville adopted Ordinance 0-2022-10 in its attempt to change the classification of Hanson from a “wholesale customer” to a “retail customer” and impose the unilateral wholesale rate change to \$3.95/1000 gallons for Hanson.

27) This 2024 reclassification and change of the wholesale rate change was not consented to by Hanson.

28) The 2024 “retail” wastewater treatment rate change is not based on any acceptable industry standard practice for computing utilities or following the standards outlined in 807 KAR 5:071 or 807 KAR 5:076. Madisonville has described the basis for the 2024 wholesale rate increase upon its “2022 Technical Memorandum.”

29) The 2024 rate change adopted by Madisonville no longer reflects a wholesale customer classification, but a retail customer classification. Instead, it aligns with the rate Madisonville charges its retail customers, characterized in judicial filings by Madisonville as a “2022 Technical Memorandum” wholesale rate calculation, to also include all costs incurred for the operation and transmission of Madisonville’s separate, independent wastewater collection system.

30) In response to Madisonville’s drastic increase, Hanson has demanded an accounting from Madisonville, engaged a utility rate expert, to attempt to perform an analysis

based upon accepted industry standards to identify the correct wholesale rate and enforce a fair and just contractual rate for its residents and customers. Hanson has escrowed the difference between the unapproved Madisonville unilateral rate increase and the prior wholesale rate.

31) In response to Hanson's demands for transparency and accounting, Madisonville, believing it is wholly exempt from the Commission's jurisdiction, KRS Chapter 278 and 807 KAR Chapter 5, filed litigation in Hopkins Circuit Court against Earlington, by which Hanson joined as the intervening party.⁵ In short, Madisonville's suit attempts to (i) collect the wholesale rate enacted by the Madisonville City Council effective December 31, 2024; (ii) unilaterally modify the Hanson Sewer Contract, as amended; (iii) enforce unjust and unfair rates. In response to Madisonville's attempt to judicially enforce the wholesale rate increase, Hanson has affirmatively asserted that only the KYPSC has exclusive jurisdiction over the classification of Hanson, through its utility - Hanson Municipal Sewer System - and the wholesale wastewater treatment rate to be imposed, not the Madisonville City Council by Ordinance, nor did the Hopkins Circuit Court have such jurisdiction. Madisonville disagrees.

32) Hanson's expert's preliminary analysis demonstrates that Madisonville has not complied with the regulations - e.g., failure to file required schedules, failure to give proper notice, improper rate-setting, or other violations. A copy of the expert's - Mr. Steven Brock - March 18, 2025, Preliminary Analysis is attached as **Exhibit G**, and Mr. Brock's June 9, 2025, Updated Analysis is attached as **Exhibit H**, the terms of which are incorporated herein by reference.

33) Despite bringing the issues identified by Mr. Brock to Madisonville's attention and also the objections from Hanson, Madisonville continues to assert that it is exempt from any and

⁵ Hopkins Circuit Court Civil Action No. 24-CI-00849, *City of Madisonville, KY vs. City of Earlington, KY, and City of Hanson, KY*

all regulations, including 807 KAR Chapter 5 or KRS 278, and that it has unilateral authority to make any wholesale rate changes without KYPSC involvement.

34) The Hanson City Commission has invoked its contractual right to compel Madisonville to initiate the annual rate adjustment, as allowed by the application of the Hanson Sewer Contract (page 3), as amended. A copy of the Hanson invocation of the annual audit on the basis of the actual costs incurred is attached hereto as **Exhibit I**. In August 2025, Madisonville judicially confirmed it has initiated the annual rate adjustment. It is unknown whether the ongoing Madisonville rate adjustment for Hanson will comply with the KYPSC requirements.

V. REQUEST FOR DECLARATORY ORDER AFFIRMING JURISDICTION

35) Hanson incorporates by reference all prior paragraphs asserted in this application.

36) Wastewater - or sewage treatment - is a public utility within the context of KRS Chapter 278 and 807 KAR Chapter 5.

37) The KYPSC's supervision ensures that all rates for public utility service are fair, just, and reasonable and not arbitrary.

38) Pursuant to the provisions of KRS Chapter 278, the KYPSC has plenary jurisdiction over the classification of retail and wholesale customers and utility rates and services, including the wholesale sewage treatment rate between Madisonville, by and through its utility division – Madisonville Municipal Utilities, and Hanson (and Earlington), by and through its separate utility Hanson Municipal Sewer System, and any adjustment or modifications thereof.

39) Ky P.S.C.'s jurisdiction includes cities that provide an extra-territorial utility service, as this ensures the residents have “some means of protection against excessive rates or inadequate services.” *Louisville Water Co. vs. PSC*, 318, S.W.2d 537 (Ky. 1958); *Simpson Cty.*

Water Dist. v. City of Franklin, 872 S.W.2d 460, 463 (Ky. 1994). Ergo, the necessity of the KYPSC’s jurisdiction.

