

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF GRAVES)	CASE NO.
COUNTY WATER DISTRICT FOR A RATE)	2025-00060
ADJUSTMENT PURSUANT TO 807 KAR 5:076)	

O R D E R

On January 15, 2026, Graves County Water District (Graves District) filed a motion,¹ pursuant to KRS 278.400, requesting reconsideration of the Commission's Order entered December 23, 2025,² regarding: (1) the Commission's denial of its proposed surcharge to fund water loss detection and repair efforts and the directive that any continuation or extension of such surcharge be filed in Case No. 2019-00347³; and (2) ordering paragraph 5 of the December 23, 2025 Order requiring Graves District to file proper notice in accordance with 807 KAR 5:011 for the approved meter set/tap-on fees. Graves District further requests that the Commission establish a procedural schedule to address the reasonableness of the proposed surcharge and, alternatively, provide guidance regarding the content of any required public notice.

LEGAL STANDARD

KRS 278.400, which establishes the standard of review for motions for rehearing, limits rehearing to new evidence not readily discoverable at the time of the original

¹ Graves District's Motion for Rehearing (Motion) (filed Jan. 15, 2026).

² Final Order (Ky. PSC, Dec. 23, 2025).

³ Case No. 2019-00347, *Electronic Graves County Water District's Unaccounted-For Water Loss Reduction Plan, Surcharge, and Monitoring*.

hearing, to correct any material errors or omissions, or to correct findings that are unreasonable or unlawful. A Commission Order is deemed unreasonable only when “the evidence presented leaves no room for difference of opinion among reasonable minds.”⁴ An order can only be unlawful if it violates a state or federal statute or constitutional provision.⁵

By limiting rehearing to correct material errors or omissions, and findings that are unreasonable or unlawful, or to weigh new evidence not readily discoverable at the time of the original hearings, KRS 278.400 is intended to provide closure to Commission proceedings. Rehearing does not present parties with the opportunity to relitigate a matter fully addressed in the original Order.

MOTION

In its motion for rehearing, Graves District requested reconsideration of two portions of the Commission’s December 23, 2025 Order. First, Graves District challenges the Commission’s denial of its proposed five-dollar monthly surcharge intended to fund continued water loss detection and repair efforts.⁶ Graves District argued that the proposed surcharge was properly filed as part of its general rate adjustment application⁷ and that a surcharge applicable to all customers constitutes a general rate adjustment

⁴ *Energy Regulatory Comm’n v. Kentucky Power Co.*, 605 S.W.2d 46 (Ky. App. 1980).

⁵ *Public Service Comm’n v. Conway*, 324 S.W.3d 373, 377 (Ky. 2010); *Public Service Comm’n v. Jackson County Rural Elec. Coop. Corp.*, 50 S.W.3d 764, 766 (Ky. App. 2000); *National Southwire Aluminum Co. v. Big Rivers Elec. Corp.*, 785 S.W.2d 503, 509 (Ky. App. 1990).

⁶ Motion at 1-6.

⁷ Graves District used the term “general rate adjustment”; however, Graves District utilized 807 KAR 5:076, an alternative rate adjustment filing procedure.

subject to KRS 278.180 and KRS 278.190.⁸ Graves District contended that directing it to file any continuation or extension of the surcharge in Case No. 2019-00347 improperly avoids review of the surcharge on its merits and circumvents the time constraints set forth in KRS 278.190(3).⁹ Graves District further asserted that the proposed surcharge constitutes either a new rate or a change in rate requiring substantive review in this proceeding.¹⁰

Second, Graves District objected to ordering paragraph 5 of the December 23, 2025 Order requiring it to provide public notice in accordance with 807 KAR 5:011 for the approved meter set/tap-on fees.¹¹ Graves District maintained that it did not propose revisions to those fees and that the adjustments were adopted based on Commission Staff's recommendations.¹² Graves District argued that 807 KAR 5:011 does not require public notice of rates ordered by the Commission, and the district requested that the Commission strike the notice requirement or, alternatively, provide guidance regarding the contents of any required notice.¹³

DISCUSSION AND FINDINGS

Water Loss Detection and Repair Surcharge. Having considered the evidence and the motion, the Commission finds that Graves District's motion regarding the Water Loss Detection and Repair Surcharge should be denied. Graves District contended that the

⁸ Motion at 3–4.

⁹ Motion at 5.

¹⁰ Motion at 3–4.

¹¹ Motion at 6–9.

¹² Motion at 6–7.

¹³ Motion at 9.

Commission failed to decide the proposed surcharge on the merits within the timeframe required by KRS 278.190(3).¹⁴ The Commission disagrees. In the December 23, 2025 Order, the Commission denied the rates as proposed, including the proposed surcharge.¹⁵ Accordingly, the Commission complied with the requirements of KRS 278.190(3).

Alternatively, even construing the record in the light most favorable to Graves District, the record reflects that the surcharge was not clearly proposed as a new or modified rate in the application and customer notice. Graves District identified the Water Loss Detection and Repair Surcharge as \$5.00 current and \$5.00 proposed, reflecting a 0 percent change.¹⁶ The application did not disclose that the surcharge would operate as a continuation or replacement surcharge for an additional 60-month period, nor did it identify material changes in duration, total authorized recovery, or other authorization terms. The first clear articulation that the surcharge would function as a replacement surcharge with materially different authorization terms occurred in Graves District's response to the Commission Staff's Report.¹⁷ Graves District did not move to amend its application to reflect those material changes. While an applicant may seek to amend its application prior to the staff report, Graves District did not do so here.

