

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

ELECTRONIC INVESTIGATION OF)
CRITTENDEN-LIVINGSTON COUNTY WATER) CASE NO. 2026-00066
DISTRICT FOR ALLEGED FAILURE TO COMPLY)
WITH KRS 278.160 AND COMMISSION ORDERS)

**RESPONSE TO APRIL 1, 2026 ORDER AND
MOTION FOR ACCEPTANCE OF THE WATER PURCHASE
CONTRACT WITH UPDATED RATE SCHEDULE**

Crittenden-Livingston County Water District (“Crittenden-Livingston”), by counsel, provides the Kentucky Public Service Commission (the “Commission”) with this response to its April 1, 2026 Order. In response to the Order, Crittenden-Livingston acknowledges its lack of compliance with the Commission’s November 4, 2025 Order (the “Order”) establishing Crittenden-Livingston’s new water service rates and its lack of compliance with KRS 278.160 by failing to file a copy of its March 26, 2021 modified a Water Purchase Contract (the “Contract”) that it entered with Ledbetter Water District (“Ledbetter”).

At no time did Crittenden Livingston intend to ignore or attempt to usurp the Commission’s authority, and it acknowledges the Commission’s jurisdiction in relation to establishing water service rates and reviewing Crittenden-Livingston’s water purchase agreements. Crittenden-Livingston now provides the Commission with its guarantee that it will make all possible efforts to comply with Commission Orders and relevant regulations and Kentucky law. Crittenden-

Livingston also moves the Commission to accept its submission of its Water Purchase Contract with Ledbetter with attached revised rate schedule as set forth in the Commission’s Order.¹

1. Crittenden-Livingston Acknowledgment of Failure to Comply with the Commission’s November 4, 2025 Order establishing new water service rates.

On January 27, 2025, Crittenden-Livingston filed an application with the Commission requesting a rate adjustment to its water service rates pursuant to 807 KAR 5:076, and the Commission established Case No. 2024-00278. Crittenden-Livingston’s stated purpose for its applied-for rate increase was to generate approximately \$522,031 in additional revenue for the district to make annual principal payments on long-term debt from revenue rather than from depreciation reserves, enable the district to meet all debt obligations, restore the district to sound financial condition, and ensure compliance with the federal Safe Drinking Water Act and KRS Chapter 151.² As part of this application, Crittenden-Livingston proposed an increase in its wholesale water rates from \$3.34 per 1,000 gallons to \$3.91 per 1,000 gallons.³ On November 4, 2025, the Commission issued an Order regarding Crittenden-Livingston’s application for an adjustment of water service rates. The Commission denied Crittenden-Livingston’s proposed new wholesale water service rate but approved a new wholesale water service rate of \$3.78 per 1,000 gallons.⁴ The Commission deemed these rates to be approved on or after the date of the Order, November 4, 2025.⁵

After the Commission set a new rate schedule on November 4, 2025, the Crittenden-Livingston Board of Commissioners (the “Board”) met on November 24, 2025 for its monthly

¹ Attachment 1 – Contract with Ledbetter with Addendum of Current Rates as of November 4, 2025.

² *Application of Crittenden-Livingston County Water District for an Alternative Rate Filing Pursuant to KAR 5:076*, Case No. 2024-00278, Revised Application at Attachment 2.

³ *Id.* at Revised Application, Attachment 3.

⁴ *Id.* at Order (P.S.C. Nov. 4, 2025), Appendix B at 2.

⁵ *Id.* at Order (P.S.C. Nov. 4, 2025) at 39.

meeting. At that meeting, the Board discussed the rate schedule issued by the Commission made the decision to delay the implementation of wholesale rates to March 2026 to provide its wholesale customers, in this case Ledbetter, ample notice of the rate increase. On December 23, 2025, Crittenden-Livingston's Superintendent, Abbie Adamson, contacted Ledbetter by letter to inform Ledbetter that Crittenden-Livingston would increase its wholesale water rates to \$3.78 per 1,000 gallons on March 27, 2026.⁶

At that meeting, the Board also decided that it would enforce the minimum purchase provision of its Contract with Ledbetter. The Crittenden-Livingston system had reached its maximum service capacity in early 2024 and was unable to provide water service in quantity to satisfy the minimum purchase provision in the Contract. However, throughout 2024 and 2025, Crittenden-Livingston made improvements to its water production and storage facilities that enabled it to meet the customer demand and supply water to satisfy the minimum purchase provision in the Contract. The Board determined that in January 2026 it would again enforce the minimum purchase provision requiring the purchase of 2.5 million gallons per month.⁷

