

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**

**JOINT APPLICANTS’ MOTION
FOR REHEARING**

By and through the undersigned counsel, pursuant to KRS 278.400 Green River Valley Water District (“Green River Valley District”) and Edmonson County Water District (“Edmonson District”)(collectively “Joint Applicants” or “the Parties”) respectfully move the Commission for rehearing of the Commission’s final Order in this proceeding. As set forth below the Joint Applicants seek rehearing to correct material errors and omissions and present additional evidence that was not available at the time of the Commission’s decision. In support of their Motion, Joint

Applicants state the following:

Material Error

1. The Commission's July 2, 2026 Order contained a material error. The Commission found that:

The proposed transaction involves the division and assumption of Rural Development (RD) indebtedness, under which Green River Valley District would assume 52 percent of Edmonson District's outstanding RD water debt while Edmonson District would retain the remaining RD obligations.¹

This finding is in error because the Joint Applicants proposed that Green River Valley District assume all of Edmonson's RD water debt except for one outstanding RD Water Bond designated as the 2013B Bond, which had an outstanding principal balance of \$134,500 as of June 15, 2026.² Given that Edmonson District's total RD water debt is \$4,490,000 and Joint Applicants proposed that Green River Valley District assume \$4,355,500 of this debt, Joint Applicants proposed that Green River Valley District assume approximately **97 percent** of Edmonson District's RD water debt and that Edmonson District retain only approximately 3 percent.

2. This finding is a *material* error because the Commission's July 2, 2026 Order denying Joint Applicant's Application discussed **only** the financing aspect of

¹ Order at 2.

² Application at 14, paragraph 31, Exhibits 9 and 10

the proposed acquisition. The Commission's decision appears to be based on a mistaken understanding of the Parties' proposal. As explained in the Direct Written Testimony of Daniel Brown, the new General Manager of Edmonson District, the transactions proposed in this proceeding and in Case No. 2025-00330 would result in Edmonson District being nearly debt-free. Daniel Brown's Direct Written Testimony is attached to this Motion as **Exhibit 1**.

3. The Commission's July 2, 2026 Order also stated that the Commission is unable to evaluate whether the statutory requirements of KRS 278.300 have been satisfied without evidence of RD's approval of the debt assumption.³ However, the Commission has approved similar requests for transfer of assets and assumption of RD debt before RD formally approved of such debt assumptions.⁴ An explanation of RD's debt assumption process is contained in Larue County Water District No. 1's ("Larue District") response to Commission Staff's Second Request for

³ Order at 2.

⁴ See, *The Joint Application of the Butler County Water District for (A) Approval of a Joint Agreement to Merge Whereby Rochester Water District Would be Merged into Butler County Water System, Inc to the Provisions of KRS 278.020(4) and 807 KAR 5:001; (B) for Approval of the Application of Butler County Water System, Inc's Prevailing Rates, Classifications and Administrative Regulations to the Customers and Territory of Rochester Water District Being Acquired Pursuant to the Provisions of 807 KAR 5:011, Section 11; and (C) for Authority for the Butler County Water System, Inc. to Incur Certain Indebtedness as Required Pursuant to KRS 278.300*, Case No. 1997-00008, final Order (Ky. PSC June 16, 1997); *Electronic Joint Application of Southern Water and Sewer District; Prestonsburg City's Utility Commission; and The City of Prestonsburg for an Order Approving the Transfer of Ownership of the Wastewater System and Certain Portions of the Water System of Southern Water and Sewer District*, Case No. 2017-00044, final Order (Ky. PSC May 2, 2017); *Electronic Joint Application of Larue County Water District No.1 and the City of New Haven for an Order Approving the Transfer of Ownership of the City of New Haven's Water System and Approving Larue County Water District No. 1's Assumption of Certain Debt Obligations of the City of New Haven Pursuant to The Provisions of KRS 278.020, KRS 278.300 and 807 KAR 5:001* Case No. 2022-00207 final Order (Ky PSC Nov. 7, 2022).

