

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JONATHAN CREEK WATER DISTRICT AND)	
ITS INDIVIDUAL COMMISSIONERS, JIMMY)	
TUBBS, BARRY HILL, JOSH MEDLEY, MARK)	CASE NO.
HOLT, AND KARA WILSON)	2017-00469
)	

ALLEGED FAILURE TO COMPLY WITH KRS
278.300

ORDER

On August 3, 2017, Jonathan Creek Water District (“Jonathan Creek”) tendered an application in Case No. 2017-00323 for an adjustment of its rates for service pursuant to the procedures set forth in 807 KAR 5:076.¹ On November 30, 2017, Commission Staff issued a report summarizing its findings (“Staff Report”). In its report, Staff noted the existence of unauthorized debt, including an outstanding loan from Community Financial Services Bank dated May 3, 2016, for \$600,671.50, for which Jonathan Creek did not obtain Commission approval as required by KRS 278.300. The Staff Report further asserted that the Commission may initiate a separate proceeding to thoroughly investigate possible violations of Commission statutes and regulations, and that the members of the Board of Commissioners may be held accountable if a determination is made that there was a willful violation of any provision of KRS Chapter 278.

¹ Case No. 2017-00323, *Application of Jonathan Creek Water District for an Alternative Rate Adjustment* (Ky. PSC Aug. 3, 2017).

KRS 278.300(1) states that no utility shall issue any form of indebtedness unless it has been authorized to do so by an Order of the Commission. The Commission finds that a *prima facie* case exists that Jonathan Creek violated KRS 278.300 by issuing evidence of indebtedness to Community Financial Services Bank without Commission approval.

Pursuant to KRS 74.020(1), a water district shall be administered by a board of commissioners which shall control and manage the affairs of the district. The Commission finds that a *prima facie* case exists that Jonathan Creek commissioners: Jimmy Tubbs, chairman; Barry Hill, vice chairman; Josh Medley, treasurer; Mark Holt, board member; and Kara Wilson, board member; acting in their respective individual capacities as members of Jonathan Creek's Board of Commissioners, willfully aided and abetted in the above violation.

IT IS THEREFORE ORDERED that:

1. Jonathan Creek; and commissioners: Jimmy Tubbs, chairman; Barry Hill, vice chairman; Josh Medley, treasurer; Mark Holt, board member; and Kara Wilson, board member; individually and in their respective capacities as commissioners of Jonathan Creek, shall submit to the Commission individual written responses to the allegations contained herein within 20 days of the date of entry of this Order.

2. Jonathan Creek; and commissioners Jimmy Tubbs, chairman; Barry Hill, vice chairman; Josh Medley, treasurer; Mark Holt, board member; and Kara Wilson, board member; individually and in their respective capacities as commissioners of Jonathan Creek, shall appear at a hearing scheduled for February 27, 2018, at 9:00 a.m. Eastern Standard Time, in Hearing Room 1 of the Commission's offices at 211

Sower Boulevard in Frankfort, Kentucky, to show cause why they should not be subject to penalties prescribed in KRS 278.990 for the alleged violation of KRS 278.300.

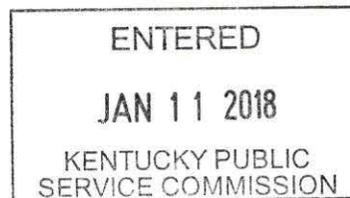
3. Jonathan Creek shall file with the Commission, no later than February 20, 2018, seven days prior to the hearing, a list of witnesses and exhibits to be presented at the February 27, 2018 hearing. Jonathan Creek shall provide six copies of any exhibit it intends to introduce into evidence at the hearing.

4. Jonathan Creek shall give notice of the hearing in compliance with 807 KAR 5:001, Section 9(2)(b). In addition, the notice of hearing shall include the following statement: "This hearing will be streamed live and may be viewed on the PSC website, psc.ky.gov." At the time the notice is mailed or publication is requested, Jonathan Creek shall forward a duplicate of the notice and request to the Commission.

5. Pursuant to KRS 278.360 and 807 KAR 5:001, Section 9(9), a digital video recording shall be made of the hearing.

6. The record of Case No. 2017-00323 is incorporated into this case by reference only.

By the Commission



ATTEST:

for 

Executive Director

Case No. 2017-00469

Mark Holt
Commissioner
Jonathan Creek Water District
7564 U. S. Highway 68E
P. O. Box 414
Benton, KY 42025

Kara Wilson
Commissioner
Jonathan Creek Water District
7564 U. S. Highway 68E
P. O. Box 414
Benton, KY 42025

Jimmy Tubbs
Commissioner
Jonathan Creek Water District
7564 U. S. Highway 68E
P. O. Box 414
Benton, KY 42025

Barry Hill
Commissioner
Jonathan Creek Water District
7564 U. S. Highway 68E
P. O. Box 414
Benton, KY 42025

Josh Medley
Commissioner
Jonathan Creek Water District
7564 U. S. Highway 68E
P. O. Box 414
Benton, KY 42025

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7564 U. S. Highway 68E
P. O. Box 414
Benton, KY 42025

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Jonathan Creek Water District
7564 U. S. Highway 68E
P. O. Box 414
Benton, KY 42025