Crittenden-Livingston acknowledges that implementing the updated wholesale water service rate on March 27, 2026 did not comply with the Commission's Order. It was not the Board's intention to disregard or willfully fail to comply with the Order. The Board believed that by delaying the implementation of a rate increase, the Board was providing its customers with the benefit of a notice period of the wholesale rate increase prior to it becoming effective. The Board also now recognizes that it did not properly memorialize the updated wholesale rate as an addendum to the Contract with Ledbetter or its other wholesale customers.

⁶ Attachment 2.

⁷ Attachment 3. This allowance is enumerated in Section 16 of the Contract.

The Board, acknowledging this delay of implementation of new rates, commits to ensuring Crittenden-Livingston observes all terms of the Order and all future orders from the Commission to avoid any future noncompliance issues. The Board also acknowledges that the new rate have warranted an addendum to the Contract it has with Ledbetter and now submits a copy of the Contract with the updated rate schedule to the Commission.

2. Crittenden Livingston's Acknowledgment of Failure to Comply with KRS 278.160.

On March 26, 2021, Crittenden-Livingston and Ledbetter executed a Water Purchase Contract. Pursuant to KRS 278.160, Crittenden-Livingston should have submitted this Contract to the Commission for its review. Though not an excuse for its failure to submit the Contract to the Commission, Crittenden-Livingston's former superintendent, Ronnie Slayden, retired from employment with Crittenden-Livingston on April 1, 2021. Crittenden-Livingston hired a new superintendent in May 2021. After that individual left employment with Crittenden-Livingston, it hired a third superintendent; this individual was terminated from employment in August 2024. The Kentucky Rural Water Association provided Crittenden-Livingston assistance during 2024 as it faced ongoing challenges in employing a superintendent. Crittenden-Livingston hired its current superintendent, Abbie Adamson, on January 27, 2025.

Crittenden-Livingston asserts that its ongoing disruptions in management explains why it failed to submit the Contract to the Commission for review. Crittenden-Livingston does not make this assertion as an abandonment of responsibility to provide this Contract to the Commission but rather offers an explanation for the oversight based on numerous management changes from 2021 to 2024.

To prevent future such occurrences, Crittenden-Livingston commits to providing a copy of the Contract along with all other water purchase agreements to the Commission for its review. As part of her responsibilities as superintendent, Ms. Adamson will ensure that all water purchase contracts are submitted to the Commission in a timely manner pursuant to KRS 278.160.

3. Crittenden Livingston's proposed corrective action plan.

Hindsight is 20/20. Crittenden-Livingston regrettably comes to the Commission in full acknowledgment of its failure to abide by the Order and KRS 278.160. Crittenden-Livingston commits to proceeding with utmost care and attention to all terms of the Commission's Order, and future orders, KRS 278.160, and other applicable regulations and law.

As part of Crittenden-Livingston's commitment compliance with the Commission's Order, Crittenden-Livingston has now implemented all rates as prescribed by the Commission on November 4, 2025, including wholesale water service to its wholesale customers. Crittenden-Livingston has both provided notice of the rate increase to all its wholesale customers and has attached the revised rate schedule, issued in the Order, to each water purchase agreement with its wholesale customers. Crittenden-Livingston now submits with this Response copies of each water purchase agreement, including the Contract with Ledbetter, with revised rate schedules, for Commission review. Crittenden-Livingston will work with Ledbetter to true up the disparity in the amount it charged to Ledbetter from November 4, 2025 to present to be in full compliance with the Order.

Ms. Adamson, Crittenden-Livingston superintendent, will be responsible for ensuring that the district complies with Commission orders and that all water purchase contracts are timely submitted to the Commission. To the extent that it is needed, Ms. Adamson will request the Board

engage counsel to ensure that it complies with all requirements for the operation of the district and makes all necessary filings and requests for approval to the Commissions. Further, the Crittenden-Livingston Board also commits to attending water commissioner training provided by the Commission to ensure familiarity and knowledge of critical requirements for the oversight of a water district.