Information, Item 3 in Case No. 2022-00207.⁵ Ordinarily RD does not prepare the assumption form until after the Commission approves the proposed acquisition. The Parties have received confirmation that RD is still using the *Community Programs Assumption Agreement* that Larue District filed as an attachment to its Response to Commission Staff's Second Request, Item 3.

Omission and New Evidence

4. The Parties presented a significant amount of evidence regarding the water quality issues experienced at the Wax WTP and the Hart County System before Green River Valley District began operating those assets on behalf of Edmonson District. The Commission's July 2, 2026 Order contained no discussion of those issues and did not address the continued operation of the Wax WTP or the Hart County System.

5. Following the Commission's July 2, 2026 denial of Joint Applicant's Application, Green River Valley District received a letter from Sarah Marshall, Director of the Kentucky Division of Water ("DOW"). A copy of this letter is attached as **Exhibit 2**. In her letter Ms. Marshall states that DOW is in support of the ownership changes proposed by Edmonson District, Green River Valley Water District, and Grayson County Water District ("Grayson District"). Further she explained that Edmonson District's progress toward meeting the requirements

⁵ Case No. 2022-00207, Response to Staff's Second Request, Item 3 (filed Sept. 13, 2022).

imposed by the Agreed Orders issued by the Energy and Environment Cabinet's Division of Enforcement has been monitored with the assumption that the Wax coverage area will be formally divided through acquisition by Green River Valley District and Grayson District. Finally, and most significantly, she asserted that DOW is happy to answer any additional questions that that the Commission might have regarding the situation.

6. The Parties submitted evidence of the Agreed Order and the violations that gave rise to it in this proceeding, but the letter from DOW's Director is new evidence that was not previously available. Her letter is significant for two reasons: (1) it articulates that the water quality issues experienced by Edmonson District have been monitored by DOW with the **expectation** that Edmonson District **will not** resume responsibility of operating the Wax WTP or the water distribution system supplying water to the Hart County System, or the Wax area of Grayson County; and (2) it articulates DOW's willingness to provide the Commission with additional evidence if asked to do so.

7. The rates and services of public water utilities are regulated by the Commission.⁶ However, DOW regulates issues of water quality and staffing of water treatment plants and distribution systems.⁷ With DOW's stated willingness

⁶ KRS 278.040(8).

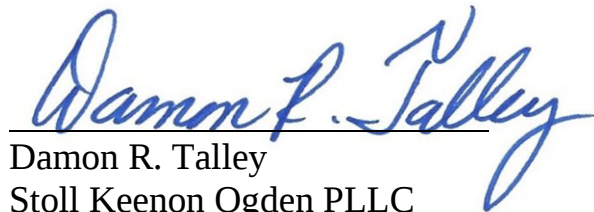
⁷ KRS 223.160 through KRS 223.220, KRS 224.10-020(3), KRS 224.70-100, 401 KAR 8:010 through 401 KAR 8:700

to answer questions posed to it by the Commission concerning the proposed transfer of assets, the Commission has the opportunity to expand the record of this proceeding to include direct input from the agency charged with protecting the quality of potable water in the Commonwealth.

WHEREFORE, on the basis of the foregoing, Joint Applicants respectfully request that the Commission grant this Motion for Rehearing.

Dated: July 20, 2026

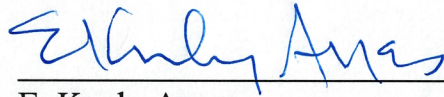
Respectfully submitted,



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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 July 20, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.


Damon R. Talley

Exhibit 1

Written Direct Testimony of Daniel Brown
General Manager, Edmonson County Water District

Introduction

Q. Please state your name, business address, and position with Edmonson County Water District.

A. My name is Daniel Brown. My business address is 1128 Highway 259 North, Brownsville, Kentucky 42210. I am the General Manager of Edmonson County Water District. In my testimony I will refer to my employer as “Edmonson District” or simply, “the District.”

