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August 28, 2026

Hon. Justin McNeil
Executive Director
Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

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**PUBLIC SERVICE
COMMISSION**

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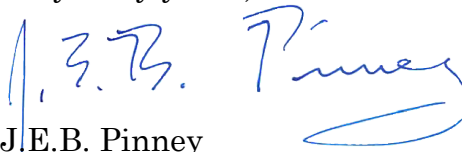
RE: Formal Complaint of Lexington-Fayette Urban County Government
against Kentucky-American Water Company.

Dear Executive Director McNeil:

Lexington-Fayette Urban County Government, by counsel, and pursuant to 807 KAR 5:001, Section 20, hereby submits its Formal Complaint against Kentucky-American Water Company. The undersigned counsel certifies that the document submitted electronically is a true, accurate and complete representation of the original document. The undersigned counsel, further, would appreciate proof of submission from the Commission upon the Commission's receipt of the Formal Complaint.

Please contact me if you have any questions.

Very truly yours,


J.E.B. Pinney

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

LEXINGTON-FAYETTE URBAN COUNTY	)	
GOVERNMENT	)	
	)	
COMPLAINANT	)	CASE NO.
	)	2026-00249
V	)	
	)	
KENTUCKY-AMERICAN WATER COMPANY	)	
	)	
DEFENDANT	)	

COMPLAINT

Comes Complainant, Lexington-Fayette Urban County Government, by counsel, and pursuant to KRS 278.040, KRS 278.260, KRS 278.270, KRS 278.280, and 807 KAR 5:001, Section 20, respectfully states as follows:

Parties

1. Complainant, Lexington-Fayette Urban County Government (LFUCG), is an urban county government established under KRS Chapter 67A. Its address is 200 East Main Street, Lexington, KY 40507.

2. Defendant, Kentucky-American Water Company (KAWC) is a utility as defined in KRS 278.010(3)(d) and subject to the jurisdiction of the Public Service Commission (Commission). KAWC's address is 2300 Richmond Road, Lexington, Kentucky 40502.

Relevant Facts

1. LFUCG is one of KAWC's largest customers and annually pays millions of dollars to KAWC for service. LFUCG takes service from KAWC under Commercial, OPA, Private Fire and Public Fire rates.¹

2. LFUCG has the following number and sizes of meters assigned to it: 5/8" Meter 76; 1" Meter 88; 1.5" Meter 6; 2" Meter 82; 4" Meter 6; 6" Meter 4; and 8" Meter 1.²

3. LFUCG is KAWC's largest customer of public fire hydrants. According to KAWC's most recent publicly available annual report on file with the Commission, over 90% of KAWC's public fire hydrants are billed to LFUCG.³

4. KAWC is engaged in the distribution and sale of water in its Central Division, consisting of Bourbon, Clark, Fayette, Harrison, Jessamine, Nicholas, Scott, and Woodford Counties; its Northern Division, consisting of Gallatin, Owen, Grant, and Franklin Counties; and the Southern Division, consisting of Rockcastle and Jackson Counties. KAWC has also received approval to distribute and sell water in

¹ See, Case No. 2026-00094, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, Approval of System Improvement Program, and Tariff Changes*, KAWC's Response to Lexington-Fayette Urban County Government's First Request for Information (filed June 26, 2026) at Response to 2(a).

² *Id.* at Response to 1.

³ See 2024 Annual Report of Kentucky-American Water Company, Ref, Page 35. 7,346 of 8,272 public fire hydrants are in Fayette County.

Bell, Harlan, and Hickman Counties, although the transactions may not have closed at the time of the filing of this Complaint.⁴

5. KAWC provides water service and occupies the rights-of-way in Fayette County pursuant to a franchise agreement executed on January 21, 2015,⁵ and which was renewed for an additional five years on October 9, 2025.⁶

6. The current franchise agreement grants KAWC a non-exclusive easement for, “the privilege of constructing, erecting, laying, relaying, replacing, operating and maintaining a waterworks system upon, through, along, under and over the public streets, alleys, avenues, public roads, highways, sidewalks, and other public ways . . .” of LFUCG.

