

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

**ELECTRONIC JOINT APPLICATION OF )  
GREEN RIVER VALLEY WATER )  
DISTRICT AND EDMONSON COUNTY )  
WATER DISTRICT FOR AN ORDER )  
APPROVING THE TRANSFER OF )  
OWNERSHIP OF EDMONSON COUNTY )  
WATER DISTRICT'S HART COUNTY )  
SYSTEM AND THE WAX WATER )  
TREATMENT PLANT AND APPROVING )  
GREEN RIVER VALLEY WATER )  
DISTRICT'S ASSUMPTION OF CERTAIN )  
DEBT OBLIGATIONS OF EDMONSON )  
COUNTY WATER DISTRICT PURSUANT TO )  
THE PROVISIONS OF KRS 278.020, KRS )  
278.300, AND 807 KAR 5:001 )**

**CASE NO.**  
**2025-00329**

**RESPONSE OF**  
**GREEN RIVER VALLEY WATER DISTRICT**  
**TO**  
**COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION**  
**DATED MARCH 4, 2025**

**Filed March 11, 2026**

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**CASE NO.  
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**RESPONSE OF GREEN RIVER VALLEY WATER DISTRICT TO  
COMMISSION STAFF’S SECOND REQUEST FOR INFORMATION**

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Green River Valley Water District (“Green River Valley” or the “District”) submits its Response to Commission Staff’s Second Request for Information.

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## **CERTIFICATE OF SERVICE**

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on March 11, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

/s/Tina C. Frederick  
Tina C. Frederick



**GREEN RIVER VALLEY WATER DISTRICT**

**Case No. 2025-00329**

**Response to Commission Staff's Second Request for Information**

**Question No. 2-1**

**Responding Witness:** John Bunnell, Chairman, Board of Commissioners

**Q 2-1. Refer to the Joint Application, Exhibit 6, Asset Purchase Agreement, pages 4-7 of 30, paragraph 2, Assets Being Transferred, items A-L (Assets).**

**a. Provide the fair market value (FMV) for each of the listed assets proposed to be transferred. State whether an independent appraisal was performed.**

**b. If so, provide a copy of the appraisal report and identify the valuation methodology used. If no appraisal was carried out, explain how the purchase price or valuation of the Assets was determined.**

**A 2-1a and b.** No independent appraisal was performed. It is Green River Valley District's position that because the proposed transfer is an arms-length transaction negotiated between similarly situated parties of equal bargaining positions, the Fair Market Value ("FMV") of the assets being transferred is the negotiated purchase price for the assets, which was set forth in Green River Valley District's Response to Staff's First Request, item 3. The information also appears below. Neither Edmonson District nor Green River Valley District was required to seek an appraisal of any of the assets to be transferred. Green River Valley

District and Edmonson District are water districts created pursuant to KRS Chapter 74 by the fiscal courts of Hart and Edmonson counties, respectively. They are also “special purpose governmental entities” as defined in KRS Chapter 65A. Pursuant to KRS 67.0802(4)(a), governmental agencies may transfer real or personal property to another governmental agency without obtaining an appraisal. Although KRS Chapter 67 does not provide a definition of “governmental agency,” Kentucky courts have recognized water districts to be political subdivisions of the Commonwealth and political subdivisions of county government.<sup>1</sup> Therefore, no appraisal was required for any of the assets the Joint Applicants propose to transfer.

Assets were listed in the Asset Purchase Agreement as they are generally recognized and identified conversationally, but a single asset as listed in the Asset Purchase Agreement may be composed of many separate components that each have separate USoA Account Numbers. For example, the Kessinger Tank is composed of the value of the real estate upon which the tank sits, the value of the standpipe water storage tank, and the value of the distribution mains connecting to the tank.

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<sup>1</sup> *Davis v. Powell's Valley Water Dist.* 920 S.W.2d 75 (Ky. Ct. App. 1995) and *Public Service Com. v. Dewitt Water Dist.* 720 S.W.2d 725, 731 (Ky 1986).

Because Edmonson District and Green River Valley District record the value of their assets by Uniform System of Account Numbers (“USoA Account Numbers”), rather than the way the assets are listed in the Asset Purchase Agreement, Green River Valley District is providing the FMV of each asset to be transferred by USoA Account Number.

