

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO THE)	CASE NO.
FINANCIAL AND OPERATING CAPACITY OF)	2024-00325
MORGAN COUNTY WATER DISTRICT)	

ORDER

On December 12, 2025, Morgan County Water District (Morgan District) filed a motion, which contained updated information in response to the Commission's August 28, 2025 Order in this case and requested additional time to meet other requirements.¹ On December 4, 2025, an informal conference (IC) was held related to these issues.²

The Commission's August 28, 2025 Order laid out several requirements regarding ways for Morgan District to improve, including (1) filing a water loss reduction plan within six months of service of the Order; (2) create a payment plan for each past due amount with 60 days of service of the Order; (3) submit the policies and an employee handbook within 30 days of service of the Order; (4) file all required documentation in Case No. 2022-00245³ within 30 days of service of this Order; and (5) find a new auditor or bookkeeper within six months of the Order.⁴

¹ Morgan District's Updated Information in Compliance with August 28, 2025 Order and Request for Additional Time (Request for Additional Time) (filed Dec. 12, 2025).

² [20251210_PSC Letter Filing IC Memo and Attendance List into the Record.pdf](#).

³ Case No. 2022-00245, *Electronic Application of Morgan County Water District for the Issuance of a Certificate of Public Convenience and Necessity to Construct a Water System Improvements Project and an Order Authorizing the Issuance of Securities Pursuant to the Provisions of KRS 278.020, KRS 278.300, and 807 KAR 5:001*.

⁴ Order (Ky. PSC Aug. 28, 2025) at 10.

Morgan District explained that since the date of the Order, Morgan District was granted \$500,000 of Kentucky Infrastructure Authority (KIA) WWATERS funding to assist in these efforts and, with this funding, Morgan District's debts have been significantly reduced.⁵ Morgan District stated that the only outstanding debts owed by Morgan District were owed to Gateway Area Development District (ADD) in the amount of \$68,807.22 and a KIA Loan in the amount of \$3,150,052.92.⁶ Morgan District stated that before the WWATERS grant was awarded Morgan District had paid \$50,000 to Cave Run Water Commission.⁷ Morgan District also paid a \$15,518.55 loan to Bank of the Mountains, which was for a vehicle, the loan was for one year and had been renewed twice.⁸ Morgan District stated that it will be reimbursed for these two payments through the WWATERS grant funding.⁹

With regard to the Commission's Order regarding filings in Case No. 2022-00245,¹⁰ Morgan District stated at this time Morgan District is working with its engineer to locate the as built drawings of the project; however, neither Morgan District nor the engineer had yet to locate the plans.¹¹ Morgan District stated that it will supplement the record as soon

⁵ Request for Additional Time at 2.

⁶ Request for Additional Time at 2.

⁷ Request for Additional Time at 2.

⁸ Request for Additional Time at 2.

⁹ Request for Additional Time at 2.

¹⁰ Case No. 2022-00245, *Electronic Application of Morgan County Water District for the Issuance of a Certificate of Public Convenience and Necessity to Construct a Water System Improvements Project and an Order Authorizing the Issuance of Securities Pursuant to the Provisions of KRS 278.020, KRS 278.300, and 807 KAR 5:001*.

¹¹ Request for Additional Time at 3.

as these documents are located.¹² Due to the destruction of the records, Morgan District stated that it also does not have complete accounting of the project.¹³

In regards to the new policies, procedures, and employee handbook, Morgan District stated that it and its Board of Commissioners have been working on these policies and the handbook is nearly completed.¹⁴ Morgan District requested until March 2, 2026, to file these documents.¹⁵ For the water loss plan, Morgan District requested an extension until May 4, 2026.¹⁶ At the December 4, 2025 IC, Morgan District also stated that it has a new accountant, RFA consulting.¹⁷

Having considered the record and being otherwise sufficiently advised, the Commission finds that Morgan District's request for additional time for both the water loss plan and the policies and employee handbook should be approved for the requested dates. The Commission notes that, in the future, like Morgan District did with the water loss plan, Morgan District should ensure that any requests for extension of time be made prior to the expiration of any deadline ordered by the Commission. As to the payment plan, the Commission finds that this requirement has been satisfied, as Morgan District utilized the KIA grant to pay off the majority of these past due bills. As to the required documentation from Case No. 2022-00245, the Commission finds that Morgan District, within six months, shall file all required documentation in that case or file a motion in that

¹² Request for Additional Time at 3.

¹³ Request for Additional Time at 3.

¹⁴ Request for Additional Time at 3.

¹⁵ Request for Additional Time at 3.

¹⁶ Request for Additional Time at 3.

¹⁷ Dec. 4, 2025 IC Memo.

case related to failure to locate the required documentation. The Commission also finds that Morgan District has satisfied the requirement to hire a new bookkeeper or auditor in its hiring of RFA consulting. Finally, the Commission finds that Morgan District should respond to the request for information, attached as an Appendix to this Order, by February 23, 2026.

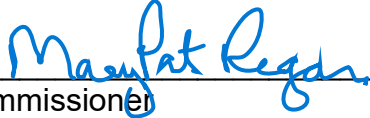
IT IS THEREFORE ORDERED that:

1. Morgan District's request for additional time is granted.
2. Morgan District has satisfied the Commission's August 28, 2025 Order as it relates to payment plans.
3. Morgan District has satisfied the Commission's August 28, 2025 Order as it relates to hiring a new bookkeeper or auditor.
4. Morgan District shall finish the process of creating policies and an employee handbook and submit it in this case record no later March 2, 2026.
5. Morgan District shall file a water loss reduction plan in this case, consistent with the directives of the Commission's August 28, 2025 Order by May 4, 2026.
6. Morgan District, within six months, shall file all required documentation in Case No. 2022-00245 or file a motion in that case related to failure to locate the required documentation.
7. Morgan District should respond to the request for information, attached as an Appendix to this Order, by February 23, 2026.
8. All provisions of the August 28, 2025 Order not in conflict with this Order remain in effect.

PUBLIC SERVICE COMMISSION


Chairman


Commissioner


Commissioner

ATTEST:


Executive Director



Case No. 2024-00325

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2024-00325 DATED JAN 29 2026

COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION TO MORGAN COUNTY WATER DISTRICT

Morgan County Water District (Morgan District), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on February 23, 2026. The Commission directs Morgan District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Morgan District shall make timely amendment to any prior response if Morgan District obtains information that indicates the response was incorrect or incomplete when

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Morgan District fails or refuses to furnish all or part of the requested information, Morgan District shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Morgan District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Request for Additional Time,² paragraph 3. Provide a final amortization schedule for the KIA loan.
2. Refer to Request for Additional Time, paragraph 4.
 - a. Explain whether Morgan District still utilizes the vehicle purchased with the loan. If so, explain the current uses of the vehicle.
 - b. Explain what Morgan District's policies are regarding personal use of vehicles.

² Morgan District's Updated Information in Compliance with August 28, 2025 Order and Request for Additional Time (Request for Additional Time) (filed Dec. 12, 2025).

3. Provide a copy of the contract between RFA Accounting and Morgan District.
4. Explain in detail what duties RFA Accounting will provide Morgan District.
5. Refer to the 2024 Audit Report.³
 - a. As to each bond, explain whether the five bonds listed in Notes to Financial Statements, Note 5. Long-Term Debt are still outstanding. .
 - b. Explain whether there is any additional long-term debt not listed in the 2024 Audit Report.

³ Morgan District's Audit Report can be found on the Commission's Website at: https://psc.ky.gov/Utility_Financial_Reports_Net/uploaded/support/SD_25603_2024_1.pdf

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