Accordingly, because the surcharge was not clearly proposed as a new or modified rate in the application and customer notice, the Commission determined that the

¹⁴ Motion at 5.

¹⁵ Dec. 23, 2025 final Order, ordering paragraph 6.

¹⁶ Corrected Customer Notice (filed Mar. 21, 2025).

¹⁷ Response to Staff Report (filed Sept. 25, 2025).

surcharge was not properly before it in this proceeding. Once the Commission determined that the issue was not properly presented, it was not required to conduct further merits analysis in this case. The Commission further noted in its December 23, 2025 Order that the surcharge revenues were not accounted for in a manner that was consistent with the instructions for accounting for the surcharge as ordered in Case No. 2018-00429.¹⁸

The Commission further finds that its December 23, 2025 Order did not violate KRS 278.190(3). That statute applies where a rate schedule or rate change is properly filed and before the Commission for determination. As discussed above, the surcharge was not properly proposed as a new rate schedule in this proceeding. Accordingly, the Commission denied the rates as proposed. The previously authorized surcharge has concluded, and Graves District may seek approval of a new surcharge in a properly filed proceeding.

Graves District has not demonstrated material error, unreasonableness, or unlawfulness warranting rehearing on this issue. Rehearing is, therefore, denied as to the Water Loss Detection and Repair Surcharge.

Notice Requirement for Meter Set/Tap-On Fees. Graves District also sought rehearing of ordering paragraph 5 of the December 23, 2025 Order requiring notice pursuant to 807 KAR 5:011 prior to implementation of the approved meter set/tap-on

¹⁸ Case No. 2018-00429, *Application of Graves County Water District for an Alternative Rate Adjustment* (Ky. PSC Sept. 30, 2019) Order at 3, ordering paragraph 8. The cite in the final Order of this matter was incorrect.

fees.¹⁹ Upon further review of the record, the Commission finds that limited rehearing on this issue is appropriate.

In its corrected customer notice, Graves District did not propose new or increases to any of its meter set/tap-on fees.²⁰ During the proceeding, Graves District provided cost-justification sheets in response to Commission Staff's First Request for information that reflected meter set/tap-on fees different from those in the current, approved tariff.²¹ The tariff approved at the time included two meter set/tap fees.²² In Commission Staff's Second Request for Information, Staff asked Graves District to clarify the following:

Refer to Graves District's response to Staff's First Request, Item 18. Graves District provided updated cost justification sheets for its 5/8 X 3/4-Inch ,1Inch, and 2-Inch Meter Connection/Tap-on Charge.

a. Aside from these three charges, explain whether Graves District intends to maintain language in its Tariff as follows: "All larger meters require approval by the utility board and, if approved, will be installed at actual cost"

Response: Graves District prefers to maintain existing language in the tariff regarding larger meters to be installed at actual cost.

b. Explain why Graves District does not intend to establish a set Meter Connection/Tap-on Charge for its 1 1/2-Inch Meter Size.

Response: Graves District does not intend to establish a set Meter Connection/Tap-on Charge for its 1 1/2-inch meter size because it no longer purchases nor installs 1 1/2-inch meters.²³

¹⁹ Dec. 23, 2025 final Order, ordering paragraph 5.

²⁰ Corrected Customer Notice (filed Mar. 17, 2025).

²¹ Graves District's Response to Staff's First Request for Information, Item 18.

²² [Tariff.pdf](#); \$800.00 for 5/8th inch meter and 1 inch meter, respectively, tap on fee.

²³ Graves District's Response to Staff's Second Request for Information, Item 11.

However, upon further review, the Commission finds that the ambiguity in the record regarding the identification of the 2 inch meter set/tap-on charge does not warrant requiring additional notice. The approved charges were supported by the cost justification sheets filed in response to Staff's requests²⁴ and are consistent with the charges reflected in the December 23, 2025 order,²⁵ which will be reflected in the revised tariff filed by Graves District. Requiring Graves District to issue revised notice would impose additional expense on the utility without providing a meaningful benefit to customers, as the approved charges and supporting justification are already contained in the record.

Accordingly, the Commission, on its own motion, finds that additional notice is unnecessary and under these specific circumstances, the Commission finds that deviation from the notice requirements of 807 KAR 5:011 Section 8 with respect to the approved meter set/tap-on fees is reasonable. The grant of deviation reflects an exercise of Commission discretion based on the procedural posture of the record and does not constitute a finding that the December 23, 2025 Order was erroneous. Rehearing is granted solely for the limited purpose of modifying the notice requirement. The Commission's substantive determinations regarding rates and cost justification remain unchanged.

IT IS THEREFORE ORDERED that:

1. Graves District's motion for reconsideration is granted, in part, and denied, in part.

²⁴ Graves District's Response to Commission Staff's First Request for Information, Item 18.

²⁵ Dec. 23, 2025 final Order final Order, Appendices A & B.

2. Rehearing is denied as to the Commission's denial of the proposed Water Loss Detection and Repair Surcharge.

3. Rehearing is granted solely for the limited purpose of modifying ordering paragraph 5 of the December 23, 2025 Order.

4. Ordering paragraph 5 of the December 23, 2025 Order is hereby vacated and replaced with the following:

Graves County Water District is granted deviation from the notice requirements of 807 KAR 5:011 Section 8 with respect to the approved 2 inch meter set/tap-on fees in this proceeding.

5. The remainder of the December 23, 2025 Order not in conflict with this Order remains in effect.

6. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION

Chairman

Commissioner

Commissioner

ATTEST:

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Executive Director



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