As stated in the Joint Application, the estimated final purchase price of Edmonson’s Hart County System and the Wax WTP is **\$4,609,800**.<sup>2</sup> The book value of the assets being acquired was **\$3,766,369** at the time the Asset Purchase Agreement was executed.<sup>3</sup>

The difference between the book value of the assets at the time the Asset Purchase Agreement was executed, and the estimated final purchase price is **\$843,431**, or approximately 22.39 percent. Green River Valley District has allocated the \$843,431 difference among the various asset classifications being acquired. The book value of each asset classification at the time of execution of the Asset Purchase Agreement was multiplied by 1.2239 and rounded to the nearest dollar to arrive at the “Allocated Purchase Price” which will be recorded as a debit in

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<sup>2</sup> Joint Application at 13 & 14 and Exhibit 10. Because Edmonson District will continue making payments on the Outstanding RD Water Bonds and the RWFA Loans until closing, the final purchase price shall be determined as of the date of Closing in accordance with the terms of the Agreement.

<sup>3</sup> See Joint Application, Exhibit 17.

Green River Valley District’s journal entries. Green River Valley District maintains that the Allocated Purchase Price is the FMV of the assets listed, as this is the price that Green River Valley District, having reasonable knowledge of the relevant facts and being a willing buyer, will pay and it is the price Edmonson District will accept, being under no compulsion to sell. The requested information appears below.

**Assets Being Acquired**

<b>Account Number</b>	<b>Asset Description</b>	<b>Book Value</b>	<b>Allocated Purchase Price</b>
303-3900	Edmonson Land & Land Rights	\$ 485,911	\$ 594,725
304-3900	Edmonson Structures & Improvements	597,511	731,316
306-3900	Edmonson Lake, River & Other Intakes	85,634	104,810
311-3900	Edmonson Pumping Equipment	192,035	235,039
320-3900	Edmonson Water Treatment Equipment	339,647	415,707
330-3900	Edm. Distribution Reservoirs & Standpipes	211,283	258,597
331-3900	Edm. Transmission & Distribution Mains	1,247,244	1,526,549
333-3900	Edmonson Services	124,272	152,101
334-3900	Edmonson Meters & Meter Installation	462,285	565,808
335-3900	Edmonson Hydrants	20,547	25,148
	<b>Total</b>	\$3,766,369	<b>\$4,609,800</b> FMV of Combined Assets to be Transferred

**GREEN RIVER VALLEY WATER DISTRICT**

**Case No. 2025-00329**

**Response to Commission Staff's Second Request for Information**

**Question No. 2-2**

**Responding Witness:** John Bunnell, Chairman, Board of Commissioners

**Q 2-2. Refer to the Joint Application, Exhibit 6, Asset Purchase agreement, pages 4-7 of 30, paragraph 2, Assets Being Transferred, items A-L. Provide the net book value of each of the listed Assets proposed to be transferred, as of the most recent practicable date prior to closing. If the FMV or appraised value differs from the net book value, explain in detail how Green River Valley District proposes to account for the difference for accounting and ratemaking purposes.**

**A 2-2.** The **combined net book value** of the assets to be transferred is **\$3,645,053** as of December 31, 2025, the close of Edmonson District's fiscal year. Assets were listed in the Asset Purchase Agreement as they are generally recognized and identified conversationally, but a single asset as listed in the Asset Purchase Agreement may be composed of many separate components that each have separate USoA Account Numbers. For example, the Kessinger Tank is composed of the value of the real estate upon which the tank sits, the value of the standpipe water storage tank, and the value of the distribution mains connecting to the tank. Because Edmonson District and Green River Valley District record the value of their assets by Uniform System of Account Numbers

(“USoA Account Numbers”), rather than the way the assets are listed in the Asset Purchase Agreement, Green River Valley District is providing the requested information by USoA Account Number.

As stated in the Joint Application, the estimated final purchase price of Edmonson’s Hart County System and the Wax WTP is **\$4,609,800**.<sup>1</sup> The book value of the assets being acquired was **\$3,766,369** at the time the Asset Purchase Agreement was executed.<sup>2</sup> It is Green River Valley District’s position that because the proposed transfer is an arms-length transaction negotiated between similarly situated parties of equal bargaining positions, the Fair Market Value (“FMV”) of the assets being transferred is the negotiated purchase price for the assets.

