

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)
DISTRICT'S GRAYSON COUNTY)
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)**

**CASE NO.
2025-00330**

**GRAYSON COUNTY WATER DISTRICT'S RESPONSE TO
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION**

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

Third Request for Information.

Dated: June 2, 2026

Respectfully submitted,
/s/ Lindsay Durbin
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CERTIFICATE OF SERVICE

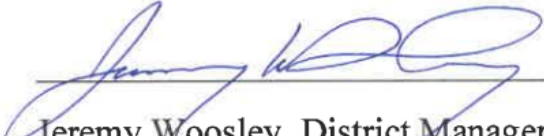
In accordance with 807 KAR 5:001, Section 8, and the Public Service Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was transmitted to the Public Service Commission on June 2, 2026 and that there is currently no party that the Public Service Commission has excused from participation by electronic means in this proceeding.

SWORN CERTIFICATION AND VERIFICATION


COMMONWEALTH OF KENTUCKY

COUNTY OF GRAYSON

The undersigned, Jeremy Woosley, being duly sworn, deposes and states that he, as District Manager of Grayson County Water District, has personal knowledge of the matters set forth in the responses for which he is identified as the witness in Kentucky Public Service Commission Case No. 2025-00330, and the answers contained therein are true and correct to the best of his information, knowledge, and belief.


Jeremy Woosley, District Manager
Grayson County Water District

Subscribed, sworn to, and acknowledged before me, a Notary Public this 1st
day June, 2026.


Notary Public
My Commission Number KYNP38637
Commission Expires 10/14/29

**GRAYSON COUNTY WATER DISTRICT'S RESPONSE TO
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
WITNESS: JEREMY WOOSLEY**

QUESTION 1.

Refer to the Application, page 24, paragraph 58. Also refer to the final Order in Case No. 2026-00038: Given that a current Edmonson District residential retail customer's bill that uses an average of 3,000 gallons per month, would increase from \$31.04 to \$43.63 if the proposed acquisition is granted, an increase in the monthly bill of approximately 40.56 percent, explain in detail what material benefits this customer would receive for transferring from Edmonson County Water District (Edmonson District) to Grayson District.

RESPONSE TO QUESTION 1:

Grayson District respectfully submits that the rate comparison cited by Commission Staff does not reflect a complete or accurate picture of the economic circumstances facing customers of Edmonson District's Grayson County System. The \$31.04 current monthly bill does not account for the capital investment that would be required for Edmonson District to adequately address the upgrades required in the Wax Water Treatment facility, the Brownsville Intake, the Brownsville Water Treatment facility, and the Grayson County System to continue providing safe, reliable, and sustainable water service to those customers on a long-term basis.

Edmonson District has identified that it faces an estimated capital investment requirement of approximately \$80 million to bring its overall system — including the Grayson County Distribution System — to a level capable of properly and

reliably serving its existing customers. This investment need has not been incorporated into Edmonson District's current rates. Had Edmonson District undertaken the necessary capital improvements and sought Commission approval to recover those costs through its rate structure, the resulting rate impact on Edmonson District customers, including those in the Grayson County System, would likely exceed the rates proposed under the transfer to Grayson District. Accordingly, the rate differential cited by Staff substantially understates the true cost of maintaining the status quo for affected customers.

Beyond the rate analysis, the material benefits a customer would receive upon transfer to Grayson District include, but are not limited to, the following:

(a) Improved Water Supply Reliability. Edmonson District's Grayson County System has experienced chronic water shortage issues. Grayson District is planning for the infrastructure, capacity, and operational capability to provide a reliable and adequate supply of potable water to customers currently served by the Grayson County System.

(b) Improved Water Quality. The Grayson County System as currently operated by Edmonson District has experienced water quality concerns attributable to aging infrastructure and deferred maintenance. Transfer to Grayson District will provide customers with access to Grayson District's water supply, treatment, and distribution network, which meets applicable

water quality standards and is supported by a fully staffed and qualified operational team.

(c) Resolution of Deferred Maintenance. Edmonson District has accumulated significant deferred maintenance on the Grayson County System. Grayson District is positioned and committed to addressing these deficiencies providing customers with a modernized and properly maintained distribution system.

(d) Long-Term System Sustainability. Without the transfer, the Grayson County System customers face continued deterioration of service quality, water supply uncertainty, and potential exposure to substantial future rate increases if Edmonson District were required to undertake the capital investment necessary to properly serve those customers. Grayson District provides a financially and operationally sustainable alternative.

(e) Operational Expertise and Staffing. Grayson District maintains the qualified personnel, operational resources, and technical infrastructure necessary to provide competent day-to-day management of the Grayson County System, which Edmonson District has not been able to consistently provide due to staffing and resource constraints.

In summary, while the monthly bill for affected customers will increase upon transfer, the rate increase accurately reflects the true and full cost of receiving safe,

reliable, and high-quality water service — a cost that Edmonson District's current rates do not capture. The proposed rates under Grayson District represent a sound investment in the long-term reliability and safety of water service for those customers.

QUESTION 2.