Crittenden-Livingston did not intentionally violate the Commission's Order or willfully violate KRS 278.160. In accepting responsibility for its noncompliance, Crittenden-Livingston now takes appropriate steps to remedy its noncompliance and ward against future noncompliance. Crittenden-Livingston also moves the Commission to accept its submission of its Water Purchase Contract with Ledbetter with attached revised rate schedule as set forth in the Commission's Order.

Respectfully Submitted,
STURGILL, TURNER, BARKER, AND MOLONEY, PLLC

/s/ Rebecca Price

James W. Gardner
Rebecca C. Price
333 W. Vine Street, Suite 1500
Lexington, Kentucky 40507
Telephone No.: (859) 255-8581
Fax No. (859) 231-0851
jgardner@sturgillturner.com
rprice@sturgillturner.com
Attorneys for CLWD

Attachment 1

WATER PURCHASE CONTRACT

THIS CONTRACT, made and entered into this 26 day of March 2021 by and between the CRITTENDEN-LIVINGSTON COUNTY WATER DISTRICT, a municipal corporation organized as a water district under Chapter 74 of the Kentucky Revised Statutes, party of the first part, hereinafter referred to as the "Seller", and the LEDBETTER WATER DISTRICT, a municipal corporation organized under the laws of the Commonwealth of Kentucky, party of the second part, hereinafter referred to as the "Purchaser",

WITNESSETH:

WHEREAS, the Seller has a waterworks system, including a water treatment plant and distribution system, to serve residents of the territory embraced by the seller, and

WHEREAS, The Purchaser contemplates the need, in the foreseeable future, of an additional source of water to serve the citizens and residents of its service area, and

WHEREAS, the Seller has a water plant or plants of sufficient capacity to provide for the currently anticipated needs and requirements of the customers of the Seller and further to serve the Purchaser all of the necessary water needed by the Purchaser, and

WHEREAS, the Seller is willing to sell the Purchaser a supply of available water at such times, as the Purchaser shall need water, which is reasonably expected to be available to the Seller after providing for the reasonably anticipated water service obligations of the Seller to its own residents, and

WHEREAS, the governing bodies of the Purchaser and of the Seller have authorized the execution of this Contract,

NOW, THEREFORE, in consideration of the premises, or the mutual covenants and agreements herein contained, of the prompt payment of the rates as herein agreed to and set out, and of the prompt delivery of the water supply as herein agreed to and set out, the parties hereto have agreed as follows:

1. This contract shall become effective immediately upon its execution and the Purchaser shall be entitled to receive water hereunder, at the option of the Purchaser, as needed, and this contract shall continue for a period of 13 years, at which time it may be renegotiated or extended by mutual agreement of both parties.
2. The effectiveness of this Contract is subject to the approval of the Public Service Commission of Kentucky.
3. The quality of water delivered by the Seller to the Purchaser hereunder shall meet the standards of the United States Public Health Service Limitations for Drinking Water.
4. The Seller shall maintain water pressure of not less than 50 psi at the Connection Point at all times, except in cases of unavoidable casualty, acts of God, strikes, or other instances beyond the control of the Seller.
5. The Seller shall use reasonable diligence and care to provide a regular and uninterrupted supply of water to the Purchaser and to avoid any shortage or interruption of service thereof. The maximum amount which the Seller must furnish during any twenty-four (24) hour period shall be an amount not to exceed a total of 100,000 gallons of water for such twenty-four (24) hour period or not to exceed a rate of 70 gallons per minute during any twenty-four (24) hour period. The purchaser may exceed 100,000 gallons per day or 70 gallons per minute in cases of unavoidable casualty, acts of God, strikes, or other instances beyond the control of the purchaser. The Seller shall not be liable for any failure, interruption, or shortage of water or any loss or damage resulting therefrom, occasioned in whole or in part by any cause beyond the reasonable control of the Seller.
6. That the Seller will, at all times, operate and maintain its system in an efficient manner and will take such action as may be necessary to furnish the Purchaser with quantities of water required by the Purchaser. Temporary or partial failures to deliver water shall be remedied with all possible dispatch. In the event of an extended shortage of water, or the supply of water available to the Seller is otherwise diminished over an extended period of time, the supply of water to Purchaser's consumers shall be reduced or diminished in the same ratio or proportion as the supply to Seller's consumers is reduced or diminished.
7. The Master Meter shall be checked by both the Seller and the Purchaser through their authorized agent(s) or employee(s), and said Master Meter shall be maintained and tested according to any applicable rules and regulations of the Public Service Commission of

Kentucky, and if found to be inaccurate, shall be corrected as soon as practicable (and adjustments based on such meter testings shall be made in previous payments to conform to the results of such tests if purchaser does not make a reasonable effort to correct the problem in a timely manner).

