

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**EDMONSON COUNTY WATER DISTRICT'S RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

Edmonson County Water District submits its Response to Commission Staff's

First Request for Information.

Dated: January 13, 2026

Respectfully submitted,

/s/ E. Kenly Ames

E. Kenly Ames

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CERTIFICATE OF SERVICE

In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this electronically filed document was transmitted to the Public Service Commission on January 13, 2026 and that there is currently no party in this proceeding that the Public Service Commission has excused from participation by electronic means.

/s/ E. Kenly Ames

E. Kenly Ames

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF EDMONSON)

Kevin Shaw

Subscribed, sworn to, and acknowledged before me, a Notary Public in and
for said County and State, this 12th day of January, 2026.

Kyleen Honeymoon

My Commission Expires: 07-18-2028

Notary ID: KYNP90516

Edmonson County Water District

Response to Commission Staff's First Request for Information
Case No. 2025-00330

Witness: Kevin Shaw

Q 1-1. State the current water loss percentage of the Grayson County water distribution system (Grayson County System).

A 1-1. The water loss percentage for the period December 2024-November 2025 for the entire Edmonson County Water District system was 33.56%. Edmonson County Water District is not able to isolate water loss attributable solely to the Grayson County System and therefore is not able to state a current water loss percentage of the Grayson County System.

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Q 1-2. Provide the anticipated journal entries by Uniform System of Accounts (UsoA) Account Numbers to record the purchasing transactions.

A 1-2. Edmonson County Water District interprets this request to seek the anticipated journal entries by Uniform System of Accounts (UsoA) Account Numbers to record the selling transactions. The requested journal entries to record the selling transactions are provided below, subject to adjustment when the final accumulated depreciation and purchase price are calculated at closing.

JOURNAL ENTRY TO RECORD SALE OF ASSETS TO GRAYSON COUNTY			
ACCT #	ACCOUNT	DEBIT	CREDIT
303	Land & Land Rights		10,525.74
304	Structures & Improvements		266,679.52
330	Distribution Reservoirs & Standpipes		1,388,187.96
331	Trans. & Dist. Mains		3,852,235.90
333	Services		417,008.64
334	Meters		506,107.42
334	Meter Installations		433,382.80
335	Hydrants		54,234.05
	Accumulated Depreciation	3,279,957.51	
	Cash	4,525,680.00	
414	Gain(Loss)/Sale of Asset		877,275.48

Edmonson County Water District

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Witness: Kevin Shaw

Q 1-3. Provide the anticipated journal entries by USoA Account Numbers to record the acquisition of assets and associated depreciation impacts.

A 1-3. Edmonson County Water District interprets this request to seek the anticipated journal entries by USoA Account Numbers to record the sale of assets and the associated reduction in depreciation expense. The anticipated journal entries to reflect the sale of assets and the associated depreciation impact are provided below.

<u>ACCT #</u>	<u>ACCOUNT</u>	<u>DEBIT</u>	<u>CREDIT</u>	<u>REDUCTION IN ANNUAL DEPRECIATION EXPENSE</u>
303	Land & Land Rights		10,525.74	
304	Structures & Improvements		266,679.52	
330	Distribution Reservoirs & Standpipes		1,388,187.96	30,848.61
331	Transmission & Distribution Mains		3,852,235.90	62,280.64
333	Services		417,008.64	7,332.71
334	Meters		506,107.42	14,106.91
334	Meter Installations		433,382.80	12,091.57
335	Hydrants		54,234.05	1,089.94
	Accumulated Depreciation	3,279,957.51		
	Cash	4,525,680.00		
414	Gain(Loss)/Sale of Asset		877,275.48	
		Total reduction in annual depreciation expense:		127,750.37

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Q 1-4. Provide a breakdown of the revenue requirement impact of the project including the following items:

- a. Net operating revenue increase or decrease by expense component;**
- b. Net operating expense increase or decrease by expense component;**
- c. Annual depreciation, including calculations, for each component for which there are different depreciation lives;**
- d. Annual debt service for each debt component;**
- e. Twenty percent working capital on debt service amounts in item 4(d);**
- f. Total of all items above.**

A 1-4. As shown in the responses below, the sale of the Grayson County System to Grayson County Water District and the Hart County System and Wax Water Treatment Plant to Green River Valley Water District (*see* Case No. 2025-00329) are collectively estimated to have a positive revenue requirement impact for Edmonson County Water District of approximately \$421,988.

With the exception of A 1.4(c), Edmonson County Water District is not able to isolate the revenue and expense impacts attributable solely to the sale of the Grayson County System and therefore provides these responses based on the anticipated impact of the transaction as a whole.

This same information contained in this response will be provided in response to Question 4 in Commission Staff's First Request for Information Edmonson County Water District in Case No. 2025-00329.

- A 1-4(a) Edmonson County Water District interprets this question to be seeking the anticipated net operating revenue increase or decrease by revenue component. The anticipated decrease in annual revenue is as follows:

REVENUE	Annual Water Sales	\$ (719,522.00)
DECREASE	Forfeited Discounts	\$ (23,870.00)
	Miscellaneous Service	\$ (53,884.00)
	Total Revenue Decrease	\$ (797,276.00)

- A 1-4(b) The anticipated decrease in annual operating expenses is as follows:

OPERATING	Water Treatment Plant	\$ (354,190.00)
EXPENSE	Purchased Water	\$ (117,370.00)
DECREASE	Distribution	\$ (153,101.00)
	Accounting & Collecting	\$ (5,706.00)
	Admin & General	\$ (14,479.00)
	Total Operating Expense Decrease	\$ (644,846.00)

- A 1-4(c) The reduction in annual depreciation expense attributable to the sale of assets to Grayson County Water District and Green River Valley Water District is set out below.

