

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**

JOINT APPLICANTS' MOTION FOR REHEARING

Come now Grayson County Water District ("Grayson County") and Edmonson County Water District ("Edmonson County") (collectively, the "Movants"), by and through counsel, and pursuant to KRS 278.400, and respectfully move the Commission for rehearing of its Order entered in the above-styled proceeding. In support of this Joint Motion, the Movants state as follows:

I. INTRODUCTION

1. KRS 278.400 provides that any party to a Commission proceeding may, within twenty (20) days after service of any final order, apply for rehearing with respect to any matters determined in the proceeding. This Joint Motion is timely filed within the statutory period.
2. Rehearing under KRS 278.400 is appropriate where the Commission's order is based upon a material error of fact, where the order overlooks or misapprehends evidence in the record, or where new evidence has arisen that could not, with reasonable diligence, have been presented prior to entry of the order.

II. MATERIAL ERROR

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

The record reflects that Edmonson District's existing water system indebtedness consists of six Rural Development (RD) Water Bonds and three Rural Water Financing Agency (RWFA) loans, and that the proposed transactions in Case Nos. 2025-00329 and 2025-00330 divide that existing indebtedness between the acquiring utilities.¹

¹ Order at 2.

That finding is in error because Grayson County will not be acquiring any debt of Edmonson and will be paying a cash sum estimated at \$4,525,680² Further, the Commission Order issued on July 2, 2026 in Case No. 2025-0329, which was incorporated by reference into this case, indicated some misstatements regarding the assumption of debt by Green River Valley in this transaction. The Direct Written Testimony of Daniel Brown, the current General Manager of Edmonson County is attached to this Motion as Exhibit A – Brown Testimony. It provides insights into the financial implications of this proceeding and Case No. 2025-00329 on Edmonson County’s debt position.

4. Additionally, the Commission in its Order stated,

“Without evidence of the approvals and financing documents necessary to accomplish the proposed allocation of Edmonson District's existing indebtedness, the Commission is unable to determine whether the statutory requirements of KRS 278.300 have been satisfied.”³

As noted above, Grayson is not assuming debt from Edmonson County. As to the financing Grayson County will use to finance this transfer, the Kentucky Infrastructure Authority ("KIA") commitment letter did not exist at the time the Joint Application was filed. While Grayson received the commitment letter prior to the Commission’s Final Order, it was not requested in data requests of

² Application at 18, paragraph 42

³ Order at 2

this proceeding. Accordingly, the KIA commitment letter has not been made a part of the record in this matter. A copy of the KIA commitment letter is attached hereto as Exhibit B – KIA Commitment. Further, in its Application, Grayson noted that:

“Grayson District currently faces a debt service coverage ratio deficiency under its existing USDA Rural Development loan agreements, which requires remediation through a rate increase filing regardless of whether the proposed acquisition proceeds. However, the acquisition of Edmonson County Water District's Grayson County system would actually improve Grayson District's debt service coverage ratio and is expected to generate positive cash flow, with no rate adjustment anticipated for Grayson District's existing customers due to this acquisition. The acquisition would enhance Grayson District's long-term financial stability by spreading fixed costs over a larger customer base and generating additional revenue that would ultimately benefit all customers served by the District. Importantly, Grayson District's need for a rate increase to address its USDA compliance requirements exists independently of this acquisition transaction and is not driven by the proposed transaction.”⁴

Grayson County notes that the rate increase noted above became effective on April 1, 2026. Grayson County further states that no additional rate case is required by KIA as a result of the loan approved for this transaction and Grayson County does not anticipate a rate increase as a result of this transaction. Grayson County's prior statements regarding the impact of the proposed transaction on its financial position stated in its original Application remain true today.