Refer to the Application, pages 25-26, paragraph 60, and to KRS 74.361 and KRS 224A.300 generally:

(a) Describe how the proposed transfer is in furtherance of either of the aforementioned Kentucky statutes.

(b) Describe whether Grayson District has considered merging with Edmonson District, Green River Valley Water District, or both. If not, explain why not. If yes, explain the outcome of these considerations.

RESPONSE TO QUESTION 2(a):

KRS 74.361 reflects the Kentucky General Assembly's policy favoring the consolidation and cooperative operation of water districts where such arrangements will improve the efficiency, reliability, and financial stability of water utility service to the public. KRS 224A.300 similarly reflects state policy supporting the orderly development, improvement, and consolidation of water and wastewater systems to ensure the provision of safe and adequate public water service throughout the Commonwealth.

The proposed transfer of Edmonson District's Grayson County Distribution System to Grayson District is directly in furtherance of both statutes for the following reasons:

First, the transfer will result in a more efficient and financially sustainable delivery of water service to customers of the Grayson County System. Edmonson District has been unable, due to financial, operational, and staffing limitations, to adequately maintain and invest in the Grayson County System. The transfer consolidates operational responsibility for those customers in a district — Grayson District — that has the resources and infrastructure to provide improved service at a sustainable cost.

Second, the transfer advances the public policy goal of ensuring safe and reliable potable water service. Faced with an estimated \$80 million capital investment requirement across its system, and chronic water shortage and water quality issues in the Grayson County System specifically, Edmonson District approached both Grayson District and Green River Valley Water District seeking a solution that would improve reliability, service quality, and financial viability for affected customers. The resulting proposed transfer represents the outcome of that cooperative process and aligns with the legislative intent underlying both statutes.

Third, the transfer avoids unnecessary duplication of infrastructure and administrative costs, furthering the efficiency objectives contemplated by KRS 74.361 and KRS 224A.300.

RESPONSE TO QUESTION 2(b):

A consideration of merger has not been evaluated. However, the outcome of significant consideration by all three entities of how to best serve customers in

Edmonson, Grayson and Hart Counties resulted in the Joint Application currently before the Commission, which proposes the targeted transfer of the Grayson County Distribution System from Edmonson District to Grayson District. This approach was determined to be the most efficient, practical, and beneficial structure for the customers of the Grayson County System, while appropriately recognizing the respective service territories, infrastructure, and operational capacities of the districts involved. Further, Grayson District believes in the long run its customers will benefit from the acquisition by allowing the spreading of fixed costs across a larger base.

QUESTION 3.

Refer to Grayson District's Response to Staff's First Request, Item 3:

- (a) Describe whether Edmonson District believes it currently provides safe and reliable water service to its Grayson County System customers, including any known operational, water quality, staffing, or infrastructure concerns.**
- (b) Explain what is meant by "[w]hich gives Grayson District the ability to bring the Edmonson District's Grayson System back to a level of providing safe, dependable potable water to the customers of the Edmonson District's Grayson System."**
- (c) Explain what deferred maintenance Edmonson District currently has on its Grayson County System.**
- (d) Explain any outstanding deferred maintenance Edmonson District has on any part of its entire water system.**
- (e) Explain why Edmonson District has not been able to adequately address its deferred maintenance.**

In response to Question 3 the Grayson District would like to direct the Commission to Exhibit 29 – Shaw Attachments 1-3 of the Initial Application in this case.

RESPONSE TO QUESTION 3(a):

Grayson District believes Edmonson District is best positioned to answer this question.

RESPONSE TO QUESTION 3(b):

The quoted language — "[w]hich gives Grayson District the ability to bring the Edmonson District's Grayson System back to a level of providing safe, dependable potable water to the customers of the Edmonson District's Grayson System" — refers to the operational and infrastructure improvements that Grayson District, following the signing of the operating agreement, has implemented in order to restore and sustain adequate water service to the Grayson County System customers, and bring the Grayson County System back to operating inside the guidelines of the SDWA.

Specifically, Grayson District's existing water supply infrastructure, distribution network, and operational capacity are sufficient to serve the additional customers in the Grayson County System once the transfer is effectuated. Grayson District has integrated the Grayson County System into its broader distribution network in a manner that has resolved the water shortage and water quality issues that have characterized service under Edmonson District's operation. This will include making the capital improvements necessary to bring the Grayson County

System into alignment with Grayson District's system standards for pressure, water quality, and service reliability.

The phrase is not intended to suggest that the Grayson County System is currently non-functional, but rather to acknowledge that the system requires investment and operational improvements that Edmonson District has been unable to provide and that Grayson District is prepared to undertake, as described in the three Attachments to Exhibit 29 of the Initial Application.

RESPONSE TO QUESTION 3(c):

The deferred maintenance on Edmonson District's Grayson County System includes, but is not limited to, what is described in the Attachments to Exhibit 29 of the Initial Application.

RESPONSE TO QUESTION 3(d):

Grayson District believes Edmonson District is best positioned to answer this question.

RESPONSE TO QUESTION 3(e):

Grayson District believes Edmonson District is best positioned to answer this question.