

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SOUTH)	
EASTERN WATER ASSOCIATION FOR A)	
CERTIFICATE OF PUBLIC CONVENIENCE)	CASE NO.
AND NECESSITY AND FINANCING OF THE)	2025-00375
U.S. 27 WATER LINE REPLACEMENT)	
PROJECT PURSUANT TO THE)	
PROVISIONS OF KRS 278.020, KRS 278.300,)	
AND KAR 5:001.)	

MOTION FOR DEVIATION

Pursuant to 807 KAR 5:076, section 17 and ordering paragraph 11 of the Commission’s January 29, 2026 final Order in this proceeding, South Eastern Water Association, Inc (“South Eastern” or “the Association”) moves the Commission for a deviation from the requirement of 807 KAR 5:076, Section 2(1) to be permitted to apply for an adjustment of its water rates using the alternative rate filing procedures set forth in 807 KAR 5:076. In the alternative, the Association moves the Commission for an extension of time in which to file an application for a general rate adjustment using the procedures set forth in 807 KAR 5:001, Section 16. The Association respectfully requests that the Commission rule on this motion by **May 1, 2026.**

In support of its Motion, South Eastern states as follows:

1. South Eastern is a non-profit corporation (water association) organized and existing under the laws of the Commonwealth of Kentucky, pursuant to KRS Chapter 273. It provides retail water service to approximately 8,319 residential and 16 commercial customers in Pulaski County, Kentucky, as well as providing wholesale water service to the City of Burnside, Kentucky.¹

2. Pursuant to the February 22, 1988 Order of the Commission in Case No. 9967,² South Eastern was created through a series of mergers and consolidations of the following water associations: Barnesburg, Elihu-Rush Branch, Nelson Valley, and Tateville.

3. South Eastern was incorporated on December 17, 1993, and following the filing of Articles of Merger on November 26, 1996, the creation of the Association, as it exists today, was complete.

4. In its final Order in this proceeding the Commission ordered South Eastern to file either an application for a general rate adjustment, pursuant to 807 KAR 5:001, Section 16; an application for an Alternative Rate Adjustment, pursuant to 807 KAR 5:076; or a formal motion with detailed analysis of its rates

¹ *Annual Report of South Eastern Water Association to the Kentucky Public Service Commission for the Year-Ended December 31, 2025* (“2025 Annual Report”) at 12 and 49.

² *The Proposed Merger of Barnesburg Water Association, Bronston Water Association, Elihu-Rush Branch Water Association, Nelson Valley Water Association, Oak Hill Water Association, Pleasant Hill Water District, Pulaski County Water District No. 1, Pulaski County Water District No. 2, and Tateville Water Association*, Case No. 9967 (Ky. PSC Feb. 22, 1988).

and revenues, and a statement of the reasons why a rate case is not necessary by August 31, 2026.

5. 807 KAR 5:076 establishes a simplified procedure for smaller utilities to use in applying to the Commission for rate adjustments. The procedure, known as the alternative rate filing (“ARF”) procedure, is designed to be less costly to the utility and its customers. Unlike the general rate adjustment procedure set forth in 807 KAR 5:001, Section 16, the ARF procedure does not require an extensive amount of financial information, a cost-of-service study, or written testimony.

6. 807 KAR 5:076, Section 2 permits a utility to use the ARF procedure if the utility: (1) had gross annual revenue in the immediate past year of \$5,000,000 or less; (2) maintained financial records fully separated from a commonly-owned enterprise; and (3) filed with the Commission fully completed annual reports for the immediate past year and for the two prior years if the utility has been in existence that long.

7. During calendar year 2025, South Eastern reported gross annual revenue of \$5,587,621. A copy of the Association’s *Annual Report to the Public Service Commission for the Year-ended December 31, 2025* (“2025 Annual Report”) is attached as **Exhibit 1**.

8. South Eastern requests a deviation from the \$5,000,000 limit on gross revenues and to be permitted to utilize the ARF procedure for the reasons set forth below.

9. 807 KAR 5:076, Section 17 authorizes the Commission to permit deviations from the requirements of 807 5:076 upon a showing of good cause.

10. South Eastern's water rates were last adjusted in 2021 in Case No. 2021-00126, which was an ARF proceeding.

11. It has been nearly 15 years since the revenue cap of \$5,000,000 was established. Since 2011, the United States has experienced a 45.3 percent rate of inflation, meaning \$5,000,000 in operating revenues in 2011 is equivalent to \$7,263,858 in operating revenues today.³ The Association's operating revenues have increased approximately 51 percent since 2011. However, its operating *expenses* have increased approximately 84 percent. In contrast, its customer count has only increased by 554 customers, or approximately 7 percent.⁴

12. The Association maintains that while establishing a bright line cap on operating revenues in setting the qualifications for a utility to utilize the ARF

³ See *Consumer Price Index Data from 2014 to 2026*, US INFLATION CALCULATOR, available at <https://usinflationcalculator.com> (accessed Mar. 31, 2026).

⁴ All figures obtained from *2011 Annual Report* at 19 & 49 and *2025 Annual Report* at 20 & 49

Year	Operating Revenues	Utility Operating Expenses	Customer Count
2011	\$3,689,670	\$2,857,541	7,782
2025	\$5,587,620	\$5,260,418	8,336
Percent increase	51.44%	84.08%	7.12%

procedures is expedient from an administrative standpoint, the elapse of time can result in an unintended downward shift of the bright line and result in the regulation not assisting all of the utilities it was intended to benefit.

13. Since at least 1988, South Eastern and its predecessor water utilities have adjusted rates via Purchased Water Adjustments, adjustments filed in connection with federally funded construction projects pursuant to KRS 278.023, and ARF proceedings. Neither South Eastern nor its predecessor utilities have filed an application for a general rate adjustment, pursuant to 807 KAR 5:001, Section 16, since at least 1988. Therefore, the management and Board of Directors of the Association are familiar with the requirements of an ARF filing, but have no experience with the more complex procedures used in a general rate adjustment.

14. The Association has maintained adequate financial records and filed complete annual reports with the Commission every year since its incorporation, including 2025. The Association has no affiliation with a commonly owned enterprise, Therefore the use of the alternative rate filing procedure is possible, if this request for a deviation is granted.

15. The Association bears the hallmarks of a “small” utility: (1) its operations are confined to a single Kentucky county; (2) it offers only one service-water service; (3) it primarily serves residential retail customers; (4) it does not own or operate a water treatment plant; and (5) it has a very small staff. The Association

has 12 employees. There are only three office employees to handle all administrative tasks including receiving payments, processing applications for service, and answering customer inquiries. There are eight field operations employees to maintain 580 miles of water mains, and a General Manager, who also often works in the field. The Association only has 16 commercial customers, and wholesale water sales represented only 2 percent of the 362,279,000 total gallons of water sold by the Association in 2025.⁵

16. The Association has contracted with the Kentucky Rural Water Association (“KRWA”) to prepare a Rate Study, and should this motion be granted, the ARF application. Attached as **Exhibit 2** is the Association’s acceptance of KRWA’s proposal to perform these services.

17. The Association estimates its rate case expenses, if it files an ARF application, will be \$25,000 - \$35,000.⁶

18. In contrast, the rate case expense involved in a general rate adjustment proceeding is likely to be in excess of \$150,000. Warren County Water District incurred a total of \$163,843 in rate case expense in its 2024 general rate adjustment

⁵ See Exhibit 1, *2025 Annual Report* at 57. South Eastern sold a total of 362,279,000 gallons of water in 2025, of the total amount, 6,064,000 gallons were sold to the City of Burnside. $(6,064,000 \div 362,279,000 = 0.0167, 0.0167 \times 100 = 1.67)$

⁶ See Exhibit 2. KRWA will perform the Rate Study and file the ARF application for \$9,335. This amount does not include appearing at a formal hearing or informal conference, any such appearances will be billed separately by KRWA. South Eastern will consult with its counsel from Stoll Keenon Ogden PLLC as needed during the processing of an ARF application. The estimated rate case expense is based on the experience of counsel in similar proceedings including the recently concluded ARF proceeding of Farmdale Water District, Case No 2025-00192.

proceeding.⁷ Hardin County Water District No. 2 incurred \$196,176 in rate case expense in its 2023 general rate adjustment proceeding.⁸ Mountain Water District has incurred \$80,548 in rate case expenses thus far in its general rate case proceeding.⁹ The utility has waived its right to a hearing, but the case is still in the discovery phase and additional Requests for Information may be entered, an informal conference scheduled, or the submission of a brief ordered.¹⁰

19. The Commission has granted deviations from the \$5,000,000 cap on operating revenues in the recent past,¹¹ and in doing so has stated that until 807 KAR 5:076, Section 2 is amended, it will evaluate requests for a deviation on a case-by-case basis.¹²

⁷ *Electronic Application of Warren County Water District for an Adjustment of Rates for Water Service*, Case No. 2024-00200 Order at 25 (Ky. PSC May 20, 2025).