Q. How long have you been the General Manager of Edmonson District?

A. I have been the General Manager of Edmonson District since March 1, 2026. I was hired in February 2026 to take over the position from Kevin Shaw, who had been the General Manager since March 2024 and who was ready to retire. After a brief transition period, I stepped into the position of General Manager, and Kevin became a consultant to the District.

Professional Experience and Background

Q: What is your professional experience and background before joining Edmonson District?

A: For nearly 20 years, I have been employed in various capacities in the drinking and wastewater industry. From 2007-2014, I worked in drafting and engineering for the Warren, Simpson, and Butler County Water Districts, where I handled system mapping, as-built documentation, GPS/GIS data

1 collection and construction project inspection. Notable projects I worked on
2 included a capacity upgrade project and an electrical upgrade project for the
3 Butler County Water Treatment Plant and a fire protection upgrade project for
4 the Reedyville/Roundhill area of Butler County. I was also involved in various
5 water and sewer system maintenance projects. From 2014-2017, I was
6 employed by the City of Franklin as a Water Distribution Superintendent,
7 where my duties included overseeing budgets, staff training, capital
8 improvement projects, water quality programs, and distribution system
9 maintenance. I also led significant system upgrades, including main line
10 relocations that directly improved non-revenue water loss and long-term
11 reliability. From 2017-2018, I was a field supervisor for the East Logan Water
12 District, where I had hands on experience in water system operations,
13 including repairing main breaks, ensuring DOW and PSC compliance,
14 performing system mapping, maintaining SCADA systems, and supervising
15 field personnel. Mostly recently, from 2018 until I joined Edmonson District,
16 I was an account manager for United Systems & Software, where I managed
17 approximately 200 accounts for utilities using United's billing software and
18 automated meter reading/advanced metering infrastructure (AMR/AMI)
19 software. My duties included guiding utilities through complex system
20 upgrades, leading training sessions on water loss, AMR/AMI technology, and

1 billing software, and working closely with utilities to optimize their long-term
2 infrastructure and service goals. That role broadened my understanding of
3 industry-wide best practices.

4 I graduated from Western Kentucky University with a Bachelor of
5 Science degree in Architecture and Manufacturing Sciences. I hold a Class
6 III-D Water Distribution System Operator certificate. I am also a Utility
7 Management Institute graduate and a Roads Scholar.

8 I have worked in the drinking and wastewater industry for virtually all
9 of my career. I take water service to rural communities very seriously and have
10 taken this position as General Manager of Edmonson District with the
11 intention to work hard to ensure access to clean, reliable water for the
12 District's customers.

13 Purpose of Testimony

14 **Q. What is the purpose of your testimony?**

15 A. The purpose of my testimony is to provide information about (a) the
16 anticipated status of Edmonson District's debt relating to the construction of
17 its water system following the Proposed Transactions and (b) certain major
18 projects that Edmonson District plans to undertake in the future to improve
19 water quality and service for its customers, in addition to the Proposed
20 Transactions.

The Proposed Transactions

Q. When you refer to the “Proposed Transactions,” what do you mean?

A. In the context of my testimony, the “Proposed Transactions” are the proposed transfer of the public water system currently owned by Edmonson District in Grayson County, Kentucky (the “Grayson County System”) to Grayson County Water District (“Grayson District”) and the proposed transfer of the public water system owned by Edmonson District in Hart County, Kentucky (the “Hart County System”) and the Wax Water Treatment Plant (“Wax WTP”) currently owned by Edmonson District to Green River Valley Water District (“Green River District”), which are the subject of the proceedings in this case and in Case No. 2025-00330.

Q. Why is Edmonson County Water District seeking to transfer its assets in the Proposed Transactions?

A. I refer to and incorporate the written testimony of Kevin Shaw, my immediate predecessor as General Manager of Edmonson District. His testimony was submitted as Exhibit 28 to the Joint Application in this matter and summarizes the challenges faced by Edmonson District and the reasons why the Proposed Transactions are in the best interest of all affected customers. Those reasons remain true.