7. KAWC, exercising its rights under the franchise agreement, frequently enters LFUCG’s rights-of-way, including public streets, to repair and/or replace mains and other KAWC structures.

8. Over the past two years KAWC’s construction practices in LFUCG’s rights-of-way have been conducted unreasonably, causing inadequate and

⁴ See, Case No. 2026-00094, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, Approval of System Improvement Program, and Tariff Changes*, Application, Statement, and Notice (filed May 15, 2026) at 1-2.

⁵ LFUCG Ordinance No. 155-14, the ordinance and franchise agreement may be viewed here: <https://psc.ky.gov/tariffs/Water/Districts.%20Associations.%20%26%20Privately%20Owned/Kentucky-American%20Water%20Company/Franchises/LFUCG/2016-01-21.pdf> (Last visited Aug. 14, 2026).

⁶ LFUCG Resolution No. 459-2024, the resolution may be viewed here: <https://psc.ky.gov/tariffs/Water/Districts.%20Associations.%20%26%20Privately%20Owned/Kentucky-American%20Water%20Company/Franchises/LFUCG/2025-10-09%20Extension.pdf> (Last viewed Aug. 14, 2026).

insufficient service for Fayette County residents, creating disruption to commerce and traffic, and damage to public and personal property.

9. KAWC's main replacement and main repair projects, and subsequent repaving, are conducted in unreasonable, unprofessional, and inadequate manners, causing confusion, delay, additional costs, and frequently exceeding projected completion dates.

10. In general, KAWC frequently does not require its subcontractors to comply with Section 17C-24, Patching and Restoration standards, regarding standard drawings and directives, most notably on trench backfill.

11. Repaired rights-of-way frequently have poorly backfilled and maintained trenches, causing, *inter alia*:

- a. Poor rideability;
- b. Settling issues to which KAWC is slow to respond and repair;
- c. Inadequate repairs made to settling issues;
- d. Unreasonably long periods of time between the inadequate backfill and installing properly approved temporary concrete cap patches.
- e. Multiple damage claims reported to LFUCG's representatives due to KAWC's improper temporary trenches and poor maintenance.

12. Due to unreasonable and inadequate project management, KAWC routinely fails to timely repair road surfaces after mains are replaced, resulting in additional delays after missing paving seasons (the period of time when asphalt facilities are open and outdoor conditions are conducive to adequate curing).

13. KAWC routinely damages the facilities of other utilities, including nearly a dozen incidents of damage to individual sewer lines.

14. KAWC routinely does not fasten steel plates on road surfaces, allowing the plates to shift and cause damage to automobiles.

15. In March 2026, one of KAWC's subcontractors was terminated and not replaced for six weeks, causing an unreasonable delay in the projects.

16. In April 2026, KAWC began moving construction resources dedicated to projects in Fayette County to work in other counties in KAWC's territory to address complaints of poor performance in those counties, causing unreasonable delays in concluding projects in LFUCG's rights-of-way.

17. KAWC's unreasonable and inadequate construction practices in LFUCG's rights-of-way cause damage and unreasonable delay throughout Fayette County, but specifically in areas around the North Limestone Neighborhood, Fontaine Road Neighborhood, South Upper Street Neighborhood, Bell Court Neighborhood, and Corral Street Neighborhood. See Appendix A for detailed timelines and problems with these projects.

18. KAWC communicates poorly, if at all, with the residents of areas affected by construction in LFUCG's rights-of-way.

19. KAWC communicates poorly, if at all, with representatives of LFUCG concerning KAWC's unreasonable construction practices and unreasonable delays.⁷

⁷ See Appendix B, Adrian Paul Bryant, *Lexington says water company won't hold public meeting to address issues with roadwork*, Lexington Herald-Leader (Aug. 6, 2026).