40) As defined within KRS 278.010, in its relevant part, “Utility” is:

any person ***except a regional wastewater commission*** established pursuant to KRS 65.8905 and, for purposes of paragraphs (a), (b), (c), (d), ***and (f) of this subsection, a city***, who owns, controls, operates, or manages any facility used or to be used for or in connection with...

41) KRS 278.010 creates two exceptions to the KYPSC’s jurisdiction – (a) a regional commission or (b) the operation is solely within a city. Neither exception applies to a matter involving cities’ extraterritorial rates, by and through their separate utilities.

42) This same conclusion has been affirmed by Kentucky Appellate Courts, which continue to reinforce that a city’s exemption from KYPSC’s jurisdiction is not absolute and the KYPSC has the exclusive jurisdiction over classification of customers, rates and services charged to wholesale customers. *Simpson County Water District*, 872 S.W.2d at 463 (stating the legislative intent is clear that when a city is involved, the sentence reflects unequivocally that the PSC exercises exclusive jurisdiction over utility rates and service).

43) Kentucky courts apply a functional test, not a formalistic one: a city that performs a utility function beyond its boundaries for compensation acts as a public utility under KRS 278.010(3)(f). *Louisville Water Co. v. PSC*, 318 S.W.2d 537 (Ky. 1958).

44) Where a contract exists, as implemented, between two (2) separate cities’ utilities, the KYPSC’s jurisdiction applies. *Simpson County Water District*, 972 S.W.2d at 462.

45) While KYPSC’s staff has previously expressed the view that jurisdiction does not extend to purely municipal operations under KRS 278.010(3), that position overlooks the express language of KRS 278.010 and KRS 278.200, a consistent line of Kentucky appellate cases recognizing jurisdiction when one utility—municipal or otherwise—renders service to another

for compensation, and contravenes the Constitution. The City of Madisonville’s provision of wastewater treatment to Hanson is precisely such a relationship that demands KYPSC oversight.

A.
The Regional Commission Exception To “Utility” Does Not Exempt Madisonville from the KYPSC’ Jurisdiction

46) There is ***no*** regional wastewater commission, as provided by KRS 65.8905, to serve as the oversight and governing body for the MWWTP rates.

47) To do so, each of the municipalities must individually establish a resolution or ordinance to establish a regional commission, and they all must collectively work together to establish said Commission to govern the wastewater system. KRS 65.8905.

48) Neither Madisonville nor Hanson (or Earlington) has passed the required resolution or ordinance.

49) Furthermore, the statutory requirements imposed on a Regional Wastewater Commission fail, making this wholesale rate squarely within the KYPSC’s plenary jurisdiction.

- a) KRS 65.8907(1) requires that a Regional Wastewater Commission be comprised of at least one commissioner from each member entity – i.e., Hanson must have a representative on this governing/oversight commission. This has not occurred.
- b) The Commission must manage its own funds, adopt its own bylaws and rules of procedure, establish regular meeting times, among other duties or responsibilities. KRS 65.8911. This has not occurred.
- c) The Commission is a separate entity from any or all of its member cities. KRS 65.8917. Madisonville has attempted to bring this “commission” under the control of the Madison Municipal Government.

d) KRS 65.8921 outlines the steps required for the Board of Commissioners to make rate changes, which were not followed.

50) With the statutory requirements for a Regional Wastewater Commission exception failing, the KYPSC retains its plenary jurisdiction over the modification of the classification and amounts of wholesale wastewater rates and the Regional Wastewater Commission exception is not applicable.

51) Because no Regional Wastewater Commission exists or functions as required by KRS 65.8905–8921, Madisonville cannot claim exemption; the Commission’s jurisdiction therefore remains intact.

B.
***The “a City” Exception to “Utility” Does Not Exempt Madisonville
from KYPSC’ Jurisdiction***

52) The second exception within KRS 278.010 does not apply because the implementation and continuance of the 201 Grants and rights and duties regarding the operation is not limited to a single “city” whereby the Hanson separate utility would operate as a department of the Madisonville Municipal government, making it accountable to the voters and residents of Madisonville for any unfair, unjust, or excessive rates impose to include the costs of Madisonville’s separate “retail” system.

53) Instead, an extraterritorial wholesale operation extends from Madisonville to Hanson (and Earlington).

54) The full intention and effect of the application of the legislative exception to KYPSC’s jurisdiction, as “a city” requires the operation to take place within the jurisdictional territory of a single city. This does not extend to several cities operating collectively. *Louisville Water Co.*, 318 S.W.2d 337 (Ky. 1958); *Simpson Co. Water Distr.*, 872 S.W.2d 537 (Ky. 1994).

55) Moreover, Madisonville is not a city of the first class.