⁸ *Electronic Application of Hardin County Water District No. 2 for an General Adjustment of Rates*, Case No. 2023-00247 Order at 11 (Ky. PSC July 29, 2024).

⁹ *Electronic Application of Mountain Water District for an Adjustment of Water Rates*, Case No. 2025-00327, Mountain Water District's First Supplemental Response to Commission Staff's Request for Information 1-7 (filed Feb. 16, 2026).

¹⁰ *Mountain Water*, Order (Ky. PSC Mar. 27, 2026).

¹¹ See *Electronic Application of Hardin County Water District No. 1 for a Declaratory Order Regarding the Use of the Procedures set forth in 807 KAR 8:076 to Apply for an Adjustment of the Rates of its Radcliff Wastewater Sewer System for Sewer Service or in the Alternative, a Deviation from 807 KAR 5:076, Section 2(1)*, Case No. 2022-00410, Order at 4-5 (Ky. PSC Feb. 10, 2023); and See *Electronic Application of Oldham County Water District for a Deviation from 807 KAR 5:076, Section 2(1) to be Permitted to Use Alternative Rate Filing Procedures*, Case No. 2023-00118, Order at 4-5 (Ky. PSC May 25, 2023).

¹² *Oldham County*, Order at 4-5.

20. Should the Commission not grant the Association's Motion for Deviation, the Association respectfully requests an extension of time beyond August 31, 2026 in which to file an application for a general rate adjustment.

21. In mid-February the accountant who had conducted the Association's last several audits notified the Association he was taking his business in a different direction and would be unable to audit the Association's 2025 financials.

22. Upon learning that its auditor would not be available to perform the 2025 Audit, the Association immediately began a search for a new audit firm and recently engaged the services of Abner & Cox, PLLC ("Abner & Cox") to perform the 2025 Audit. However, Abner & Cox cannot begin work on the 2025 Audit until **June 2026**. Attached as **Exhibit 3** is the engagement letter from Abner & Cox. The projected start date is included in the penultimate paragraph on page four.

23. Given that the 2025 Audit must be complete before work can begin on a general rate application, the Association will need an extension of time beyond August 31, 2026, to file a well-supported application for a general rate adjustment.

24. However, the Association's 2025 Annual Report is complete and on file with the Commission and work on an ARF application can begin immediately.

25. The Association maintains that it is a "small" utility within the intent and purpose of 807 KAR 5:076. It respectfully submits that utilizing the ARF procedures will not impede the Commission's ability to perform its statutory duties

and will be in the public interest. The Association stands ready to begin work on its ARF filing immediately and respectfully requests that the Commission grant this Motion for Deviation.

Wherefore, South Eastern Water Association, Inc. requests that the Commission:

1. Find good cause exists to grant the Association’s request for deviation from the requirement of 807 KAR 5:076, Section 2(1) and permit the Association to apply for an adjustment of its water rates using the alternative rate filing procedure set forth in 807 KAR 5:076.

2. In the alternative, the Association requests that the Commission grant it a reasonable extension of time beyond August 31, 2026, in which to file an application for a general rate adjustment.

3. Enter a decision on this Motion by **May 1, 2026**, so that the Association may begin work on an ARF application or engage the services of a rate consultant to prepare an application for a general rate adjustment.

Dated: April 2, 2026

Respectfully submitted

/s/ Tina C. Frederick

Tina C. Frederick

Stoll Keenon Ogden PLLC

300 West Vine Street, Ste 2100

Lexington, Kentucky 40507

Telephone: 859-231-3951

Fax: (859) 253-1093

Tina.frederick@skofirm.com

Damon R. Talley
Stoll Keenon Ogden PLLC
112 North Lincoln Boulevard
P.O. Box 150
Hodgenville, Kentucky 42748
Telephone: (270) 358-3187
Fax: (270) 358-9560
damon.talley@skofirm.com

*Counsel for South Eastern Water
Association*

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 April 2, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

/s/ Tina C. Frederick
Tina Frederick

Exhibit 1

2025 Annual Report

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Title Page

	Name of Respondent	Addr Line 1	Addr Line 2	City	State	Zip
Water Districts/Associations						
Annual Report of Respondent	SOUTHEASTERN WATER ASSOCIATION INC	6615 HWY 914		somerset	KY	42501

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Principal Payment and Interest Information

	Amount	Yes/No	PSC Case No.
Amount of Principal Payment During Calendar Year	\$419,253.00		
Is Principal Current?		Y	
Is Interest Current?		Y	
Has all long-term debt been approved by the Public Service Commission?		Y	

Services Performed by Independent CPA

	Yes/No	A/C/R	Audit Date
Are your financial statements examined by a Certified Public Accountant?			
Enter Y for Yes or N for No	Y		
If yes, which service is performed?			
Enter an X on each appropriate line			
Audit	X		
Compilation	X		
Review			
Date of Audit			

Please enclose a copy of the accountant's report with annual report.

Additional Requested Information

	Name	Electronic Info
Name of Utility and Web Address	SOUTHEASTERN WATER ASSOCIATION INC	WWW.SOUTHEASTERNWATER.ORG
Contact Name and Email Address	BARRY DAULTON CPA PSC	melrhodus@gmail.com
	MORRIS VAUGHN	mail@southeasternwater.net

Additional Information Required

Case Num

Date

Explain

Major Water Projects

Provide details about each major water project which is planned but has not yet been submitted for approval to the Public Service commission.

For the limited purpose of this report, a "Major Project" is defined as one which is not in the ordinary course of business, and will increase your current utilityplant by at least 20 percent.

Brief Project Description: (improvement, replacement,building construction, expansion. If expansion, provide the estimated number of new customers):

Projected Costs and Funding Sources/Amounts:

Approval Status: (Application for financial assistance filed, but not approved; or application approved, but have not advertised for construction bids)

Location: (community, area or nearby roads)

History-Legal Name (Ref Page: 4)

1. Exact name of utility making this report.

(Use the words "The", "Company" or "Incorporated" only when part of the corporate name.)

SOUTHEASTERN WATER ASSOCIATION INC

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

History-Location (Ref Page: 4)

	Name	Address	City	State	Zip	Phone
Give the location, including street and number, and TELEPHONE NUMBER of the principal office in KY.						
principal office in KY	SOUTHEASTERN WATER ASSOCIATION INC	6615 HWY 914	somerset	KY	42501	(606) 678-5501
Give name, title, address and TELEPHONE NUMBER of the officer to whom correspondence concerning this report should be addressed.						
	JOE CRAWFORD	6615 HWY 914	somerset	KY	42501	(606) 678-5501
Location where books are located	SOUTHEASTERN WATER ASSOCIATION INC	6615 HWY 914	somerset	KY	42501	
Name of the Headquartered County	PULASKI					

History-Date Organized (Ref Page: 4)

	Date
Date of Organization	12/17/1993

History-Laws of Organization (Ref Page: 4)

List

If a consolidated or merger company, name all contingent and all merged companies. Give reference to charters or general laws governing each, and all amendments of same

Date and Authority for each consolidation and each merger.