The difference between the book value of the assets at the time the Asset Purchase Agreement was executed, and the estimated final purchase price is **\$843,431**, or approximately 22.39 percent. Green River Valley District allocated the \$843,431 difference among the various assets being acquired. The book value of each asset at the time

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<sup>1</sup> Joint Application at 13 & 14 and Exhibit 10. Because Edmonson District will continue making payments on the Outstanding RD Water Bonds and the RWFA Loans until closing, the final purchase price shall be determined as of the date of Closing in accordance with the terms of the Agreement.

<sup>2</sup> See Joint Application, Exhibit 17. However, the amount of **depreciation expense** from the time the Asset Purchase Agreement was executed until December 31, 2025, was **\$121,316**. The current net book value of the assets to be transferred is **\$3,645,053**.

of execution of the Asset Purchase Agreement was multiplied by 1.2239 and rounded to the nearest dollar to arrive at the “Allocated Purchase Price.” The book value and the Allocated Purchase Price of each asset category to be transferred at the time the Asset Purchase Agreement was executed is set forth below.

**Assets Being Acquired**

<b>Account Number</b>	<b>Asset Description</b>	<b>Book Value</b>	<b>Allocated Purchase Price</b>
303-3900	Edmonson Land & Land Rights	\$ 485,911	\$ 594,725
304-3900	Edmonson Structures & Improvements	597,511	731,316
306-3900	Edmonson Lake, River & Other Intakes	85,634	104,810
311-3900	Edmonson Pumping Equipment	192,035	235,039
320-3900	Edmonson Water Treatment Equipment	339,647	415,707
330-3900	Edm. Distribution Reservoirs & Standpipes	211,283	258,597
331-3900	Edm. Transmission & Distribution Mains	1,247,244	1,526,549
333-3900	Edmonson Services	124,272	152,101
334-3900	Edmonson Meters & Meter Installation	462,285	565,808
335-3900	Edmonson Hydrants	20,547	25,148
	<b>Total</b>	\$3,766,369	\$4,609,800

In order to respond to this request, Green River Valley District obtained the Depreciation Schedule from Edmonson District, which included the net book value of the assets as of December 31, 2025. Green River Valley District then adjusted the net book value and

Allocated Purchase Price for each asset category to account for the 2025 depreciation expense associated with the assets. The total *estimated* final purchase price remains unchanged.<sup>3</sup> The current net book value and Allocated Purchase Price for each asset category, as of December 31, 2025, is set forth below.

**Assets Being Acquired**

<b>Account Number</b>	<b>Asset Description</b>	<b>Book Value</b>	<b>Allocated Purchase Price</b>
303-3900	Edmonson Land & Land Rights	\$ 485,911	\$ 614,518
304-3900	Edmonson Structures & Improvements	569,952	720,803
306-3900	Edmonson Lake, River & Other Intakes	80,136	101,346
311-3900	Edmonson Pumping Equipment	185,618	234,746
320-3900	Edmonson Water Treatment Equipment	323,663	409,329
330-3900	Edm. Distribution Reservoirs & Standpipes	203,519	257,384
331-3900	Edm. Transmission & Distribution Mains	1,222,864	1,546,523
333-3900	Edmonson Services	123,571	156,278
334-3900	Edmonson Meters & Meter Installation	429,558	543,249
335-3900	Edmonson Hydrants	20,261	25,624
	<b>Total</b>	\$3,645,053	\$4,609,800

Green River Valley District will record the Allocated Purchase Price for each asset as a debit in its journal entries.

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<sup>3</sup> Joint Application at 13 & 14 and Exhibit 10. Because Edmonson District will continue making payments on the Outstanding RD Water Bonds and the RWFA Loans until closing, the **final** purchase price shall be determined as of the date of Closing in accordance with the terms of the Agreement.