1 **Q: What Rural Development debt relating to the construction of its water**
2 **system will Edmonson District retain following the Proposed**
3 **Transaction?**

4 A: In the Proposed Transactions, Green River District will assume *all* of
5 Edmonson District’s currently outstanding Rural Development (“RD”) debt
6 relating to the construction of its water system *except for* one RD bond, the
7 2013B bond, whose outstanding principal amount as of June 15, 2026 was
8 \$134,500. Edmonson District will be retaining that RD bond for territorial
9 protection under 7 U.S.C. §1926(b). Grayson District will not be assuming
10 any of Edmonson District’s RD debt.

11 In addition, Edmonson District has one outstanding RD bond relating
12 to construction of its *sewer* system, whose outstanding principal amount as of
13 January 2026 was \$68,900. Edmonson District and Caveland Environmental
14 Authority have submitted a joint application to the Commission for approval
15 for Edmonson District to transfer its sewer system, which serves 57 residential
16 customers, to Caveland Environmental Authority in exchange for a cash
17 payment equal to the amount outstanding on that bond at closing. That joint
18 application is pending in Case No. 2026-00136. Consummation of that
19 transaction will result in a rate reduction for those sewer customers and in
20 Edmonson District paying off that bond.

1 **Q: Will Edmonson District be in effect nearly debt-free following the**
2 **Proposed Transactions?**

3 A: Yes, Edmonson District will be in effect nearly debt-free following the
4 Proposed Transactions. Edmonson District will receive estimated cash
5 payments at Closing of \$4,525,680 from Grayson District and \$254,300 from
6 Green River District. As set out above, Green River District will be assuming
7 all of Edmonson District's RD bonds related to the construction of its water
8 system except for one small bond with an outstanding principal amount of
9 \$134,500 as of June 15, 2026. Edmonson District currently has three Rural
10 Water Financing Agency ("RWFA") loans related to the construction of its
11 water system, in the outstanding principal amounts of \$1,435,000, \$455,000,
12 and \$2,880,000 respectively, as of December 31, 2025. Edmonson District
13 intends to use cash paid by Grayson District and Green River District at
14 Closing to pay off the first two loans, for which the bonds are currently
15 callable. The bonds for the third loan are not callable until 2028. Edmonson
16 District intends to place the remainder of the funds paid by Grayson District
17 and Green River District in an interest-bearing account. Those funds will be
18 used to make the payments on the one remaining RD water bond and the one
19 remaining RWFA loan, which total approximately \$185,177 annually, and for

1 improvements to the Brownsville water treatment plant. Thus, Edmonson
2 District will be in effect nearly debt-free following the Proposed Transactions.

3 **Edmonson District's Plans For Future Major Projects**

4 **Q. What are Edmonson District's plans for future major projects, why are**
5 **those projects needed, and how will they be financed?**

6 A. Edmonson District has plans for three future major projects. Before beginning
7 each of these projects, Edmonson District intends to seek from the
8 Commission a Certificate of Public Convenience and Necessity ("CPCN") for
9 that project or a declaratory order finding that a CPCN is not needed.

10 The project that is likely to begin construction first is a connection to
11 Warren County Water District's system at a point on Highway 101 and
12 Highway 31W. This connection will allow Edmonson District to obtain up
13 1,000,000 gallons per day, if needed. This project is needed because it
14 increases the potential for capacity in the water system for future growth and
15 improves system reliability for the existing infrastructure. The project will
16 involve building approximately 23,000 feet of 12" main line and the
17 construction of a booster pump station. The current cost estimate is about
18 \$6,000,000, which will be mostly, if not entirely, funded through monies from
19 House Bill 1 grants received during the 2024 Kentucky legislative session.