⁴ Application at 25, paragraph 59

III. OMISSION AND NEW EVIDENCE

5. The Parties provided significant documentation regarding the reliability and water quality issues that existed at the Wax WTP and the Hart/Grayson County Systems prior to the execution of the Operating Agreements by both Green River Valley and Grayson County to operate on behalf of Edmonson. The July 2, 2026 Commission Order did not address those reliability and water quality concerns.
6. Subsequent to the Commission's Denial Order in this matter, Green River Valley District received a letter from Sarah Marshall, Director of the Kentucky Division of Water ("DOW"). The letter directly addresses the operational status of the affected water system and the ongoing regulatory framework governing the Wax coverage area and is attached hereto as Exhibit C - DOW. That correspondence provides, in relevant part:

"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."

7. The DOW correspondence establishes several facts material to the Commission's determination that were not fully before the Commission at the time the Order was entered:

(a) **Ongoing federal and state enforcement.** The USEPA conducted an inspection of the system in March 2025 and identified areas of concern that are actively being addressed through Agreed Orders facilitated by the Cabinet's Division of Enforcement. The Commission's Order does not account for the effect of these pending enforcement proceedings on the disposition of the system.

(b) **Reliance on the assumed split of the Wax coverage area.** The enforcement proceedings, and the progress reports addressing identified system deficiencies, have proceeded "all under the assumption that the Wax coverage area will be formally split amongst Green River Valley and Grayson County." A Commission determination inconsistent with that assumption would disrupt the framework upon which DOW, USEPA, and the Cabinet's Division of Enforcement have been proceeding.

(c) **Operational focus enabled by the transfer agreement.** The current transfer agreement has allowed Edmonson County to focus on the portions of the system within Edmonson County. Disturbing this arrangement without

accounting for the DOW correspondence risks undermining compliance efforts already underway.

8. This information is material because it demonstrates that the compliance and remediation of the system's identified deficiencies is being coordinated among multiple regulatory bodies on the express premise that the Wax coverage area will be formally divided between Green River Valley and Grayson County. The Commission's Order should be reconsidered in light of this coordinated regulatory framework to avoid an outcome that conflicts with ongoing enforcement efforts and the resolution of the USEPA and DOW concerns. Further, Ms. Marshall indicated a willingness to “answer any addition questions that the PSC might have regarding this situation.”
9. To the extent the DOW correspondence constitutes evidence that was not, and with reasonable diligence could not have been, presented prior to entry of the Order, KRS 278.400 authorizes the Commission to grant rehearing to receive and consider such evidence.
10. Further, since the Commission's Order was entered on July 2, 2026, Grayson County Judge Executive Kevin Henderson and Grayson County Magistrate Brian Ashley, both of whom reside within the affected coverage area, approached Grayson County and offered testimony in support of this Motion

for Rehearing. Each of these local officials has first-hand experience with the historical water quality and availability within the affected area, as well as the improvements which have occurred since Grayson County has assumed operation. Both local officials have expressed a strong and sincere desire to advocate for the filing of a rehearing in response to the water quality issues set forth in the DOW correspondence as noted in the attached testimony (Exhibit D - Henderson, Exhibit E - Ashley). Because this testimony was offered in response to the Commission's denial, it constitutes evidence that was not, and with reasonable diligence, could not have been, presented prior to entry of the Order.

IV. RELIEF REQUESTED

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

Dated: July 21, 2026

Respectfully submitted,

/s/ Lindsay Durbin

Lindsay Durbin

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*Counsel for Edmonson County Water
District*

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 21, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

/s/ Lindsay Durbin

Lindsay N. Durbin

Exhibit A – Brown Testimony

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. 2025-00329.

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 29 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 B – KIA Commitment



KENTUCKY INFRASTRUCTURE AUTHORITY

Andy Beshear
Governor

100 Airport Road
Frankfort, Kentucky 40601
(502) 573-0260
kia.ky.gov

Sandy Williams
Executive Director

December 5, 2025

The Honorable Nancy Cain, Chairman
Grayson County Water District
21 Shull White Rd
Leitchfield, KY 42754

**KENTUCKY INFRASTRUCTURE AUTHORITY
FEDERALLY ASSISTED DRINKING WATER REVOLVING LOAN FUND
CONDITIONAL COMMITMENT LETTER (F26-017S)**

Dear Chairman Cain:

The Kentucky Infrastructure Authority ("the Authority") commends your efforts to improve public service facilities in your community. On December 4, 2025, the Authority approved your loan for the East-West Connector Phase III project subject to the conditions stated in Attachment A to this letter. The total cost of the project shall not exceed \$7,848,000, without prior authorization, of which the Authority is the sole source of the funding. The final loan amount will be equal to the amount of funds disbursed for the project. Attachment B incorporated herein by reference fully describes the project.

