COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF MARTIN COUNTY WATER DISTRICT TO ENTER INTO A LEASE FOR SERVICE TRUCKS	)))	CASE NO. 2025-00249

O R D E R

On August 31, 2026, Martin County Water District (Martin District) filed a motion in the post-case correspondence folder of this proceeding stating that no rate modification is necessary.[1]

BACKGROUND

By final Order issued October 2, 2025, the Commission ordered Martin District to file 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 in the alternative, a formal motion with a detailed analysis of its rates and revenues explaining the reasons why no modifications were necessary on or before August 31, 2026.[2]

DISCUSSION AND FINDINGS

In its motion, Martin District stated that its current rates are sufficient to meet operating needs and required debt-service coverage through its audited financials, updated FY 2025 results, substantial external capital funding, new recurring wholesale

[1] Martin County District's Motion in Support of No Rate Modification (Motion) (filed Aug. 31, 2026) at 1.

[2] Final Order (Ky. PSC Oct. 2, 2025) at 7, ordering paragraph 3.

revenue, and imminent debt retirement through the Kentucky WWATERS program.[3] Additionally, Martin District provided, among other things, that it has new recurring revenue from Prestonsburg Utilities, its debt profile has materially improved, that it was awarded $11.5 million through the Kentucky WWATERS program, and that it has secured over $11 million in additional grant funding.[4]

Upon reviewing Martin District's motion, the Commission finds that additional information is needed to address Martin District's motion. Thus, the Commission finds that this case shall be reopened, and that Martin District should respond to Commission Staff's request for information, attached to this Order as an Appendix, by the date set forth therein and should respond to any additional requests for information propounded by Commission Staff by the date provided in those requests.

IT IS THEREFORE ORDERED that:

1. This proceeding shall be reopened to review Martin District's August 31, 2026 motion.

2. On or before the date provided in the request, Martin District shall respond to Commission Staff's request for information, attached to this Order as an Appendix, and shall respond to any additional requests for information propounded by Commission Staff by the date provided in those requests.

[3] Motion at 1.

[4] Motion at 3-4.

Entered on this 27th day of October, 2026.

PUBLIC SERVICE COMMISSION

Angie Hatton
Chair

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

ATTEST:

Justin McNeil
Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 2025-00249 DATED OCT 27 2026

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION TO MARTIN COUNTY WATER DISTRICT

Martin County Water District (Martin 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 November 17, 2026. The Commission directs Martin District to the Commission's July 22, 2021 Order in Case No. 2020-00085[5] 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.

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

[5] 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).

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

For any request to which Martin District fails or refuses to furnish all or part of the requested information, Martin 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 filing a paper containing personal information, Martin District shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read. Provide copies of each of the following, and when appropriate, provide in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

1. Refer to Martin District's Motion in Support of No Rate Modification (Motion) Item I, Basis of Analysis. Martin District stated the motion relies on PSC ARF Form RR-DC debt-coverage methodology, excluding non-cash depreciation consistent with lender covenants. Provide a completed copy of the referenced PSC ARF Form RR-DC debt-coverage methodology in Excel format.

2. Provide ARF Form 1 - Attachment SAO-W - Schedule of Adjusted Operations - Water Utility that is found on the Commission website under Utility Information, Utility Forms, Alternative Rate Filing Forms, with the conditions described below.

a. A 2025 test year using 2025 audited final statements for Martin District.

b. Provide calculations for each adjustment that affects current financial results (examples: full year revenue impact for Prestonsburg Utility; adjustment to depreciation expense for the 1979 National Association of Regulatory Utility Commissioners (NARUC) publication “Depreciation for Small Utilities”; any other known and measurable changes in revenues or expenses subsequent to the test year);

c. Separate Debt Service Surcharge and Management/Infrastructure Charge revenues as they are reflected on 6th revised sheet 4 of Martin District’s tariff dated February 8, 2022.

d. Describe how each of the surcharges is utilized for its designated purpose. Specifically, what debts are paid with the Debt Service Surcharge and what expenditures are paid for with the Management/Infrastructure Surcharge.

e. Provide details of any other miscellaneous income and state whether each component will continue.

3. Provide ARF Form 1 - Attachment RR-DC - Revenue Requirement Calculation Form - Debt Coverage that is found on the Commission website under Utility Information, Utility Forms, Alternative Rate Filing Forms, with the conditions described below.

a. Completed form based on the Schedule of Adjusted Operations described above.

b. Provide a list of debts as of December 31, 2025, increases, if any incurred subsequent to December 31, 2025, and the amount of each that will be paid off with currently approved grant funds.

c. Provide all calculations for the remaining debt service that will be reflected on the Revenue Requirement Form.

4. Using the same information as the calculation in Item 3, Provide ARF Form 1 - Attachment RR-OR - Revenue Requirement Calculation Form – Operating Ratio Method that is found on the Commission website under Utility Information, Utility Forms, Alternative Rate Filing Forms.

5. State whether the Debt Service Surcharge in the current tariff will still be needed after payment of debts using currently approved grant funds. If yes, describe the reasoning and the estimated time period that it should continue in the tariff.

6. Provide the balance owed to Alliance as of September 30, 2026, in the following format.

a. Aged amounts for 0 – 30 days, 31 – 60 days, 61 – 90 days, over 90 days.

b. Components of amount owed split between wages/fringes, chemicals, other operating expenses, and small capital expenditures, if any.

7. State whether the Management/Infrastructure Charge in the current tariff is sufficient to fund the components of the surcharge. If no, provide calculations and reasoning for the amount of the monthly shortfall.

8. Refer to Martin District's Motion at 3, New Recurring Revenue from Prestonsburg Utility.

a. State if Mountain District has filed the updated agreement with the Commission.

b. If so, identify where it was filed.

c. If not, provide a copy of the updated agreement.

9. Refer to Martin District's Motion at 4, Capital Improvements. Fill out the chart below regarding the proposed capital improvements.

Project	Projected Cost	Estimated Completion Date	Estimated Operating Expense (Annual)	Annual Depreciation Expense	Estimated Water Loss Impact (%)
Old Rt. 3 Water Improvement Project	$ 2,533,000				
Water System Master Plan	250,000				
Otto Brown Booster Station & Line Replacement	2,000,000				
Coldwater Line Replacement Phase I	5,000,000				
Rt. 40E Water Improvement Project	800,000				
Turkey Tank Rehabilitation	681,000				
Total	$ 11,264,000		$ -	$ -	0.00%

Service List for Case 2025-00249

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* Denotes served by Email