20. LFUCG, when projects are not completed as scheduled, reassess KAWC permit fees every 21 calendar days. KAWC's unreasonable and inadequate construction practices cause KAWC to fail to complete projects as scheduled, and, consequently, KAWC incurs unreasonable costs from reassessed fees. KAWC has incurred almost \$270,000 in reassessed fees since 2019 and KAWC, as of the filing of this Complaint, has incurred over \$27,000 in reassessed fees in 2026. These unreasonable Costs which will be borne by KAWC's customers if allowed for recovery in future rate proceedings.

21. KAWC's unreasonable delays in repairs and replacements negatively affect the purity, pressure, and quantity of water by delaying needed repairs.

22. KAWC is proposing in its current rate application a System Improvement Plan (SIP) which is designed to, "allow KAWC to recover a portion of its projected capital investments between rate cases."⁸

23. A significant portion of the "capital investment" KAWC proposes to recover through the proposed SIP is to replace aging water mains.⁹ KAWC is proposing, by 2029, to double its water main replacement percentage from KAWC's 2024 level.¹⁰

⁸ Case No. 2026-00094, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, Approval of System Improvement Program, and Tariff Changes*, Direct Testimony of Ann E. Bulkley, (filed May 15, 2026) page 42, lines 26-27.

⁹ Case No. 2026-00094, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, Approval of System Improvement Program, and Tariff Changes*, Direct Testimony of Jeffrey Newcomb, (filed May 15, 2026) page 32, line 20 to page 33, line 4.

¹⁰ *Id.* page 34, lines 6-8.

24. The increased water main replacement mostly will occur within LFUCG's rights-of-way. Under KAWC's current unreasonable and inadequate construction practices the increased water main replacement projects will lead to increased costs for reassessed fees, and increased harm and inconvenience to Fayette County residents.

25. Water main replacement reduces non-revenue water and unaccounted for water loss.¹¹ Under KAWC's current unreasonable and inadequate construction practices for water main replacements, main replacement will not take place in a reasonable or timely manner, delaying needed reductions in water loss, resulting in increased costs for LFUCG and other KAWC customers.

26. KAWC continues to acquire systems outside of Fayette County that will stretch the resources of KAWC, further retarding timely repairs to systems within Fayette County.¹²

27. KAWC is unreasonably exercising its franchise in Fayette County by implementing unreasonable and inadequate construction practices that harm LFUCG's rights-of-way.

¹¹ *Id.* page 37, line 7.

¹² See, e.g., Case No. 2026-00097, *Electronic Joint Application of Black Mountain Utility District and Kentucky-American Water Company for the Transfer of Control and Assets* (final Order entered July 10, 2026); Case No. 2025-000364, *Electronic Application of the City of Livingston and Kentucky-American Water Company for the Transfer of Control and Assets* (final Order entered Feb. 10, 2026); and Case No. 2025-00171, *Electronic Application of American Water Works Company, Kentucky-American Water Company, Nexus Regulated Utilities, LLC, and Water Service Corporation of Kentucky for Approval of the Transfer of Control of Water Service Corporation of Kentucky* (final Order entered Sept. 9, 2025).

28. KAWC's unreasonable and inadequate construction practices are a "service" subject to the jurisdiction of the Commission as they are a "practice or requirement in any way relating to the service of any utility, including . . . the purity, pressure, and quantity of water" KRS 278.010(13).

29. The additional costs incurred because of unreasonable and inadequate construction practices will cause unreasonable rates.

30. The Commission has jurisdiction over this complaint pursuant to KRS 278.260(1) which provides, in relevant part, that:

The commission shall have original jurisdiction over complaints as to rates or service of any utility, and upon a complaint in writing made against any utility by any person that any rate in which the complainant is directly interested is unreasonable or unjustly discriminatory, or that any regulation, measurement, practice or act affecting or relating to the service of the utility or any service in connection therewith is unreasonable, unsafe, insufficient or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed, with or without notice, to make such investigation as it deems necessary or convenient.