An Assistance Agreement will be executed between the Authority and the Grayson County Water District upon satisfactory performance of the conditions set forth in Attachment A. You must meet the conditions set forth in Attachment A and enter into an Assistance Agreement by December 5, 2026 (twelve months from the date of this letter). A one-time extension of up to six months may be granted for applicants that experience extenuating circumstances. Funds will be available for disbursement only after execution of the Assistance Agreement.

TEAM
KENTUCKY.

An Equal Opportunity Employer M/F/D

Chairman Cain
December 5, 2025
Page 2

Please inform the Authority of any changes in your financing plan as soon as possible. We wish you every success for this project which will benefit both your community and the Commonwealth as a whole.

Sincerely,

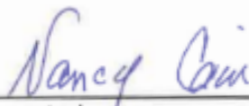


Milward Dedman
Deputy Executive Director

Attachments

cc: Adam Scott, Integrated Water Management Systems
Kentucky Engineering Group, Jim Thompson

Please sign and return a copy of this letter indicating your acceptance of this commitment and its terms along with the completed "Transparency Act Reporting Information Form". Complete the attached "Authorization for Electronic Deposit of Vendor Payment Form" and the "ACH Debit Authorization Form" **and return to the US Bank address at the bottom of each form**. Also included are the "Legal Counsel Certification Letter" sample and the "Statement of Approval of Projections of Revenue and Expenses" for you to complete at the appropriate time. These forms and an SRF loan checklist guide can be found in Attachment C of this letter.


Accepted

12-9-25
Date

Exhibit C - DOW



Andy Beshear
GOVERNOR

ENERGY AND ENVIRONMENT CABINET
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

300 Sower Boulevard
Frankfort, Kentucky 40601
Phone: (502) 564-2150
Fax: 502-564-4245

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

Exhibit D – Henderson Testimony

1 **Written Testimony of Kevin Henderson**
2 **Before the Kentucky Public Service Commission**
3

4 **Q. Please state your name and position for the record.**

5 A. My name is Kevin Henderson, and I am the Grayson County Judge Executive. In
6 that role, it's my job to represent the interests of Grayson County residents, including
7 those who rely on this water system for their daily needs.

8 **Q. Where do you reside, and how long have you lived there?**

9 A. I live at 10075 Annetta Road, and I've made my home there for the past fifteen
10 years. As both a public official and a longtime resident of the affected area, I've seen
11 the water service conditions at issue in these proceedings firsthand.

12 **Q. Before addressing the specifics, would you explain why reliable water service**
13 **is so important to the customers in this area?**

14 A. Water service isn't a convenience; it's an essential necessity of daily life.
15 Customers depend on safe, reliable water for drinking, cooking, bathing, sanitation,
16 and protecting their health and property. When water service is unreliable or the
17 water itself is unsafe, families can't meet their most basic needs, businesses can't
18 operate, and public health is put at risk. Reliable access to clean water also directly
19 affects property values and the economic health of the community. For all these

1 reasons, the quality and dependability of water service is enormously important to
2 the customers served in Grayson County.

3 **Q. Based on your personal experience, what water quality issues did customers**
4 **in this area face prior to the transfer?**

5 A. The water quality before the transfer was, honestly, unacceptable and at times
6 alarming. On many occasions, the water delivered to customers was discolored and
7 looked unfit for use — in fact, it looked like sewer water. I've kept a photograph of
8 a glass of that water to show just how bad the problem was (see Exhibit A). The
9 situation was nothing short of a disaster. On top of that, boil water advisories were
10 issued on what seems a nearly weekly basis, forcing residents to wonder whether the
11 water coming from their taps was even safe to drink or use for their families. Living
12 with that constant uncertainty about whether your water is safe is a real hardship on
13 customers.