History-Departments (Ref Page: 4)

List

State whether respondent is a water district or association

ASSOCIATION

Name all operating departments other than water

WATER ONLY

History - Counties (Ref Page: 5)

Pulaski

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

History - Number of Employees (Ref Page: 5)

	Count
Number of Full-time employees	12
Number of Part-time employees	0

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Contacts (Ref Page: 6)

	Title	Last Name	First Name	Bus. Addr.	Salary	Term Expires	County of Residence
Person to send correspondence:	PRESIDENT	CRAWFORD	JOE	6615 HWY 914 SOMERSET KY 42501			
Person who prepared this report	ACCOUNTANT	RHODUS	MELANIE	PO BOX 1424 SOMERSET KY 42502			
Managers							
	MANAGER	VAUGHN	MORRIS	6615 HWY 914 SOMERSET KY 42501	\$107,140.00		

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Commissioners (Water Districts Only)

Item Explain

Commissioners during Report						
Title	First Name	Last Name	Appointment	TermExpires	County Of Residence	Salary

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Balance Sheet - Assets and Other Debits (Ref Page: 7)

	Previous Year	Current Year
UTILITY PLANT		
Utility Plant (101-106)	\$50,358,506.00	\$51,358,590.00
Less: Accumulated Depreciation and Amortization (108-110)	\$21,055,896.00	\$22,452,011.00
Net Plant	\$29,302,610.00	\$28,906,579.00
Utility Plant Acquisition Adjustments (Net) (114-115)		
Other Utility Plant Adjustments (116)		
Total Net Utility Plant	\$29,302,610.00	\$28,906,579.00
OTHER PROPERTY AND INVESTMENTS		
Nonutility Property (121)		
Less: Accumulated Depreciation and Amortization (122)		
Net Nonutility Property		
Investment in Associated Companies (123)		
Utility and Other Investments (124-125)		
Sinking Funds (126)		
Other Special Funds (127)		
Total Other Property and Investments		
CURRENT AND ACCRUED ASSETS		
Cash (131)	\$1,880,940.00	\$1,697,551.00
Special Deposits (132)		
Other Special Deposits (133)		
Working Funds (134)		
Temporary Cash Investments (135)	\$1,249,098.00	\$1,933,882.00
Accounts and Notes Receivable, Less Accumulated Provision for Uncollectible Accounts (141-144)	\$358,311.00	\$401,802.00
Accounts Receivable from Associated Companies (145)		
Notes Receivable from Associated Companies (146)		
Materials and Supplies (151-153)	\$254,890.00	\$338,363.00
Stores Expense (161)		
Prepayments (162)	\$79,933.00	\$81,032.00
Accrued Interest and Dividends Receivable (171)		
Rents Receivable (172)		
Accrued Utility Revenues (173)		

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Balance Sheet - Assets and Other Debits (Ref Page: 7)

	Previous Year	Current Year
Misc. Current and Accrued Assets (174)		
Total Current and Accrued Assets	\$3,823,172.00	\$4,452,630.00
DEFERRED DEBITS		
Unamortized Debt Discount and Expense (181)		
Extraordinary Property Losses (182)		
Preliminary Survey and Investigation Charges (183)		
Clearing Accounts (184)		
Temporary Facilities (185)		
Misc. Deferred Debits (186)		
Research and Development Expenditure (187)		
Total Deffered Debits		
TOTAL ASSETS AND OTHER DEBITS	\$33,125,782.00	\$33,359,209.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Balance Sheet - Equity Capital and Liabilities (Ref Page: 9)

	Previous Year	Current Year
EQUITY CAPITAL		
Appropriated Retained Earnings (214)	\$2,529,591.00	\$2,533,831.00
Retained Earnings From Income before contributions (215.1)	\$3,083,404.00	\$3,208,247.00
Donated Capital (215.2)	\$16,013,194.00	\$16,523,347.00
Total Equity Capital	\$21,626,189.00	\$22,265,425.00
LONG-TERM DEBT		
Bonds (221)		
Reaquired Bonds (222)		
Advances from Associated Companies (223)		
Other Long-Term Debt (224)		
Total Long Term Debt		
CURRENT AND ACCRUED LIABILITIES		
Accounts Payable (231)	\$177,049.00	\$197,087.00
Notes Payable (232)	\$11,072,504.00	\$9,118,251.00
Accounts Payable to Associated Co. (233)		\$1,535,000.00
Notes Payable to Associated Co (234)		
Customer Deposits (235)	\$174,457.00	\$172,544.00
Accrued Taxes (236)	\$23,284.00	\$23,085.00
Accrued Interest (237)	\$46,564.00	\$42,082.00
Matured Long-Term Debt (239)		
Matured Interest (240)		
Tax Collections Payable (241)		
Misc. Current and Accrued Liabilities (242)	\$5,735.00	\$5,735.00
Total Current and Accrued Liabilities	\$11,499,593.00	\$11,093,784.00
DEFFERRED CREDITS		
Unamortized Premium on Debt (251)		
Advances for Construction (252)		
Other Deferred Credits (253)		
Total Deferred Credits		
OPERATING RESERVES		
Accumulated Provision For:		
Property Insurance (261)		

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Balance Sheet - Equity Capital and Liabilities (Ref Page: 9)

	Previous Year	Current Year
Injuries and Damages (262)		
Pensions and Benefits (263)		
Miscellaneous Operating Reserves (265)		
Total Operating Reserves		
Total Equity Capital and Liabilities	\$33,125,782.00	\$33,359,209.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Comparative Operating Statement (Ref Page: 11)

	Previous Year	Current Year
UTILITY OPERATING INCOME		
Operating Revenues (400)	\$5,512,914.00	\$5,587,620.00
Operating Expenses (401)	\$3,619,330.00	\$3,796,542.00
Depreciation Expenses (403)	\$1,297,774.00	\$1,393,391.00
Amortization of Utility Plant Acquisition Adjustment (406)		
Amortization Expense (407)	\$2,724.00	\$2,724.00
Taxes Other Than Income (408.10-408.13)	\$58,274.00	\$67,761.00
Utility Operating Expenses	\$4,978,102.00	\$5,260,418.00
Utility Operating Income	\$534,812.00	\$327,202.00
Income From Utility Plant Leased to Others (413)		
Gains (Losses) from Disposition of Utility Property (414)		
Total Utility Operating Income	\$534,812.00	\$327,202.00
OTHER INCOME AND DEDUCTIONS		
Revenues From Merchandising, Jobbing and contract work (415)		
Costs and Expenses of Merchandising, Jobbing and Contract Work (416)		
Interest and Dividend Income (419)	\$130,275.00	\$99,725.00
Allowance for funds Used During Constructions (420)		
Nonutility Income (421)	\$250,537.00	\$27,486.00
Miscellaneous Nonutility Expenses (426)		
Total Other Income and Deductions	\$380,812.00	\$127,211.00
TAXES APPLICABLE TO OTHER INCOME		
Taxes Other Than Income (408.20)		
Total Taxes Applic. to Other Income		
INTEREST EXPENSE		
Interest Expense (427)	\$339,748.00	\$329,529.00
Amortization of Debt Discount and Exp. (428)		
Amortization of Premium on Debt (429)		
Total Interest Expense	\$339,748.00	\$329,529.00
EXTRAORDINARY ITEMS		
Extraordinary Income (433)		
Extraordinary Deductions (434)		

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Comparative Operating Statement (Ref Page: 11)

	Previous Year	Current Year
Total Extraordinary Items		
NET INCOME BEFORE CONTRIBUTIONS	\$575,876.00	\$124,884.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Statement of Retained Earnings (Ref Page: 12)

Description	Total
Appropriated Retained earnings (214)	
(state balance and purpose of each appropriated amount at year end:)	
RESERVED BY CONTRACT	\$1,242,205.00
RESERVED BY BOARD	\$1,120,000.00
MEMBERSHIP FEES	\$171,626.00
Total Appropriated Retained Earnings	\$2,533,831.00
Retained Earnings From Income Before Contributions (215.1)	
Balance beginning of year	\$3,083,404.00
Balance transferred from Net Income Before Contributions (435)	\$124,884.00
Changes to account:	
Appropriations of Retained Earnings (436)	
Adjustments to Retained Earnings (439)	
(requires Commission approval prior to use):	
Credits	
Debits	\$41.00
Balance End of Year	\$3,208,247.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Statement of Retained Earnings (cont. 215.2) (Ref Page: 12)