31. The Commission has jurisdiction over this Complaint pursuant to KRS 278.270 which provides that:

Whenever the commission, upon its own motion or upon complaint as provided in KRS 278.260, and after a hearing had upon reasonable notice, finds that any rate is unjust, unreasonable, insufficient, unjustly discriminatory or otherwise in violation of any of the provisions of this chapter, the commission shall by order prescribe a just and reasonable rate to be followed in the future.

PRAYER FOR RELIEF

Wherefore, Complainant, LFUCG, respectfully requests the following relief.

1. That the Commission accept this Complaint for filing.

2. That the Commission order KAWC to Satisfy or Answer the matter complained of in the Complaint.

3. That the Commission order KAWC to implement and follow written construction and repair policies, including communicating with local officials.

4. That the Commission disallow in rate case proceedings costs caused by unreasonable and inadequate construction policies.

5. That the Commission initiate an investigation of KAWC's construction policies, including, but not limited to, a management and operational audit as provided for in KRS 278.255.

6. That the Commission award any other relief it deems necessary.

Respectfully submitted,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

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APPENDIX A TO THE COMPLAINT OF LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT

North Limestone Project

06/09/2025: Received approval for five permits.

06/24/2025: Start date on permit.

07/14/2025: Construction began.

07/2025-12/2025: Work proceeded on installing mains from Sixth Street to New Circle Road and encountered several problems.

12/2025 to 03/2026: Work slowed because of weather, but several problems occurred.

02/2026: Sixth Street to York Street main and lateral projects, after installation, lacked concrete caps.

04/2026 to 06/2026: Main and lateral projects continued with issues.

Early 05/2026: Estimated start time for concrete to the surface on Sixth Street to New Circle Road project.

05/2026: LFUCG learns that KAWC started the North Limestone Project without receiving approval from railroad company to bore under railroad tracks.

05/08/2026: Improperly place steel plate is struck by car, causing damage to the car.

06/2026: KAWC's subcontractor begins boring under railroad tracks but road does not open until mid-August 2026.

Mid-08/2026: Majority of concrete to surface work completed except for Broadview Drive to New Circle Road

Fontaine Neighborhood Project

07/09/2025: KAWC applies for 15 permits.

07/17/2025: Permits are approved.

8/01/2025: Permit start date. (Construction start date unknown).

08/2025 to 11/2025: Work proceeds with several problems for main work from Euclid Avenue, East High Street, and Tates Creek Road to Chinoe Road.

09/2025: All trenches in project area in very bad condition—several trench surfaces had significant settling.

09/07/2025: Tire and transmission damage caused by poorly maintained trench surface.

12/2025 to 03/2026: Work slowed because of weather, but several problems occurred.

09/2025 to 03/2026: KAWC's contractor divided time between Fontaine Area Project and South Upper Street Project, slowing progress for Fontaine Area Project.

03/2026: KAWC's subcontractor terminated from all KAWC project without explanation and new subcontractor not retained for several weeks.

04/2026: Project continues replacing mains and laterals but with several problems.

Late 04/2026: KAWC's contractor declares bankruptcy and abandons Fontaine Area Project, slowing down construction and creating problems.

Early 05/2026: KAWC engages a new contractor.

Late 05/2026 to 07/2026: Very little construction activity occurred. KAWC informed LFUCG representatives the contractor was working to complete other projects.

Mid-07/2026: Construction resumes but road surfaces are in very poor condition, making it difficult to drive on roads.

Late 07/2026: Further delays ensued when KAWC's contractor damaged a sanitary sewer line which LFUCG's Division of Water Quality repaired.

South Upper Street

- * KAWC did not coordinate with the University of Kentucky before beginning construction on areas near the University's campus.
- * KAWC began construction after classes at the University of Kentucky began, causing multiple traffic issues.

- * LFUCG has received multiple reports of damage to automobiles caused by poor trench maintenance.
- * In Fall of 2025 during a University Kentucky bicycling event a cyclist suffered injuries when they fell into a poorly maintained and cordoned trench area.