56) The Madisonville attempted wholesale wastewater treatment rate change is for the sole benefit to reduce the collection cost of its retail customers within the territorial jurisdiction of Madisonville, not the residents of Hanson (and Earlington), who operate their own separate collection systems.

57) The treatment plant is not located within a different county.

58) Again, with the statutory requirements for “a city” exception failing, the KYPSC retains its plenary jurisdiction over the Hanson (and Earlington) wholesale wastewater treatment rate.

59) The statutory provisions and regulations have not changed since 2001 when Madisonville last received KYPSC authorization and they remain in full force and effect.

60) The statutory definition of utility does not serve as an impenetrable shield to afford a city immunity. *Simpson*, 872 S.W.2d at 463.

61) The ‘a city’ exemption applies only to a municipal utility serving exclusively within its own corporate boundaries. Madisonville’s treatment of Hanson’s wastewater for compensation is extraterritorial service. The exemption therefore does not apply.

C.
The “a City” Exception to Sewage Utility Does Not Apply to Madisonville

62) As defined within KAR 5.071(2)(9), in its relevant part, a “Sewage Utility” is:

any person except a city, who owns, controls or operates or manages any facility used or to be used for or in connection with the treatment of sewage for the Public, for compensation, if the facility is a subdivision treatment facility plant, located in a county containing a city of the first class or a sewage treatment facility located in any other county and is not subject to regulation by a metropolitan sewer district. KAR 5.071(2)(9).

63) The exceptions to the KYPSC’s jurisdiction outlined in 807 KAR 5:071 do not apply to allow any adjustment to the wholesale wastewater treatment rate to add and include the retail costs to only be incurred for the separate Madisonville collector system by the Madisonville City Council because:

- a) Madisonville is not a city of the first class;
- b) The sewage treatment plant is within the same county as that of which Madisonville sits; and,
- c) No sewer district has been established to be responsible for overseeing the sewage operation.

64) The KYPSC has plenary jurisdiction over the matter. The KYPSC should enter an order affirming its plenary jurisdiction over this matter and also defining the statutory and regulatory requirements of Madisonville and Hanson (and Earlington) prohibiting Madisonville to implement any wholesale wastewater rate modifications binding on both Hanson and Madisonville to pay any cost of Madisonville’s separate retail wastewater collector system operation.

D.
Implications of Denying Commission Jurisdiction

65) If the KYPSC were to disclaim jurisdiction over this matter, the resulting framework would permit one city—Madisonville—to exercise unilateral legislative rate-making power over another sovereign municipality and its residents without any form of state-level review, appeal, or procedural safeguard.

66) Compulsory utility rates would then be delegated to the Madisonville City Council—an entity that is neither authorized by the terms of the federal grant, or by statute to legislate for the citizens of Hanson nor subject to statewide accountability. That outcome would

violate Sections 2, 27, and 28 of the Kentucky Constitution and the Fourteenth Amendment by delegating rate-making power without statutory authorization and denying Hanson's citizens equal protection and due process.

67) Hanson's citizens would be bound by rates fixed without a quantitative basis solely by Madisonville's City Council—an external legislative body for which they have no electoral recourse.

68) Such an arrangement would raise substantial constitutional concerns under the Kentucky Constitution and the Fourteenth Amendment to the United States Constitution.

69) The absence of KYPSC oversight would also deprive Hanson and its citizens of a forum to contest rate increases or to compel disclosure of cost-of-service data.

70) Declining to exercise jurisdiction over these extraterritorial rates effectively permits Madisonville to become an unauthorized taxing or revenue-raising power over Hanson without statutory oversight, procedural safeguards, or legislative recourse.

71) Such a declaration would contravene the purpose of the Commission and the protections of the Commonwealth's and the U.S. Constitution, namely the non-delegation doctrine, equal protection clauses, and due process clauses.

72) For these reasons, any interpretation of KRS 278 that denies the Commission jurisdiction over this matter contravenes the Constitutional protections. Accordingly, the Commission should construe its jurisdiction broadly to preserve the uniform, accountable system of utility regulation.

**VI. REQUEST FOR DECLARATORY ORDER DECLARING THE 2024
ATTEMPTED RATE INCREASE AS VOID *AB INITIO***

73) Hanson incorporates by reference all prior paragraphs asserted in this application.

74) Pursuant to the KYPSC's plenary jurisdiction over wholesale wastewater utility treatment rates and services conferred by KRS Chapter 278, 807 KAR Chapter 5, specifically 807 KAR 5:071, and relevant case law, the 2024 rate adjustment imposed by the Madisonville City Council on Hanson failed to conform to the procedural and substantive requirements of 807 KAR Chapter 5.

75) 807 KAR Chapter 5 requires utility providers to first obtain authority and approval from the KYPSC prior to making any adjustments to rates (wholesale, retail, or otherwise) or classification changes for customers. 807 KAR 5:001, §16(1), 807 KAR 5.071, §3,(2).