14 **Q. Did customers also experience problems with water availability?**

15 A. Yes. The service interruptions were both frequent and severe. During my time in
16 my home, service was cut off on more than fifteen occasions, and the longest single
17 outage lasted a full seven days. Losing water for that long is far more than an
18 inconvenience — it leaves families unable to keep up basic sanitation and hygiene,

1 puts the elderly and the vulnerable at risk, and leaves homes and property
2 unprotected if an emergency like a fire breaks out.

3 **Q. How has service changed since Grayson County assumed responsibility for**
4 **these customers?**

5 A. The improvement has been immediate and dramatic, and it has directly benefited
6 customers in every way that matters. Since Grayson County took over the service,
7 there hasn't been a single disruption in water availability, there have been no boil
8 water advisories, and the quality of the water has been consistently good. Customers
9 now get the reliable, safe, and clean water service they should have had all along.
10 This turnaround shows, in concrete terms, that the transfer has served, and will keep
11 serving, the best interests of the Grayson County customers.

12 **Q. What feedback did you receive from constituents regarding service under**
13 **the prior provider?**

14 A. The level of dissatisfaction among constituents was overwhelming. While
15 Edmonson County ran the system, I was flooded with complaints and phone calls
16 from frustrated residents, and public feeling toward those in charge was intensely
17 negative. The problems were so widespread and serious that formal intervention
18 became necessary. After I contacted the Division of Water, they advised that Grayson
19 County could seek representation on the governing board of the Edmonson County

1 Water District, and we requested and were granted two seats. That representation
2 was warranted precisely because of the many persistent water quality issues affecting
3 our residents.

4 **Q. To what did you attribute these problems?**

5 A. My take is that the prior management was simply overwhelmed and didn't have
6 the capacity to handle the scope of the problems. There were efforts to blame the
7 difficulties entirely on outside causes, like the removal of the dam, but the record
8 doesn't back that up. The water quality and availability problems predated the dam
9 removal, which tells me the deficiencies were systemic rather than the result of any
10 single outside event.

11 **Q. Can you describe a specific instance that illustrates the severity of these**
12 **service problems?**

13 A. I can. On one occasion, 2,400 customers were left completely without water. I
14 called Will Cannon, who was then the Judge Executive of Edmonson County, to find
15 out what was causing the outage. He told me he wasn't aware of any problem and
16 said all residents of Edmonson County had water service. Yet at that very moment,
17 2,400 of the customers in Grayson County had no water at all, and no real
18 explanation for the failure was ever given. That episode shows the lack of
19 accountability and operational awareness that marked the prior service. That's

1 another reason I think it's best for customers in Grayson County to be served by the
2 Grayson County Water District.

3 **Q. What has been the reaction of your constituents since Grayson County took**
4 **over?**

5 A. The response from the community has been overwhelmingly positive. I'd estimate
6 that more than 200 constituents have personally thanked me for supporting Grayson
7 County's assumption of the service. That kind of unsolicited appreciation is a clear
8 sign of the real benefits customers now enjoy because of the transfer.

9 **Q. Do you expect any negative feedback from constituents regarding the**
10 **potential for rate changes?**

11 A. I expect very little negative feedback. The service area is made up mostly of lake
12 homes, higher-end residences, and farms, and I haven't gotten a single complaint
13 about the potential water rate change. It's my belief these customers will value
14 reliable, safe water service much more than others since they have gone without it
15 for so long.

16 I'd add one more thing. Even for the small number of lower-income properties in the
17 footprint, I believe any rate increase will be tolerable, because reliable drinking
18 water actually matters even more to those families. They can't afford to haul in water
19 when service goes out, and they depend on their tap water for drinking and cooking

1 far more heavily than the high-end lake properties, which have historically brought
2 in bottled water for drinking and cooking anyway. So for the customers with the least
3 cushion, dependable water at a fair rate isn't a burden — it's exactly what they need
4 most.