Description	Tapping Fees	Grants	Other	Total
Donated Capital (215.2)				
Balance Beginning of the Year	\$14,593,286.00	\$1,250,172.00	\$169,736.00	\$16,013,194.00
Credits				
Proceeds from capital contributions (432)	\$0.00	\$514,393.00	\$0.00	\$514,393.00
Other Credits (explain)				
Debits (explain - requires Commission Approval)				
MEMBERSHIP FEES IN REVENUE	\$0.00	\$0.00	\$4,240.00	\$4,240.00
Balance End of Year	\$14,593,286.00	\$1,764,565.00	\$165,496.00	\$16,523,347.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Net Utility Plant (Accts. 101-106) (Ref Page: 13)

	Total
Utility Plant in Service (101)	\$51,358,590.00
Utility Plant Leased to Others (102)	
Property Held for Future Use (103)	
Utility Plant Purchased or Sold (104)	
Construction Work in Progress (105)	
Completed Construction Not Classified (106)	
Total Utility Plant	\$51,358,590.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Accumulated Depreciation (Acct. 108) (Ref Page: 13)

Description	Total
Balance First of Year	\$21,055,896.00
Credit during year	
Accruals Charged to Account 108.1	\$1,396,115.00
Accruals Charged to Account 108.2	
Accruals Charged to Account 108.3	
Accruals Charged to Other Accounts (specify)	
(specify)	
Salvage Value Recovered on Plant Retired	
Other Credits	
(specify)	
Total Credits	\$1,396,115.00
Debits during year:	
Book Cost of Plant Retired	
Cost of Removal	
Other Debits	
(specify)	
Total Debits	
Balance at End of Year	\$22,452,011.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Water Utility Plant Accounts (Ref Page: 14)

	Prev Year (c)	Additions (d)	Retirement (e)	Current Yr(f)	Intngble. Plant (g)	Supply & Pump.	Water Treatmnt.	Trans. and Distr.	General Plant
Organization (301)									
Franchises (302)									
Land and Land Rights (303)	\$231,072.00	\$0.00	\$0.00	\$231,072.00	\$0.00	\$0.00	\$0.00	\$0.00	\$231,072.00
Structures and Improvements (304)	\$5,424,473.00	\$50,678.00	\$0.00	\$5,475,151.00	\$0.00	\$0.00	\$0.00	\$0.00	\$5,475,151.00
Collecting and Impounding Reservoirs (305)									
Lakes, Rivers and Other Intakes (306)									
Wells and Springs (307)									
Infiltration Galleries and Tunnels (308)									
Supply Mains (309)									
Power Generation Equipment (310)	\$561,212.00	\$0.00	\$0.00	\$561,212.00	\$0.00	\$0.00	\$0.00	\$0.00	\$561,212.00
Pumping Equipment (311)									
Water Treatment Equipment (320)									
Distribution Reservoirs and Standpipes (330)	\$1,091,836.00	\$0.00	\$0.00	\$1,091,836.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,091,836.00
Transmission and Distribution Mains (331)	\$35,943,370.00	\$530,414.00	\$0.00	\$36,473,784.00	\$0.00	\$0.00	\$0.00	\$0.00	\$36,473,784.00
Services (333)	\$1,409,092.00	\$77,400.00	\$0.00	\$1,486,492.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,486,492.00
Meters and Meter Installations (334)	\$4,063,878.00	\$114,955.00	\$0.00	\$4,178,833.00	\$0.00	\$0.00	\$0.00	\$0.00	\$4,178,833.00
Hydrants (335)	\$16,776.00	\$0.00	\$0.00	\$16,776.00	\$0.00	\$0.00	\$0.00	\$0.00	\$16,776.00
Backflow Prevention Devices (336)									

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Water Utility Plant Accounts (Ref Page: 14)

	Prev Year (c)	Additions (d)	Retirement (e)	Current Yr(f)	Intngble. Plant (g)	Supply & Pump.	Water Treatmnt.	Trans. and Distr.	General Plant
Other Plant and Misc. Equipment (339)	\$54,984.00	\$0.00	\$0.00	\$54,984.00	\$0.00	\$0.00	\$0.00	\$0.00	\$54,984.00
Office Furniture and Equip. (340)	\$260,249.00	\$84,760.00	\$0.00	\$345,009.00	\$0.00	\$0.00	\$0.00	\$0.00	\$345,009.00
Transportation Equipment (341)	\$829,974.00	\$60,863.00	\$0.00	\$890,837.00	\$0.00	\$0.00	\$0.00	\$0.00	\$890,837.00
Stores Equipment (342)									
Tools, Shop and Garage Equip (343)	\$471,590.00	\$81,014.00	\$0.00	\$552,604.00	\$0.00	\$0.00	\$0.00	\$0.00	\$552,604.00
Laboratory Equipment (344)									
Power Operated Equipment (345)									
Communication Equipment (346)									
Miscellaneous Equipment (347)									
Other Tangible Plant (348)									
Total Water Plant	\$50,358,506.00	\$1,000,084.00	\$0.00	\$51,358,590.00	\$0.00	\$0.00	\$0.00	\$0.00	\$51,358,590.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Analysis of Accumulated Depreciation and Amortization by Primary Acct (Ref Page: 15)

	Balance Beg	Yr(c)	Cr-Chg Dep Exp(d)	Other Credits (e)	Charges-Plant Ret(f)	Other Charges (g)	Balance End Yr (h)
Organization (301)							
Franchises (302)							
Land and Land Rights (303)							
Structures and Improvements (304)	\$702,953.00		\$103,286.00	\$0.00	\$0.00	\$0.00	\$806,239.00
Collecting and Impounding Reservoirs (305)							
Lake, River and Other Intakes (306)							
Wells and Springs (307)							
Infiltration Galleries and Tunnels (308)							
Supply Mains (309)							
Power Generating Equipment (310)	\$119,905.00		\$24,538.00	\$0.00	\$0.00	\$0.00	\$144,443.00
Pumping Equipment (311)							
Water Treatment Equipment (320)							
Distributions Reservoirs and Standpipes (330)	\$651,454.00		\$54,912.00	\$0.00	\$0.00	\$0.00	\$706,366.00
Transmission and Distribution Mains (331)	\$17,330,016.00		\$965,344.00	\$0.00	\$0.00	\$0.00	\$18,295,360.00
Services (333)	\$739,126.00		\$30,701.00	\$0.00	\$0.00	\$0.00	\$769,827.00
Meters and Meter Installations (334)	\$843,210.00		\$71,195.00	\$0.00	\$0.00	\$0.00	\$914,405.00
Hydrants (335)	\$16,776.00		\$0.00	\$0.00	\$0.00	\$0.00	\$16,776.00
Backflow Prevention Devices (336)							
Other Plant and Miscellaneous Equipment (339)							
Office Furniture and Equip. (340)	\$36,460.00		\$16,952.00	\$0.00	\$0.00	\$0.00	\$53,412.00
Transportation Equipment (341)	\$419,386.00		\$84,098.00	\$0.00	\$0.00	\$0.00	\$503,484.00
Stores Equipment (342)							

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Analysis of Accumulated Depreciation and Amortization by Primary Acct (Ref Page: 15)

	Balance Beg	Yr(c)	Cr-Chg Dep Exp(d)	Other Credits (e)	Charges-Plant Ret(f)	Other Charges (g)	Balance End Yr (h)
Tools, Shop and Garage Equip (343)	\$196,610.00		\$45,089.00	\$0.00	\$0.00	\$0.00	\$241,699.00
Laboratory Equipment (344)							
Power Operated Equipment (345)							
Communication Equipment (346)							
Miscellaneous Equipment (347)							
Other Tangible Plant (348)							
Totals	\$21,055,896.00		\$1,396,115.00	\$0.00	\$0.00	\$0.00	\$22,452,011.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Accumulated Amortization (Acct. 110) (Ref Page: 16)