76) Any proposed adjustment must conform to the standards outlined in 807 KAR 5:071, §3,(2) or 807 KAR 5:096.

77) Additionally, KRS Chapter 278 and 807 KAR Chapter 5 require notice to be given to all customers prior to any intended rate changes. 807 KAR 5:001, §17; 807 KAR 5.071, §4.

78) Considering that the Madisonville-Hanson Wastewater Treatment Wholesale rates (and also Earlington) fall within the KYPSC's jurisdiction, *any* adjustments to the rate or classifications that first required KYPSC approval.

79) Madisonville failed to comply the regulatory filing requirements of 807 KAR 5:001, §16 and received *no* KYPSC prior approval for the 2024 wholesale rate increase from \$1.04 to \$3.75/1000 gallons for Hanson.

80) The attempted wholesale rate reclassification and/or change was not mutually accepted by Hanson, thereby not waiving any right to the procedure outlined in 807 KAR 5.001, §17 and 807 KAR 5.071, §3,(2).

81) The wholesale rate change has had an adverse and unlawful impact on Hanson's separate retail customers, requiring them to absorb and offset Madisonville's deficient operational

costs for its internal collection system, including but not limited to the unjustified increase and a lack of transparency regarding the rate-making process.

82) Because Madisonville failed to file its 2024 wholesale rate with the Commission, give notice, or obtain approval as required by 807 KAR 5:001 §§16–17 and 807 KAR 5:071 §3, the rate change is unlawful under KRS 278.160(1) and of no legal effect.

83) The KYPSC should enter an order declaring the Madisonville 2024 wholesale rate changes to be void *ab initio*.

84) Hanson requests that the Commission open a formal docketed investigation to determine the lawful wholesale rate based on Madisonville’s actual costs and compliance with Commission filing requirements.

85) Hanson requests the Commission enter any such necessary orders to ensure fair, just, and reasonable the wholesale wastewater treatment rate.⁶

VII. REQUEST FOR INVESTIGATION TO ESTABLISH AN APPROPRIATE WHOLESALE RATE

86) Hanson incorporates by reference all prior paragraphs asserted in this application.

87) Hanson requests the KYPSC to initiate a formal hearing to resolve this disputed reclassification and wholesale wastewater treatment rate for Hanson (and Earlington) to also include the separate pursuant to 807 KAR 5:001, to allow for presentation of the evidence on the matter.

VIII. CONCLUSION

WHEREFORE, the City of Hanson respectfully requests that the Kentucky Public Service Commission enter an order:

⁶ Hanson has reserved all rights in pending judicial proceedings filed in the Hopkins Circuit Court by Madisonville to contest any and all wholesale rate adjustments imposed since the KYPSC’s last approved rate in 2001, including its right to a credit for any historical overpayment.

- A) Affirming its plenary jurisdiction over the wholesale wastewater rate between Madisonville-Hanson and Madisonville-Earlinton;
- B) Directing Madisonville to file a complete rate application pursuant to 807 KAR 5:001 §16, including cost-of-service data, schedules, and supporting audits, prior to any future wholesale rate adjustments;
- C) Declaring the attempted 2024 rate changes as void *ab initio* as Madisonville has failed to first conform to the substantive and procedural requirements necessary for a wholesale rate adjustment since the year 2001;
- D) Scheduling and conducting a formal hearing on the matter to establish the fair and just wholesale wastewater rate between Madisonville and Hanson;
- E) Any and all relief that the Commission deems just, reasonable, and in accordance with the law and regulations.

RESPECTFULLY SUBMITTED this 10 day of October 2025.

/s/ Daniel N. Thomas
Daniel N. Thomas
Mary E. Jocelyn
THOMAS, ARVIN & ADAMS, PLLC
1209 S. Virginia Street
P.O. Box 675
Hopkinsville, Kentucky 42241-0675
(270) 886-6363 (Telephone)
dthomas@thomasandarvin.com
mjocelyn@thomasandarvin.com
Counsel for Applicants/Complainants,
City of Hanson, Kentucky

VERIFICATION

I, Jimmy Epley, Mayor of the City of Hanson, the Complainant/Applicant in the above-style case, state that I have read the foregoing Verified Complaint and verify that all statements contained herein are true and correct to the best of my knowledge, this __ day of October 2025.

City of Hanson

By: Jimmy Epley
Jimmy Epley, Mayor

STATE OF KENTUCKY)
) SCT.
COUNTY OF Hopkins)

SUBSCRIBED, SWORN TO AND ACKNOWLEDGED to before me by Mayor Jimmy Epley, City of Hanson, this __ day of October 2025.

My Commission Expires: May 21 2026
[Signature]
NOTARY PUBLIC

