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PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

MICHAEL HEMPHILL – COMPLAINANT
v.
SOUTHEAST WATER ASSOCIATION, INC. – DEFENDANT **CASE NO. 2026-00191**

ELECTRONIC ALTERNATIVE RATE ADJUSTMENT FILING OF SOUTHEAST WATER ASSOCIATION, INC. **CASE NO. 2026-00233**

MICHAEL HEMPHILL'S NOTICE OF SUPPLEMENTAL INFORMATION: EXPOSING THE ECONOMIC INFRASTRUCTURE CONFLICTS OF THE UTILITY'S FLAT RATE PROPOSAL

Complainant and Intervenor Michael Hemphill hereby submits this formal Notice to the Public Service Commission (the "Commission"), exposing why the utility's proposed rate adjustment structure is inherently unjustified, unreasonable, and discriminatory under Kentucky law across both active dockets [civics].

The structural economic layout of Pulaski County completely undermines the utility's arguments [civics, finance]:

1. **The Summer Vacation-Home Burden:** It is possible that over half of Southeast Water Association's meters are summer vacation homes that do not use water year-round [finance]. To insulate its cash flow from these part-time properties, the association relies entirely on inflating flat minimum bills rather than variable usage costs [finance]. This model is designed to extract guaranteed, year-round revenue from empty properties, completely decoupling the utility's profit model from actual volumetric water distribution [finance].

2. **Unjustified and Unreasonable Penalization of Agriculture:** Because the utility does not charge based on true water usage but rather on how many meters a consumer holds, this model severely and disproportionately penalizes permanent, year-round agricultural operations [finance]. The Complainant's agricultural property holds an established 3-meter membership with specific, documented infrastructure baselines: the original meter dating to **2005**, the second meter dating to **2016**, and the third meter dating to **September 19, 2025** [finance]. **The Complainant's actual billing data from March of 2024 definitively proves this structural failure, showing that water consumption at this 6271 Blue John Road original meter location has never historically exceeded the flat base minimum allowance [finance].** Under the utility's flat-rate scheme, year-round producers are legally forced to make up the financial difference for empty seasonal lines, carrying the cost of maintaining the grid while subsidizing the utility's uncorrected **14% system-wide line loss** documented in **Case No. 2007-00414** [finance].

3. **The Absurdity of the Utility's "Residency" Attack:** The utility's defense team claims the Complainant should not have a say in the rate track due to non-residency [civics]. This argument is completely contradicted by the fact that the utility's entire financial model is explicitly engineered to extract revenue from properties held by out-of-state owners through minimum billing [finance]. As a grandfathered member-owner with meters on the system, the Complainant holds absolute standing under **KRS 278.160** and **KRS 278.260** to challenge this predatory billing practice [finance].

4. **The Fiduciary Mandate for Consolidation:** Keeping these dockets separate serves no public-interest purpose other than expanding the billable hours of high-priced corporate lawyers and city attorneys at a **$450 hourly blending baseline** [finance]. The association needs to spend money fixing the pipes instead of paying lawyers to cover up their past mistakes [finance]. The only common-sense business result that protects the **8,336 member meters**, local taxpayers, and agricultural businesses is to **grant the Motion to Consolidate Cases** so these interlocking infrastructure conflicts can be forensically audited at once [civics, finance].

Respectfully submitted,

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Michael Hemphill, Pro Se
[redacted], Burnside, KY