5 On a personal note, I will gladly pay a higher rate for the better service.

6 **Q. What is your recommendation to the Commission?**

7 A. I respectfully but strongly recommend that the Commission approve this
8 transaction. Based on my own direct experience and the overwhelming feedback
9 from the customers themselves, I'm firmly convinced the transfer is in the best
10 interest of the customers who live in and are served by this area - including me and
11 my family.

VERIFICATION

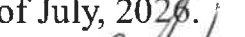
COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF GRAYSON)

The undersigned, Kevin Henderson, being duly sworn, deposes and states:
that he is County Judge Executive for Grayson County; 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.


Kevin Henderson

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

____ of July, 2026.



Notary Public



Notary Public
Commission Number 12-10-27
My Commission Expires K1NP82979

Exhibit E – Ashley Testimony

1 **WRITTEN TESTIMONY OF BRIAN ASHLEY**

2 **Before the Kentucky Public Service Commission**

3 **Q. Please state your name for the record.**

4 A. My name is Brian Ashley.

5 **Q. Where do you live, and how long have you lived there?**

6 A. I live at 100 McGrew Church Road in Leitchfield, Kentucky. I have lived there
7 for 31 years.

8 **Q. Do you hold any public office?**

9 A. Yes. I serve as a Magistrate for Grayson County, Kentucky, and I have held that
10 position for eight years.

11 **Q. Why are you offering testimony today?**

12 A. I am here to strongly support Grayson County Water District assuming service to
13 the Edmonson County Water customers located in Grayson County. I have lived with
14 these water problems in my own home, and I have heard about them from my
15 constituents for years.

16 **Q. What water quality issues did you experience before Grayson County took**
17 **over?**

1 A. For as long as I can remember, our water carried a white residue. The white stuff
2 in the water would build up and stop up the water heater to the point that you just
3 had to buy a new one. We also dealt with low water pressure and repeated outages.

4 **Q. How frequent and how severe were the water outages?**

5 A. They were frequent and often lengthy. Every time the electricity went off, we
6 would run out of water. Over the last 15 years, I would estimate we lost water three
7 times a year, sometimes for a day, and three or four times for a full week.

8 **Q. Did you have concerns about water availability and cleanliness as well?**

9 A. Yes. Dirty water came out of the faucet on three or four different occasions, and
10 the whole community was on me about it each time. It was awful. Boil water
11 advisories seemed to come every other week, and the water had a strong chemical
12 odor.

13 **Q. How has service changed since Grayson County Water District took over?**

14 A. The difference has been night and day. There are no water issues now, the quality
15 is better, it tastes better, and the water even smells better.

16 **Q. What feedback have you received from your constituents about the service?**

17 A. Before this change, my phone did not stop ringing. For six months, I was getting
18 four to five calls a week asking why we were out of water, why we had boil water

1 advisories, and whether I could get them better water. People wanted something
2 done. Since the change, I have had a number of people tell me they are glad we got
3 this done.

4 **Q. What feedback have you received about the potential rate increase?**

5 A. A few people have mentioned rates, but they have also told me it will be worth it
6 to finally have reliable water. When you have gone a week without water in your
7 home, you understand that reliability has real value.

8 **Q. What is your request to the Commission?**

9 A. I respectfully urge the Commission to approve this transaction. It is in the best
10 interest of the customers who live in that area. The quality of the water and the
11 reliability of the service are what matter. My constituents need reliable service and
12 quality water. Please do not put us back in the same spot we have been in. We
13 appreciate the changes that have occurred, and we ask that they be allowed to
14 continue.

VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF GRAYSON)

The undersigned, Brian Ashley, being duly sworn, deposes and states: that he is Magistrate for Grayson County; 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.

Brian Ashley
Brian Ashley

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


Notary Public

Notary Public

Commission Number KYNP58C4d

My Commission Expires 9/30/26