	Description	Total
Balance First of Year		\$26,591.00
Credit during year		
Accruals Charged to Account 110.1		\$2,724.00
Accruals Charged to Account 110.2		
Other Credits		
(specify)		
Total Credits		\$2,724.00
Debits during year:		
Book Cost of Plant Retired		
Other Debits		
(specify)		
Total Debits		
Balance end of Year		\$29,315.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025
Utility Plant Acquisition Adjustments (Accts. 114-115) (Ref Page: 16)

	Description	Total
Acquisition Adjustments (114)		
(specify)		
Total Plant Acquisition Adjustments		
Accumulated Amortization (115)		
(specify)		
Total Accumulated Amortization		
Net Aquisition Adjustments		

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Accounts and Notes Receivable - Net (Accts 141-144) (Ref Page: 18)

Description	Total
Accounts and Notes Receivable	
Customer Accounts Receivable (141)	\$432,045.00
Other Accounts Receivable (142)	
Total Other Accounts Receivable	
Notes Receivable (144)	
Total Notes Receivable	
Total Accounts and Notes Receivable	\$432,045.00
Accumulated Provision for Uncollectible Accounts (143)	
Balance First of Year	\$26,969.00
Add:	
Provision for uncollectibles for current year	\$3,274.00
Collections of account previously written off	
Other	
(specify)	
Total Additions	\$3,274.00
Deduct accounts written off during year:	
Other	
(specify)	
Total Deductions	
Balance end of Year	\$30,243.00
Total Accounts and Notes Receivable - Net	\$401,802.00

Investments and Special Funds (Ref Page: 17)

Description (a)	Face or Par Value (b)	Year End Book Cost
Investment in Associated Companies (123)		
Total Investment in Associated Companies		
Utility Investments (124)		
Total Utility Investments		
Other Investments (125)		
Total Other Investments		
Sinking Funds (126)		
Total Sinking Funds		
Other Special Funds (127)		
Total Other Special Funds		

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Materials and Supplies (151-153) (Ref Page: 19)

	Total
Plant Materials and Supplies (151)	\$338,363.00
Merchandise (152)	
Other Materials and Supplies (153)	
Total Materials and Supplies	\$338,363.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Prepayments (Acct. 162) (Ref Page: 19)

		Description	Total
Prepaid Insurance			\$68,367.00
Prepaid Rents			
Prepaid Interest			
Prepaid Taxes			
Other Prepayments			
(Specify)	PREPAID SOFTWARE		\$4,246.00
(Specify)	PREPAID FEES		\$8,419.00
Total Prepayments			\$81,032.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Miscellaneous Deferred Debits (Acct. 186) (Ref Page: 20)

	Total
Miscellaneous Deferred Debits (186)	
Deferred Rate Case Expense (186.1)	
Other Deferred Debits (186.2)	
Regulatory Assets (186.3)	
Total Miscellaneous Deferred Debits	

Unamortized Debt Discount and Expense and Premium on Debt (Accts 181 and 251) (Ref Page: 20)

Description	Amt Written Off during year	Year End Balance
Unamortized Debt Discount and Expense (181)		
Total Unamortized Debt Discount and Expense		
Unamortized Premium on Debt (251)		
Total Unamortized Premium on Debt		

Extraordinary Property Losses (Acct. 182) (Ref Page: 21)

	Description	Total
Extraordinary Property Losses (182)		
(Specify)		
Total Extraordinary Property Losses		

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Advances for Construction (Acct. 252) (Ref Page: 21)

	Total
Balance First of Year	
Add credits during year	
Deduct charges during year	
Balance end of year	

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Long Term Debt (Ref Page: 22)

Description of Obligation (a)	Issue Date (b)	Mature Date (c)	Interest Expense for Year Rate (d)	Interest Expense for Year Amount(e)	Principal per Balance Sheet Date (f)
Total					

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Bonds - Account 221 (Ref Page: 23)

Par Value of Actual Issue (1)	Cash Realized on Actual Issue (2)	Par Val of Amt. Held by or for Respondent (3)	Actually Outstanding at Close of Year (4)	Interest During Year Accrued (5)	Interest During Year Actually Paid (6)
Total					

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Schedule of Bond Maturities (Ref Page: 23)

Bond Numbers (7)	Maturity Date (8)	Interest Rate (9)	Principal Amt (10)	Amounts Paid (11)	Remaing Bonds Outstanding (12)
------------------	-------------------	-------------------	--------------------	-------------------	--------------------------------

Total

(The total of Column 12 must agree with the total of col 4)

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Notes Payable (Accts 232 and 234) (Ref Page: 24)

Description	Nominal Date of Issue	Date of Maturity	Int. Rate	Int. Payment	Principal Amt Per Bal Sheet
Account 232 - Notes Payable					
USDA RD LOAN 22	09/17/04	2044	4.5000	\$0.00	\$1,238,381.00
USDA RD LOAN 24	01/08/06	2046	4.3750	\$0.00	\$2,001,670.00
USDA RD LOAN 26	2/02/11	2051	4.3750	\$0.00	\$3,006,664.00
USDA RD LOAN 28	03/01/20	2060	1.8750	\$0.00	\$1,942,014.00
USDA RD LOAN 30	03/01/21	2061	1.8750	\$0.00	\$433,995.00
USDA RD LOAN 32	12/01/24	2064	0.0000	\$0.00	\$495,527.00
Total Account 232				\$0.00	\$9,118,251.00
Account 234 - Notes Payable to Associated Companies					
KRW 2015C REGIONS	2/19/15	2041	2.7500	\$0.00	\$1,535,000.00
Total Account 234				\$0.00	\$1,535,000.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025
Accounts Payable to Associated Companies (Acct. 233) (Ref Page: 24)

	Description	Total
Show Payable to Each Associated Company Separately		
(Specify)	KRW 2015C REGIONS	\$1,535,000.00
(Specify)	THIS AMOUNT BELONGS IN ACCT 232 NOTES PAYABLE BUT THE DATA FIELDS ARE FULL	\$0.00
Total		\$1,535,000.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Taxes Accrued (Acct. 236) (Ref Page: 25)

	Total
Balance First of Year	\$23,284.00
Accruals Charged:	
Utility regulatory assessment fees (408.10)	
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$59,354.00
Other taxes and licenses (408.13)	\$8,407.00
Taxes other than income, other income and deductions (408.20)	
Total taxes accrued	\$67,761.00
Taxes paid during year:	
Utility regulatory assessment fees (408.10)	
Property taxes (408.11)	
Payroll taxes (employer's portion) (408.12)	\$59,553.00
Other taxes and licenses (408.13)	\$8,407.00
Taxes other than income, other income and deductions (408.20)	
Total Taxes Paid	\$67,960.00
Balance end of year	\$23,085.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Accrued Interest (Account 237) (Ref Page: 25)

Description of Debt (a)	Balance Beg of Year (b)	Interest Accrued(c)	Interest Paid (d)	Balance End of Year (e)
Long Term Debt:				
	\$46,564.00	\$329,529.00	\$334,011.00	\$42,082.00
Notes Payable:				
Customer Deposits:				
Other				
Total Acct. No 237	\$46,564.00	\$329,529.00	\$334,011.00	\$42,082.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Miscellaneous Current and Accrued Liabilities (Acct. 242) (Ref Page: 26)

	Description	Balance End Year
	TAP FEES	\$5,735.00
Total Miscellaneous Current and Accrued Liabilities		\$5,735.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Regulatory Commission Expense(Acct 666 and 667) (Ref Page: 26)

Description of Case (Docket No.) (a)	Total Incurred During Year (b)	Amt Transferred to Acct 186.1 (c)	Expensed During Year Acct (d)	Expensed During Year Amount (e)
Total				

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Water Operating Revenue (Ref Page: 27)