8. The Master Meter shall measure the water furnished by the Seller and used by the Purchaser on a daily basis, and will determine the monthly amounts to be paid by the Purchaser to the Seller for such water. Said Master Meter shall be read periodically, at least once a month, by an officially designated employee of the Seller and such Master Meter shall be accessible at all reasonable times to an officially designated employee of the Seller for the purpose of reading and checking same. The official readings, which will determine the basis of the charges rendered to the Purchaser, will be the readings made by the Seller.
9. The Seller will sell water to the Purchaser and will deliver same to the Connection Point, and the Purchaser agrees to purchase a minimum of 2,500,000 gallons each month and pay for such water at a rate of \$3.08 for 1,000 gallons; provided, however, such rate may be adjusted by the Seller upon 90 days' written notice from the Seller to the Purchaser, as follows:

Upon written request of either party, made at least ninety (90) days in advance of the proposed effective date of such adjustment, which requests shall not be made more frequently than once per year, such rates shall be adjusted based on any increase or decrease in the costs borne by the Seller since the beginning of the initial effective period of such rates, or since the last adjustment in rates between the parties, whichever is later, the cost increases so taken into account being the costs of producing and delivering water to the Master Meter of the Purchaser, such costs to be determined based upon the certified audit of the records of the Seller by a certified public accountant, a copy of which audit shall be furnished to the Purchaser. Any adjustment in rates shall be subject to review and final approval by the Public Service Commission of Kentucky. Such costs per 1,000 gallons of producing water shall be based on the total number of

gallons of water produced by the Seller, regardless of the amount of water sold by the Seller to the Purchaser.

As set out above, any increase or decrease in rates shall be based on a demonstrable increase or decrease in the costs of performance hereunder, but such costs shall not include increased capitalization (being defined as "increased valuation without capital expenditure") of the Seller's system. Other provisions of this Contract may be modified or altered by mutual agreement.

10. The Purchaser agrees to maintain and repair, and keep all of its mains, pipes, services, and facilities in reasonably good condition to enable it to continue purchasing water from the Seller.
11. The Purchaser assumes all responsibility for its own billing and for maintenance of its own system, the responsibility of the Seller being solely to deliver water to the Purchaser at the Connection Point. The Purchaser will assume the burden and cost of distribution of the water to its customers from the point of the Master Meter, including the cost of all electric power, insurance, pumping, storage, and related expense. If any booster pumping station is required by the Purchaser in order to effect the distribution of water purchased from the Seller from the point of the Master Meter to the customers of the Purchaser, the entire cost of such booster pumping station will be borne by the Purchaser, provided, however, that if and to the extent that any such booster pumping station shall be required in order to enable the Seller to deliver water at the Connection Point, the cost thereof will be borne by the Seller.
12. In the event that the population of the territory of the Seller increase to such an extent that the existing facilities of the Seller cannot adequately serve said population, and if same should occur before existing facilities can be expanded by Seller to meet such contingency, the quantity of water supplied to the Purchaser may then be reduced by the same percentage as such quantity is reduced to all other customers of the Seller, for a period of time sufficient to allow the Seller to expand.

13. Nothing contained in this Contract is to be construed or intended by the parties as divesting the Public Service Commission of Kentucky of any of its authority, jurisdiction, control, or prerogatives in connection with either of the parties.
14. In the event of any occurrence rendering the Purchaser incapable of performing under this Contract, any successor of the Purchaser, whether the result of legal process, assignment, or otherwise, shall succeed to the rights of the Purchaser hereunder.
15. If any section, paragraph, or clause of this Contract be held invalid, the invalidity of such section, paragraph, or clause shall not affect any of the remaining provisions of this Contract.
16. The seller will not charge the purchaser the 2.5 million gallon minimum per month if by some occurrence of unavoidable casualty, acts of God, or other instances beyond the control of the seller, the purchaser will be charged only what they use.