Because Green River Valley District is not an investor-owned utility, Green River Valley District's rates are not calculated to provide Green River Valley District a return on its investment. Green River Valley District's rates are calculated to recover Green River Valley District's operation and maintenance expenses, including depreciation, to cover its debt service, and to provide working capital, the "Revenue Requirement." Therefore, the difference in the FMV and the book value of any particular asset is not a factor in ratemaking for Green River Valley District. The additional debt service that Green River Valley proposes to acquire as a result of this transfer is the aspect of the transfer that will impact ratemaking for Green River Valley District. As set forth in **Green River Valley District's Response to Staff's First Request, item 6**, the proposed transfer is estimated to result in sufficient revenues to cover the additional annual debt service and yield \$333,827 in excess revenue. Therefore, the proposed transfer will have a positive impact on Green River Valley District's revenue requirement.

**GREEN RIVER VALLEY WATER DISTRICT**

**Case No. 2025-00329**

**Response to Commission Staff's Second Request for Information**

**Question No. 2-3**

**Responding Witness:** John Bunnell, Chairman, Board of Commissioners

**Q 2-3.** Refer to the Joint Application, page 8, paragraph 23, which states that Green River Valley District will assume 52 percent of the outstanding principal balance of Edmonson county Water District's debt obligations.

**a.** Provide a detailed explanation of how the 52 percent allocation was calculated.

**b.** Identify all assumptions used in determining this percentage.

**c.** State whether the percentage is based on customer counts, asset allocation, revenue allocation, geographic service area, depreciated cost allocation, or another methodology.

**d.** Provide all workpapers supporting the calculation, including any Excel spreadsheets with cells unlocked.

**A 2-3a.** In early 2025 Edmonson County Water District ("Edmonson District") announced to neighboring water systems that it was interested in transferring its water operations in Hart and Grayson counties, along with the Wax WTP, to another water system or combination of water systems. Edmonson District expressed that its intentions were: (1) to rid itself of the debt associated with its water operations; (2) to reform

its water system to cover a smaller geographical area and thereby achieve more manageable daily operations; and (3) to transfer its Wax WTP because of its inability to hire sufficient certified operators. Edmonson District provided full disclosure of its debts incurred to construct its water system. Then Green River Valley District and Grayson County Water District (“Grayson District”) began discussions concerning the assets each was interested in obtaining and negotiating how much of Edmonson District’s water system debt each would be allocated. It was understood that the “purchase price” for Edmonson District’s Hart County System and its Grayson County System was the amount of debt associated with Edmonson District’s water operations.

Green River Valley District and Grayson District considered the amount of water Edmonson District sold to its customers in Hart County and Grayson County combined in 2024 when negotiating the 52/48 percent allocation of Edmonson’s water debt. In calendar year 2024, Edmonson District sold a total of 166,247,000 gallons of water to its customers in Hart and Grayson counties combined. Of the total, Hart County customers purchased 86,955,300 gallons, or 52 percent of the combined total. Edmonson District’s Grayson County customers purchased 79,291,700 gallons, or 48 percent of the combined total.

The final allocation was the product of an arms-length transaction between parties of equal bargaining positions. Grayson District was primarily interested in serving the Edmonson District customers located in Grayson County (approximately 3,500 customers) and in securing a source of water with which to supply them. Green River Valley District was interested in serving the Edmonson District customers located in Hart County (approximately 2,000 customers) and in operating the Wax WTP to serve those customers. The parties each had knowledge of Edmonson District's water storage and distribution assets and deciding which system would receive a given asset was decided based on geography and the importance of the asset to serving the customers in that geographic service area. The parties then arrived at an equitable allocation of Edmonson District's water debt based on Edmonson District's 2024 water sales to customers in Hart and Grayson counties compared to the combined total sold to customers in both counties and the assets to be received in the proposed transfers. Green River Valley District agreed to be allocated 52 percent of Edmonson District's water debt because although it is receiving fewer customers than Grayson District, it is also obtaining the Wax WTP, which Green River Valley District considers to be a valuable asset, and the customers

that Green River Valley District will serve following the proposed transfer purchased 52 percent of Edmondson District's combined water sales in Hart and Grayson counties in 2024. Green River Valley District considers this to be reflective of the Hart County customers' historic water purchases from Edmonson District and the value of the assets to be transferred to Green River Valley District.

- A 2-3b.** *See* response to 2-3a above.
- A 2-3c.** *See* response to 2-3a above.
- A 2-3d.** *See* Attachment 2-3d filed separately.