	Beginning Year Customers	Year End Customers	Amount
Operating Revenues			
Unmetered Water Revenue (460)			
Metered Water Revenue (461)			
Sales to Residential Customers (461.1)	7,863	8,319	\$4,089,388.00
Sales to Commercial Customers (461.2)	14	16	\$1,091,860.00
Sales to Industrial Customers (461.3)			
Sales to Public Authorities (461.4)			
Sales to Multiple Family Dwellings (461.5)			
Sales through Bulk Loading Stations (461.6)			
Total Metered Sales	7,877	8,335	\$5,181,248.00
Fire Protection Revenue (462)			
Public Fire Protection (462.1)			
Private Fire Protection (462.2)			
Total Fire Protection Revenue			
Other Sales to Public Authorities (464)			
Sales to Irrigation Customers (465)			
Sales for Resale (466)	1	1	\$0.00
Interdepartmental Sales (467)			
Total Sales of Water	7,878	8,336	\$5,181,248.00
Other Water Revenues			
Guaranteed Revenues (469)			
Forfeited Discounts (470)			
Miscellaneous Service Revenues (471)			\$406,372.00
Rents from Water Property (472)			
Interdepartments Rents (473)			
Other Water Revenues (474)			
Total Other Water Revenues			\$406,372.00
Total Water Operating Revenues			\$5,587,620.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp-Op. (d)	Supply and Exp-Maint. (e)	Water Treatmnt. Exp-Op. (f)	Water Treatmnt Exp-Maint. (g)	Trans and Dist. Exp- Op (h)	Trans and Dist. Exp- Maint. (i)	Customer Accts Exp. (j)	Admin and Gen Exp.
Salaries and Wages-Employees (601)	\$696,411.00	\$278,564.00	\$278,564.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$139,283.00
Salaries and Wages-Officers, Directors and Majority Stockholders (603)	\$36,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$36,500.00
Employee Pensions and Benefits (604)	\$161,728.00	\$64,692.00	\$64,692.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$32,344.00
Purchased Water (610)	\$1,741,470.00	\$1,741,470.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Purchased Power (615)	\$107,780.00	\$107,780.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Fuel for Power Production (616)									
Chemicals (618)									
Materials and Supplies (620)	\$73,032.00	\$51,122.00	\$21,910.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contractual Services - Eng. (631)									
Contractual Services - Acct. (632)	\$52,450.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$52,450.00
Contractual Services - Legal (633)	\$59,461.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$59,461.00
Contractual Services - Management Fees (634)									
Contractual Serves - Water Testing (635)	\$17,153.00	\$0.00	\$17,153.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Contractual Services - Other (636)									
Rental of Bld./Real Property (641)									

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Water Utility Expense Accounts (Ref Page: 28)

	Current Year (c)	Supply and Exp- Op. (d)	Supply and Exp- Maint. (e)	Water Treatmnt. Exp-Op. (f)	Water Treatmnt Exp-Maint. (g)	Trans and Dist. Exp- Op (h)	Trans and Dist. Exp- Maint. (i)	Customer Accts Exp. (j)	Admin and Gen Exp.
Rental of Equipment (642)									
Transportation Expenses (650)	\$73,983.00	\$29,593.00	\$29,593.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$14,797.00
Insurance - Vehicle (656)									
Insurance - General Liability (657)									
Insurance - Worker's Compensation (658)									
Insurance - Other (659)	\$88,827.00	\$35,531.00	\$35,531.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$17,765.00
Advertising Expenses (660)	\$1,487.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,487.00
Regulatory Commission Exp.									
- Amortization of Rate Case (666)									
-Other (667)	\$7,633.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$7,633.00
Water Resource Conservation Expense (668)									
Bad Debt (670)	\$3,359.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,359.00	\$0.00
Miscellaneous Expenses (675)	\$675,268.00	\$197,806.00	\$197,806.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$279,656.00
Total	\$3,796,542.00	\$2,506,558.00	\$645,249.00	\$0.00	\$0.00	\$0.00	\$0.00	\$3,359.00	\$641,376.00

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Pumping and Water Statistics - part one (Ref Page: 29)

	Water Purchased For Resale (Omit 000's) (b)	Water Pumped from Wells (Omit 000's) (c)	Total Water Pumped and Purchased (Omit 000's) (d)	Water Sold To Customers (Omit 000's) (e)
January	49,922	0	49,922	27,552
February	51,593	0	51,593	27,931
March	41,286	0	41,286	22,876
April	40,897	0	40,897	25,483
May	45,019	0	45,019	26,496
June	51,578	0	51,578	28,707
July	49,231	0	49,231	32,684
August	69,396	0	69,396	37,067
September	49,981	0	49,981	35,043
October	52,383	0	52,383	31,659
November	58,539	0	58,539	30,296
December	44,790	0	44,790	26,867
Total for the year	604,615	0	604,615	352,661

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Pumping and Water Statistics - part two (Ref Page: 29)

	Gallons	Date
Maximum Gallons pumped by all methods in any one day (Omit 000's)	1,886	8/8/2025
Minimum Gallons pumped by all methods in any one day (Omit 000's)	932	4/9/2025

Pumping and Water Statistics - part three (Ref Page: 29)

List

If water is purchased indicate the following:

Vendor	CITY OF SOMERSET UTILITIES
Point of Delivery	CONNECTION DISTRIBUTION LINES

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Pumping and Water Statistics - part four (Ref Page: 29)

Entity Receiving Water	Maximum Daily	Maximum Monthly
If water is sold to other water utilities for redistribution, identify all entities with whom the utility has a water sales contract and the maximum quantity the utility is under contract to provide daily and monthly. If unlimited then list "unlimited" otherwise list in thousands of gallons. CITY OF BURNSIDE	UNLIMITED	UNLIMITED

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Sales For Resale (466) (Ref Page: 30)

	Company	Gallons (Omit 000's)	Avg. Rate Per 1000 Gallons (Cents)	Amount
	CITY OF BURNSIDE	6,064	\$0.00	\$0.00
Total				

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Water Statistics (Ref Page: 30)

	Description	Gallons (Omit 000's)	Percent
1.	Water Produced, Purchased and Distributed		
2.	Water Produced		
3.	Water Purchased	604,615	
4.	Total Produced and Purchased	604,615	
6.	Water Sales:		
7.	Residential	342,806	
8.	Commercial	13,249	
9.	Industrial		
10.	Bulk Loading Stations	160	
11.	Wholesale	0	
12.	Public Authorities		
13.	Other Sales (explain) resale	6,064	
14.	Total Water Sales	362,279	
16.	Other Water Used		
17.	Utility/water treatment plant		
18.	Wastewater plant		
19.	System flushing	141,489	
20.	Fire department	234	
21.	Other Usage (explain)		
22.	Total Other Water Used	141,723	
24.	Water Loss		
25.	Tank Overflows	1,750	
26.	Line Breaks	47,179	
27.	Line Leaks	51,684	
28.	Excavation Damages		
29.	Theft		
30.	Other Loss (Explain)		
31.	Total Water Loss	100,613	
Note: Line 14 + Line 22 + Line 31 must equal Line 4			
Water Loss Percentage			
Line 31 divided by Line 4			16.6408

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Plant Statistics (Ref Page: 31)

Give the following information	
Number of fire hydrants, by size	59 hudsons 75 plugs flushing only
Number of private fire hydrants, by size	23-4
If produced whether water supply is river, impounded streams, well, springs, artificial lake, or collector well	
If produced whether supply is by gravity, pumping or a combination	
Type, capacity, and elevation of reservoirs at overflow and ground level	#1 gr stor 400k gal gr elev 1396 #2 elev 100k gal gr elev 1320 oflow #3 gr stor 100k gal gr elev 1270 oflow 1360 #4 elev 100k gal gr elev 1232 oflow 1350 #5 gr stor 200k gal gr elev 1255 oflow 1324 #6 gr stor 200k gal gr elev 1209 oflow 1308 #7 gr stor 200k gal gr elev 1151 oflow 1330 #8 gr stor 50k gal gr elev 1300 oflow 1329 #9 gr stor 50k gal gr elev 1334 oflow 1405 #10 elev 100k gal gr elev 1200 oflow 1450
Miles of main by size and kind	unavailable
Types of filters: gravity or pressure, number of units and total rated in capacity in gal. per min.	none
Type of disinfectant, number of units and capacity in pounds per 24 hours	none
Station Equipment. List each pump, giving type and capacity, HP of driving unit and character of driving unit (steam/electric/int. combustion) also whether pump is high/ low duty	#1 400 gpm 30hp elec #2 130 gpm 130hp elec #3 100 gpm 15hp elec #4 75 gpm 15hp elec #5 200 gpm 10hp elec #6 400 gpm 30hp elec #7 200 gpm 15hp elec #8 100 gpm 15hp elec #10 85 gpm 15hp elec #11 85 gpm 15hp elec
Quantity of fuel used: coal in lbs., gas in cu.ft., oil in gals., and electric in KWH	unavailable
Give description and total cost of any sizable additions or retirements to plant and service outside the normal system of growth for the period covered by this report	
Capacity of clear well	
Peak month, in gallons of water sold	Aug 2025 37,066,534
Peak day, in gallons of water sold	Aug 22, 2025 1,726,113