IN WITNESS WHEREOF, the Seller, by resolution duly adopted by its Board of Commissioners, authorizing its Chairman and its Secretary, and the Purchaser, by resolution duly adopted by its Board of Commissioners, authorizing its Chairman and its Secretary to affix their respective signatures, together with the seals of said respective parties, have hereunto executed this Contract, as of the date first herein above written.

By _____

Chairman

(Seal of District)

Attest:

Alan H. Wood
Secretary

LEDBETTER WATER DISTRICT

By Terry L. Dickoff
Chairman

Joseph H. Kaiser

(Seal of District)

Donna Miller
2/23/2021

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2024-00278 DATED NOV 4 2025

The following rates and charges are prescribed for the customers in the area served by Crittenden-Livingston County Water District. All other rates and charges not specifically mentioned herein remain the same as those in effect under the authority of the Commission prior to the effective date of this Order.

Monthly Water Rates

5/8- x 3/4-Inch Meter

First	1,000	Gallons	\$	27.98	Minimum Bill
Next	9,000	Gallons		0.01592	Per Gallon
Next	10,000	Gallons		0.01362	Per Gallon
Over	20,000	Gallons		0.01076	Per Gallon

1-Inch Meter

First	5,000	Gallons	\$	91.68	Minimum Bill
Next	5,000	Gallons		0.01592	Per Gallon
Next	10,000	Gallons		0.01362	Per Gallon
Over	20,000	Gallons		0.01076	Per Gallon

2-Inch Meter

First	15,000	Gallons	\$	239.46	Minimum Bill
Next	5,000	Gallons		0.01362	Per Gallon
Over	20,000	Gallons		0.01076	Per Gallon

3-Inch Meter

First	50,000	Gallons	\$	630.35	Minimum Bill
Over	50,000	Gallons		0.01076	Per Gallon

4-Inch Meter

First	75,000	Gallons	\$	899.46	Minimum Bill
Over	75,000	Gallons		0.01076	Per Gallon

Bulk Sales

\$ 0.01076 Per Gallon

Wholesale Rate

\$ 0.00378 Per Gallon

Meter Connection/Tap-On Charges

5/8 Inch X 3/4 Inch Meter	\$ 1,950.00
1 Inch Meter	\$ 2,364.00

<u>Nonrecurring Charges</u>	<u>Revised Charge</u>
Connection / Turn-on Charge	\$ 21.00
Connection / Turn-on Charge After Hrs.	\$ 71.00
Reconnection Fee	\$ 42.00
Reconnection Fee After Hrs.	\$ 92.00
Field Collection Charge	\$ 21.00
Meter Relocation Charge	Actual Cost
Meter Reading Re-Check	\$ 21.00
Meter Test Request	\$ 42.00
Broken Meter Lock Fee	Actual Cost
Meter Valve Replacement Fee	Actual Cost
Meter Box Replacement Fee	Actual Cost
Meter Box Top Replacement Fee	Actual Cost
Service Call / Investigation	\$ 21.00
Service Call / Investigation After Hrs.	\$ 71.00
Returned Check Charge	\$ 15.00

Attachment 2



CRITTENDEN-LIVINGSTON

COUNTY WATER DISTRICT

620 E. Main St. • Salem, Kentucky 42078

Phone (270) 988-2680 • Fax (270) 988-4892

December 23, 2025

To The Ledbetter Water Distict:

This letter is to inform you of an upcoming increase of 13.07% to our water rates for wholesale customers. The new rate for wholesale customers will be \$0.00378 per gallon and will be effective as of March 27, 2026.

I have included an update rate sheet and will be happy to answer any questions in regards to this increase.

Thank You,

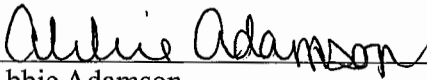
Abbie Adamson
Superintendent

Attachment 3

5. During the period in which Ledbetter Water District reduced its purchases, the District constructed improvements to its water production and storage facilities enabling it to meet customer demand. These improvements were the subject of Public Service Commission Case No. 2024-00386.

6. Beginning in January 2026, the District began again to enforce the minimum purchase provision of its water purchase contract and Ledbetter Water District again purchased at least 2.5 million gallons of water monthly.

Further the affiant sayeth naught.


Abbie Adamson
Superintendent
Crittenden-Livingston County Water District

Subscribed, sworn to, and acknowledged before me on this 27th day of February, 2026 by Abbie Adamson.


Notary Public, State at Large

My commission expires: 02/01/2030.

Notary ID No. KYNP43916