<u>ACCT #</u>	<u>ACCOUNT</u>	<u>LIFE IN YEARS</u>	<u>GRAYSON REDUCTION IN ANNUAL DEPRECIATION EXPENSE</u>	<u>GREEN RIVER REDUCTION IN ANNUAL DEPRECIATION EXPENSE</u>	<u>TOTAL REDUCTION IN ANNUAL DEPRECIATION EXPENSE</u>
303	Land & Land Rights	n/a			
304	Structures & Improvements	37.5		26,775.83	26,775.83
306	Lake, River & Other Intakes	40		5,498.47	5,498.47
311	Pumping Equipment	20		5,420.38	5,420.38
320	Water Treatment Equipment	27.5		2,841.60	2,841.60
330	Distribution Reservoirs & Standpipes	45	30,848.61	10,883.89	41,732.50
331	Transmission & Distribution Mains	62.5	62,280.64	42,727.77	105,008.41
333	Services	40	7,332.71	4,232.97	11,565.68
334	Meters	40	14,106.91	8,143.53	22,250.44
334	Meter Installations	45	12,091.57	6,980.13	19,071.70
335	Hydrants	50	1,089.94	629.19	1,719.13
344	Laboratory Equipment	17.5		366.44	366.44
	Total reduction in annual depreciation expense:		127,750.37	114,500.20	242,250.57

A 1-4(d) Edmonson County Water District's current debt obligations relating to its water system consist of six (6) RD Water Bonds and three (3) Rural Water Financing Agency Loans. Edmonson County Water District also has one (1) RD Bond relating to its sewer system.

Green River Valley Water District proposes to assume five (5) of the RD Water Bonds in this transaction.¹ Those five (5) RD Bonds are listed below:

¹ Edmonson County Water District plans to retain one (1) RD Water Bond with an outstanding principal balance of \$137,500 as of August 1, 2025 (Bond Issue 2013B, RD Loan Number 99396-41, Original Principal Amount \$160,000, Maturity 1/1/2054, Interest Rate 3.00%). Edmonson County Water District is retaining that bond to maintain the territorial protection under federal law (7 U.S.C. §1926(b)).

Bond Issue	RD Loan Number	Original Principal Amount	Maturity	Interest Rate	Outstanding Principal Balance
2001A	99391-20	\$3,837,000	1/1/2041	3.25%	\$2,079,000
2010A	99393-35	\$ 570,000	1/1/2050	2.25%	\$ 421,500
2010B	99394-37	\$ 700,000	1/1/2050	2.25%	\$ 517,500
2013A	99395-39	\$ 504,000	1/1/2054	2.1250%	\$ 407,500
2019	99397-43	\$1,032,000	1/1/2060	1.50%	\$ 930,000
Note: Outstanding Principal Balances as of June 15, 2026				TOTAL:	\$4,355,500

The average annual debt service on these RD bonds is:

Average Annual Principal Payment: \$175,000

Average Annual Interest Payment: \$101,806

Total Average Annual Debt Service: \$276,806

Edmonson County Water District expects that the assumption of those five (5) RD Bonds by Green River Valley Water District will reduce its annual debt expense by \$276,806.

A 1-4(e) Twenty percent working capital on the five (5) RD Bonds that Green River Valley Water District proposes to assume is \$55,361. Thus, this transaction will reduce Edmonson County Water District's working capital by \$55,361.

A 1-4(f) The total impact on the revenue requirement for Edmonson County Water District as a whole is presented in the table below.

In total, **revenue** from water sales is expected to **decrease** by \$797,276, but **expenses** will **decrease** by \$1,219,264, resulting in a net benefit to Edmonson from this transaction of \$421,988.

REVENUE	Annual Water Sales Decrease	\$	(719,522.00)	
DECREASE	Forfeited Discounts Decrease	\$	(23,870.00)	
	Misc Service Revenue Decrease	\$	(53,884.00)	
	Total Revenue Decrease	\$	(797,276.00)	a
OPERATING	Water Treatment Plant	\$	(354,190.00)	
EXPENSE	Purchased Water	\$	(117,370.00)	
DECREASE	Distribution	\$	(153,101.00)	
	Accounting & Collecting	\$	(5,706.00)	
	Admin & General	\$	(14,479.00)	
	Total Operating Expense Decrease	\$	(644,846.00)	b
NONOPERATING	Depreciation	\$	(242,251.00)	c
EXPENSE	Debt Service	\$	(276,806.00)	d
DECREASE	Working Capital on Debt Service	\$	(55,361.00)	e
	Total Nonoperating Expense Decrease	\$	(574,418.00)	
	Total Expense Decrease	\$	(1,219,264.00)	
	Net Benefit	\$	421,988.00	f

In addition, Edmonson County Water District will receive an estimated \$4,525,680 in cash for the purchase price for the Grayson County System. Edmonson County Water District intends to place those funds in an interest-bearing account. The proceeds and interest generated will be used to make the debt payments for the three (3) RWFA Loans and the one (1) remaining RD Water Bond, which total approximately \$547,138 annually. The proceeds will also be used to fund improvements to the Brownsville Water Treatment Plant.

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Witness: Kevin Shaw

Q 1-5. Individually, provide the feet of asbestos cement pipe, galvanized pipe, unlined cast iron pipe, and lead pipe currently serving the Grayson County System customers. If the Grayson County System has any of these types of pipes, provide a map of the service territory that demonstrates the location of each pipe and the material from which it is made.

A 1-5. Edmonson County Water District has not identified any asbestos cement pipe, galvanized pipe, unlined cast iron pipe, or lead pipe currently serving Grayson County System customers.