Plant Statistics - Part B (Ref Page: 31)

		Type
--	--	------

Choose one to indicate the type of Water Supply

Purchase

Plant Statistics - Part C (Ref Page: 31)

	Type
Choose one to indicate the type of Water Supply Method	Pumping

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

CheckList

Item	Value 1	Value 2	Agree	Explain
NOTE: Any mention of page numbers or Line items refers to the annual report published and distributed for the 2002 report period.				
Identifications pages (ref 4-6) have been completed.				
Balance Sheet - Assets and Other Debts (ref. pg 7)				
Utility Plant (Accts 101-106) agrees with Sched: Net Utility Plants Accts 101-106 (ref pg 13) Line: Total Utility Plant	51358590.00	51358590.00	OK	
Accts 108-110 Acc. Depreciation and Amort. agrees with Sched: Analysis of Acc. Dep. and Amort. (ref pg 15) Line: Total 301-348 Col h	22452011.00	22452011.00	OK	
Accts 114-115 Utility Plant Acquisition Adjustments agrees with Sched: Utility Plant Acquisition Adjustments (ref pg 16) Line: Net Acquisition Adjustments (114-115)	0	0	OK	
Accts 123 Investment in Assoc. Companies agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total Investment in Associated Companies	0	0	OK	
Accts 124-125 Utility Investments agrees with Sched: Investments and Spec. Funds (ref pg 17) Sum of Lines: 124 Total Utility Investments and 125 Total Other Investments	0	0	OK	
Accts 126 Sinking Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: 126 Total Sinking Funds	0	0	OK	
Accts 127 Other Special Funds agrees with Sched: Investments and Spec. Funds (ref pg 17) Line: Total 127 Other Special Funds	0	0	OK	
Accts 141-144 Accounts and Notes Receivable agrees with Sched: Accts and Notes Receivable (ref pg 18) Line: Net Balance 141-144	401802.00	401802.00	OK	
Accts 151-153 Material and Supplies agrees with Sched: Material and Supplies (ref pg 19) Line: Total 151-153	338363.00	338363.00	OK	

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

CheckList				
Item	Value 1	Value 2	Agree	Explain
Accts 162 Prepayments agrees with Sched: Prepayments (ref pg 19) Line: Total 162	81032.00	81032.00	OK	
Accts 181 Unamortized Debt Discount and Expense agrees with Sched: Unamortized Debt Discount and Exp. (ref pg 20) Line: Total 181	0	0	OK	
Accts 182 Extraordinary Prop. losses agrees with Sched: Extraordinary Property Losses (ref pg 21) Line: Total 182	0	0	OK	
Accts 186 Misc. Deferred Debits agrees with Sched: Misc. Deferred Debits (ref pg 20) Line: Total 186	0	0	OK	
Balance Sheet - Equity Capitol and Liabilities (ref. pg 9)				
Accts 214 Appropriated Retained Earnings agrees with Sched: Statement of Retained Earnings (ref pg 12) Line: Total Appropriated Retained Earnings 214	2533831.00	2533831.00	OK	
Accts 215.1 Retained Earnings from Income before Contributions with Sched: Statement of Retained Earnings (ref pg 12) Line: Balance End of Year 215.1	3208247.00	3208247.00	OK	
Accts 215.2 Donated Capital with Sched: Statement of Retained Earnings (cont. 215.2) (ref pg 12) Line: Balance End of Year 215.2	16523347.00	16523347.00	OK	
Accts 221 Bonds agrees with Sched: Account 221 (ref pg 23) Line: Total Outstanding Bonds Col 4	0	0	OK	
Accts 221 Bonds agrees with Sched: Schedule of Bond Maturities (ref pg 23) Line: Total Remaining Bonds (Col 12)	0	0	OK	
Accts 224 Other Long Term Debt agrees with Sched: Long Term Debt (ref pg 22) Line: Total Acct 224 col f	0	0	OK	
Accts 232 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 232	9118251.00	9118251.00	OK	

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

	CheckList			
Item	Value 1	Value 2	Agree	Explain
Accts 233 Accounts Payable to Associated Co. agrees with Sched: Accounts Payable to Assoc. Companies (Accts 233) (ref pg 24) Line: Total Acct 233	1535000.00	1535000.00	OK	
Accts 234 Notes Payable agrees with Sched: Notes Payable (Accts 232 and 234) (ref pg 24) Line: Total Acct 234		0	NO	1535000.00
Accts 236 Taxes Accrued Balance First of Year agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Beginning Balance	23284.00	23284.00	OK	
Accts 236 Taxes Accrued agrees with Sched: Taxes Accrued (Accts 236) (ref pg 25) Line: Ending Balance	23085.00	23085.00	OK	
Accts 237 Accrued Interest Balance from Prev Year agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance Beginning of Year -Col b	46564.00	46564.00	OK	
Accts 237 Accrued Interest agrees with Sched: Accrued Interest (Accts 237) (ref pg 25) Line: Total 237 Balance End of Year -Col e	42082.00	42082.00	OK	
Accts 242 Misc. Current and Accrued Liabilities agrees with Sched: Misc current and Accrued Liabilities (Accts 242) (ref pg 26) Line: Total Miscellaneous and Current Accrued Liabilities	5735.00	5735.00	OK	
Accts 251 Unamortized Premium on Debt agrees with Sched: Unamort Debt Discount and Expense and Premium on Debt (Accts 181 - 251) (ref pg 20) Line: Total 251		0	OK	0
Accts 252 Advances for Contruction agrees with Sched: Advances for Contstruction (Accts 252) (ref pg 21) Line: Total 252		0	OK	0
Total Equity Capital and Liabilities agrees with Balance Sheet - Assets and Other Debits: Total Assets and Other Debits	33359209.00	33359209.00	OK	
Comparitive Operating Statement (ref pg 10)				

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Item	CheckList			Explain
	Value 1	Value 2	Agree	
Accts 400 Operating Revenues agrees with Sched: Water Operating Revenue (Accts 400) (ref pg 27) Line: Total Water Operating Revenues - Col e	5587620.00	5587620.00	OK	
Accts 401 Operating Expenses agrees with Sched: Water Utility Expense Accounts (ref pg 28) Line: Total Accts (601-675) - Col c	3796542.00	3796542.00	OK	
Accts 408.1 Taxes Other than Income agrees with Schedule Taxes Accrued (Acct 236) (ref pg 26) Sum of Accts 408.10 - 408.13	67761.00	67761.00	OK	
Sum of Accts 408.1 and 408.2 agrees with Sched: Taxes Accrued (Acct 236) (ref pg 25) Line: Total taxes Accrued	67761.00	67761.00	OK	
Accts 427 Interest Expense agrees with Sched: Accrued Interest (Acct 237) (ref pg 25) Line: Total Acct No 237 Col c - Interest Accrued	329529.00	329529.00	OK	
Net Income agrees with Sched: Retained Earnings (Acct 237) (ref pg 12) Line: Balance Transferred from Income (Acct 435)	124884.00	124884.00	OK	
Miscellaenous				
Schedule Net Utility Plant Accts 101 - 106 (ref pg 13) Utility Plant (101) agrees with Sched: Water Utility Plant Accounts (ref pg 14) Line: Total Water Plant Col f - Current Year	51358590.00	51358590.00	OK	
The analysis of water utility plant accounts Cols c through k has been completed (Ref pg 14)				
The analysis of accumulated depreciation and amortization by primary account has been completed. (Ref pg 14)				
Sched: Misc. Defferred Debits (Acct 186) Deferred Rate Case (Acct 186.1) agrees with Sched: Amort. of Rate Case (Acct 665 and 667) (ref pg 26) Line: Total Col c - Amt Transferred to 186.1	0	0	OK	
Schedule of Long Term Debt has been completed (ref pg 22)				