1 The second project is in the design phase and may begin construction
2 in 2027. It involves the redesign and updating of the raw water intake for the
3 District's Brownsville water treatment plant. This project is needed because
4 the U.S. Army Corps of Engineers' removal of locks and dams from the Green
5 River lowered the water level at the existing intake location and made parts
6 of the current intake structure obsolete. The current water levels, when serious
7 drought conditions strike, could potentially go below the lowest intake the
8 District has and could cause an emergency or "no water" situation. Work
9 involved in this project will restructure where the plant currently draws water
10 from the Green River and add new pumping capability, air burst systems to
11 manage silt and settlement, grit removal, electrical upgrades, and enhanced
12 back-up generation. Edmonson District expects this project to be fully funded
13 by a federal earmark of \$14,000,000 received as a result of the 2026 federal
14 budget.

15 The third project involves updating the District's existing Brownsville
16 water treatment plant. This project is needed because the plant was last
17 updated in 2002. Updates are expected to include updated electrical, enhanced
18 safety, back-up generation, improved solids management, addition of
19 ultraviolet disinfection, updated chemical feed units, conversion from gas
20 chlorine to sodium hypochlorite, updated and modernized lab facilities and

1 updated SCADA, which will allow better monitoring and control of the
2 treatment process systems. This project will be funded from a \$9,500,000
3 federal earmark received as a result of the 2026 federal budget.

4 **Q: In general terms, what else is Edmonson District doing to improve water**
5 **quality and service for its Edmonson County customers?**

6 A: Approximately a year ago, under separate written operating agreements with
7 Edmonson District, Green River began to operate the Hart County System and
8 the Wax WTP and to serve the Edmonson's Hart County customers, and
9 Grayson District began to operate the Grayson County System and serve
10 Edmonson's Grayson County customers. Since then, Edmonson has been able
11 to focus on operating the Brownsville water treatment plant and the water
12 system that serves its remaining approximately 6,800 active customers
13 (almost 8,000 total service taps) in Edmonson County and provides bulk water
14 to Caveland Environmental Authority for its water distribution system, sewer
15 system, and wastewater treatment operations in the city of Brownsville in
16 Edmonson County.

17 In 2025 and 2026, Edmonson District has been undertaking substantial,
18 ongoing efforts to address maintenance that had been deferred in years past.
19 Those efforts are set out in Answer 3(e) to the Commission Staff's Second

1 Request for Information to Edmonson District and include completely
2 renovating three water tanks, which were sandblasted, repainted and had
3 mixing systems installed, replacing two pump stations with new pumps,
4 updating the pumps and controls on a third pump station, renovating all other
5 pump stations, installing four back-up generators, updating four miles of pipes
6 where service was inadequate, installing source meters, and having all tanks
7 inspected by an outside company and completing all recommendations they
8 made for immediate maintenance. Edmonson District expects to complete
9 work on two more tanks this year, including adding a mixing system to one of
10 them.

11 I cannot speak about the time before I joined Edmonson District. But
12 since my tenure began, the portion of the system that Edmonson District
13 continues to operate, which serves its customers in Edmonson County, has
14 been exceeding operational standards. For example, we have continued the
15 work that my predecessor, Kevin Shaw, began with using zone metering and
16 SCADA equipment to monitor and find leaks in the distribution system. We
17 have assigned a second employee to help with leak detection. Water loss has
18 dropped significantly as a result of these efforts. We have also assigned an
19 employee to a position for water quality. That employee works system wide
20 and individually with customers to monitor and sample, going beyond what

1 regulations would typically require to ensure water quality. We have continued
2 to “tune” the distribution system by re-valving and moving water differently
3 in the system to decrease total trihalomethane (TTHM) and haloacetic acids
4 five (HAA5). We have installed chlorine monitoring systems to monitor water
5 quality in rural parts of the system to give us better indicators of the treatment
6 and distribution process. Edmonson District also voluntarily began
7 participating in the U.S. Environmental Protection Agency’s Area-Wide
8 Optimization Program in May 2026. That program provides technical
9 assistance to help drinking water systems meet water-quality optimization
10 goals. Edmonson District has been meeting the targets established for it under
11 that program, including goals for combined filter effluent, individual filter
12 effluent, and disinfection by-product parameters.