Bell Court Neighborhood

- * Trenches were poorly maintained, routinely causing damage to automobiles
- * Missed final paving season from May to December 2024 because of a conflict with KAWC's contractor. Final restoration completed in the Summer of 2025.

Corral Street Neighborhood

- * KAWC left trenches with up to a one-inch depression uncovered and without traffic control.

**APPENDIX B TO THE COMPLAINT OF LEXINGTON-FAYETTE
URBAN COUNTY GOVERNMENT**



LOCAL

Lexington says water company won't hold public meeting to address issues with roadwork

By Adrian Paul Bryant

Updated August 6, 2026 6:52 AM



Kentucky American Water building on Richmond Road. Staff photo.

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Lexington Mayor Linda Gorton is continuing to put pressure on Kentucky American Water for its ongoing construction work on Fontaine Road.

In a Wednesday afternoon statement, the mayor's office said Kentucky American Water's project to replace water lines on Fontaine Road was supposed to be finished in September 2025.



TOP VIDEOS



The water utility says that's not accurate.

"This important and comprehensive project was always intended to be completed in 2026," Kentucky American Water said in a statement on Wednesday evening.

Kentucky American Water is currently authorized to work from 9 a.m. to 3 p.m., and then from 6 p.m. to 11 p.m on Mondays through Saturdays. The company recently asked the city for permission to work between 3 p.m. and 6 p.m., which are peak traffic travel times on the road, the city told the Herald-Leader.

Gorton said she would grant that extension if the water utility committed to having a public meeting and setting a firm end date on the project.

"I have called the president of Kentucky American and, rather than setting a face-to-face meeting with Chevy Chase neighbors as I requested, he said they are planning to distribute information through doorhangers or sticky notes to people who are directly affected by the project," Gorton said in the Wednesday statement. "That does not give neighbors an opportunity to ask questions."

Kentucky American Water confirmed its request for extended working hours. However, it claims it has been transparent with the neighborhood since the beginning.

“Before the project began, we participated in a neighborhood association meeting and provided project information to property owners along the pipeline route, including the names and cellphone numbers of project supervisors,” the utility said.

The company additionally said while it must strictly adhere to the work hours permitted by the city, Lexington has much more flexible rules for its own crews who do utility work.

“We understand and appreciate concerns regarding the length of time these complex types of construction projects take when they are conducted in densely populated urban areas ... and have sought solutions with LFUCG throughout the project to help quicken the pace.”

The company has told the city it now expects the project to be done in September. But it has not set a firm end date.



Additionally, Gorton's office claimed that one of the reasons the Fontaine Road project was delayed was because the company pulled contractors away from the project to do work on an urgent issue in Owenton.

Kentucky American Water again says that's not true, claiming they have not pulled any contractors from the project for other work.

While the city has little control over Kentucky American Water, which is regulated primarily by the state government's Public Service Commission, the city said Gorton

is “exploring how to voice its concerns concerning Fontaine and other projects to the Public Service Commission.”

Busted sewage lines on Fontaine Road

A since-deleted Facebook post last week claimed that the water company busted sewer lines for two homes on Fontaine Road while doing work. The city said in a Wednesday statement the post prompted further concerns about the project.

In a statement to the Herald-Leader provided last week, Kentucky American Water said they detected and fixed those sewage issues “promptly.”



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“In addition, out of an abundance of caution, we are proactively assessing the private sewer lines on remaining properties in the project area that had the

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Wednesday’s statement is the second time Gorton has put public pressure on the water utility. In May, she urged the company [to speed up its work on both High Street and Fontaine Road](#).

This story was originally published August 5, 2026 at 1:42 PM.

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Adrian Paul Bryant *Lexington Herald-Leader*     (606)-493-8917

Adrian Paul Bryant is the Lexington Government Reporter for the Herald-Leader. He joined the paper in November 2025 after four years of covering Lexington’s local government for CivicLex. Adrian is a Jackson County native, lifelong Kentuckian, and proud Lexingtonian.

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