36150 South Eastern Water Association, Inc. 01/01/2025 - 12/31/2025

Item	CheckList			Explain
	Value 1	Value 2	Agree	
Schedule of Bond Maturities has been completed (ref pg 23)				
Taxes collected (example: school tax, sales tax, franchise tax) have been excluded from Operating Revenue (Ref pg 29)				
The analysis of water opertating revenue Cols c,d and e have been completed. (Ref pg 28)				
The analysis of water utility expense accounts Cols c through k have been completed. (Ref pg 28)				
Schedule of Pumping and Purchased Water Statistics has been completed (Ref pg 29)				
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Total (d) agrees with Sched Water Statistics (ref pg 30) Line 4. Total Produced and Purchased Col Gallons	604615	604615	OK	
Sched Pumping and Water Statistics - part one (ref pg 29) Line Total for the year - Col Water Sold(e) agrees with Sched Water Statistics (ref pg 30) Line Total Water Sales Col Gallons	352661	362279	NO	
Sched Sales for Resale (ref pg 30) 466 Total Gal agrees with Sched Water Statistics (ref pg 30) Total Water Sales	0	0	OK	
Schedule Water Statistics (ref pg 30) Lines 14,22 and 31 must equal Line 4	604615	604615	OK	
Have visited the Water Commissioner site. (Water Districts ONLY)				
Attest Commissioners listed on the Commissioner Schedule are correct for the report period and current commissioner details are up to date. (Water Districts ONLY)				
Oath Page Has been Completed				

Upload supporting documents

Document

Description

Supports

OATH

Commonwealth of Kentucky)
) ss:
County of PULASKI)

Joe Crawford makes oath and says
(Name of Officer)

that he/she is president of
(Official title of officer)

South Eastern Water Association, Inc.
(Exact legal title or name of respondent)

that it is his/her duty to have supervision over the books of account of the respondent and to control the manner in which such books are kept; that he/she knows that such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the Public Service Commission of Kentucky, effective during the said period; that he/she has carefully examined the said report and to have the best of his/her knowledge and belief the entries contained in the said report have, so far as they relate to matters of account, been accurately taken from the said books of account and are in exact accordance therewith; that he/she believes that all other statements of fact contained in the said report are true; and that the said report is a correct and complete statement of the business and affairs of the above-named respondent during the period of time from and including

January 1, 2025 , to and including December 31, 2025


(Signature of Officer)

subscribed and sworn to before me, a Notary Public , in and for
the State and County named in the above this 26th day of March, 2025

(Apply Seal Here)

My Commission expires 2/28/2027

 # 63604
(Signature of officer authorized to administer oath)

Confirmation Receipt

Water Districts & Associations Class A&B 36150 South Eastern Water Association, Inc. FROM 01/01/2025 TO 12/31/2025

Utility has marked all schedules as complete.

3/30/2026 2:13:43 PM

Exhibit 2

Acceptance of KRWA Proposal



Proposed Rate Study
Southeastern Water Association
Prepared by: **Kentucky Rural Water Association**
February 2026

Kentucky Rural Water Association (KRWA) will perform a water rate study for Southeastern Water Association using methodologies acceptable to Kentucky Public Service Commission (KY PSC) upon approval of this proposal in time for submission by August 31, 2026.

Scope of Work

This work will include completing the following items:

- ✓ Preparation of Schedule of Adjusted Operations, Revenue Requirement Calculations, Proposed Rate Schedules, and Billing Analyses.
- ✓ Preparation of a written summary report.
- ✓ Attendance at one meeting with Board of Commissioners for presentation of report.
- ✓ Submission of Alternative Rate Filing Application to KY PSC.
- ✓ Coordination and submission of responses to KY PSC Staff Requests for Information.
- ✓ Preparation of response to KY PSC Staff Report.
- ✓ Preparation of updated Tariff sheets.

This proposal does not include attendance at public hearings and other meetings.

Qualifications

The rate study will be performed by an experienced contractor selected by KRWA.

Estimated Start and Completion Times

The rate study will commence within 60 days of approval of this proposal and receipt of the annual report from Southeastern Water Association. Completion time is determined by KY PSC but is typically within 270 days of initiation of the project.

Not to Exceed Total

\$9,335

The cost of the rate study will be included in the revenue requirement for recovery in rates. Billing for the rate study will occur quarterly.

Accepted by: _____

Date: _____

2-12-2026

Exhibit 3

Auditor's Engagement Letter



March 27, 2026

To the Board of Directors and Management
Southeastern Water Association, Inc.
Somerset, Kentucky

We are pleased to confirm our understanding of the services we are to provide for Southeastern Water Association, Inc. for the year ended December 31, 2025.

Audit Scope and Objectives

We will audit the financial statements of Southeastern Water Association, Inc., which comprise the statement of financial position as of December 31, 2025, the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the "financial statements").

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that

some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management override of controls
- Revenue recognition

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Audit Procedures—Internal Control

We will obtain an understanding of the Organization and its environment, including the system of internal control, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards and *Government Auditing Standards*.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of Southeastern Water Association, Inc.'s compliance with the provisions of applicable laws, regulations, contracts, agreements, and grants. However, the objective of our audit will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; following laws and regulations; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles, for the preparation and fair presentation of the financial statements and all accompanying information in conformity with accounting principles generally accepted in the United States of America, and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

You are also responsible for making drafts of financial statements, all financial records, and related information available to us; for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers); and for the evaluation of whether there are any conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued. You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about your responsibilities for the financial statements; compliance with laws, regulations, contracts, and grant agreements; and other responsibilities required by GAAS and *Government Auditing Standards*.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws, regulations, contracts, agreements, and grants and for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from

those audits, attestation engagements, performance audits, or other engagements or studies. The Organization is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

Other Services

We will assist in preparing the financial statements and related notes of Southeastern Water Association, Inc. in conformity with accounting principles generally accepted in the United States of America based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statement services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

You agree to assume all management responsibilities for the financial statements, related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter the assistance with the preparation of the financial statements and related notes and that you have evaluated the adequacy of our services and have reviewed and approved the results of the services, the financial statements, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, and/or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection. The audit documentation for this engagement is the property of Abner & Cox, PLLC and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to regulators, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Abner & Cox, PLLC personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the regulators. If we are aware that a federal awarding agency or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

Robert Abner, CPA, is the engagement partner and is responsible for supervising the engagement and signing the reports or authorizing another individual to sign them. We expect to begin our audit in June 2026.

Our fees will be based on the time of partners and staff at our standard hourly rates, plus out-of-pocket expenses. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation.

Reporting

We will issue a written report upon completion of our audit of Southeastern Water Association, Inc.'s financial statements. Our report will be addressed to the Board of Directors of Southeastern Water Association, Inc. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or issue reports, or we may withdraw from this engagement.

We will also provide a report (which does not include an opinion) on internal control related to the financial statements and compliance with the provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements as required by *Government Auditing Standards*. The report on internal control and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control on compliance and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. The report will also state that the report is not suitable for any other purpose. If during our audit we become aware that Southeastern Water Association, Inc. is subject to an audit requirement that is not encompassed in the terms of this engagement, we will communicate to management and those charged with governance that an audit in accordance with U.S. generally accepted auditing standards and the standards for financial audits contained in *Government Auditing Standards* may not satisfy the relevant legal, regulatory, or contractual requirements.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the attached copy and return it to us.

Sincerely,

Abner & Cox, PLLC
Abner & Cox, PLLC
London, Kentucky

RESPONSE:

This letter correctly sets forth the understanding of Southeastern Water Association, Inc.

Management signature: *William Van Horn 606-325-5641*

Title: *MGR.*

Date: *3/30/2026*

Governance signature: *Joe D. Grimes*

Title: *President*

Date: *3/30/2026*