13 **Conclusion**

14 **Q. Do you have anything further to add?**

15 A. In summary, Edmonson District is on a positive path and is making substantial
16 strides toward improving water quality and service for its Edmonson County
17 customers, due in no small part to Green River District and Grayson District
18 assuming, respectively, operation of the Wax WTP and Hart County System
19 and the Grayson County System. That arrangement has freed Edmonson

1 District to focus its resources on its core service area (the Brownsville Water
2 Treatment Plant and its Edmonson County customers), with positive results
3 for all concerned. If the Proposed Transactions are approved and
4 consummated, Edmonson District will be essentially debt-free and in a strong
5 position to move forward with the future plans outlined above.

6 In my professional opinion, approval of the Proposed Transactions is in
7 the best interest of the customers of all three districts.

8 **Q. Does this conclude your testimony?**

9 A. Yes, it does.

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF EDMONSON)

The undersigned, Daniel Brown, being duly sworn, deposes and states that he is the General Manager Edmonson County Water District in Brownsville, Kentucky; that he has personal knowledge of the matters set forth in the foregoing testimony; and the answers contained therein are true and correct to the best of his information, knowledge, and belief.

Dih

Daniel Brown, General Manager
Edmonson County Water District

Subscribed, sworn to, and acknowledged before me, a Notary Public in and
for said County and State, this 20th day of July, 2026.

DYLAN RAY HAZELWOOD
NOTARY PUBLIC
COMMONWEALTH OF KENTUCKY
ID # KYNP90516
MY COMMISSION EXPIRES JULY 18, 2028

Dylan Hazelwood

Notary Public

My Commission Expires: July 18, 2028

Notary ID: KYNP90516

Exhibit 2

Letter from Sarah Marshall
Director, Kentucky Division of Water



Andy Beshear
GOVERNOR

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

300 Sower Boulevard
Frankfort, Kentucky 40601
Phone: (502) 564-2150
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John S. Lyons
SECRETARY

Tony Hatton
COMMISSIONER

July 14, 2026

Andrew Tucker, General Manager
Green River Valley Water District
Horse Cave, KY 42749

Dear Mr. Tucker,

The Kentucky Division of Water (DOW) is in support of the proposed ownership changes between the Edmonson County Water District, Green River Valley Water District, and Grayson County Water District.

The water treatment plant in Wax, KY was historically operated by the Edmonson County Water District and serves approximately 5,500 meters in a remote part of the county near Nolin River Lake. This plant had a history of water quality compliance issues culminating in a plant failure in January of 2024 when the system was not able to bring down turbidity levels, which it failed to notify DOW of. Since that time, the Edmonson County Water District has experienced staff turnovers and difficulty maintaining the number of adequate certified operators to cover all shifts. Through an agreement with Green River Valley Water District and the Grayson County Water District, Edmonson County Water has worked to split up portions of the system with them. Since entering the agreement, Green River Valley has been upgrading and operating the Wax Plant and portions of the existing Edmonson County distribution system that are contained in Hart County. In addition, Green River Valley has provided certified operators to ensure compliance. Upgrades made to the Wax plant and these portions of the system (lines, tanks, etc.) have greatly improved the turbidity issues that were becoming commonplace in this portion of the system prior to the agreement. Grayson County has also been operating and repairing portions of the existing Edmonson County System that are in Grayson County.

This agreement has allowed the Edmonson County Water District to focus on the portions of the system within Edmonson County. In March of 2025 inspectors from the U.S. Environmental Protection Agency (USEPA) performed an inspection of this system and identified areas of concern. The concerns of the USEPA and DOW are being addressed by the systems through the current annexation agreement, which is being facilitated by the Cabinet's Division of Enforcement through current Agreed Orders. The progress reports of these enforcement proceedings have addressed several issues within the system, all under the assumption that the Wax coverage area will be formally split amongst Green River Valley and Grayson County. DOW is happy to answer any addition questions that the PSC might have regarding this situation.

Sincerely,

Sarah C. Marshall