

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

CORINTH WATER DISTRICT AND ITS)	
INDIVIDUAL COMMISSIONERS, W.D. FIELD,)	
DIANE MINCARELLI, SHANNON LONG, CHERISH)	CASE NO.
KENNEDY, AND ASHLEY LAUDERMAN)	2022-00061
ALLEGED FAILURE TO COMPLY WITH KRS)	
278.300)	

ORDER

On January 18, 2022, Corinth Water District (Corinth District) filed an application for authorization of indebtedness pursuant to 807 KAR 5:001 and KRS 278.300.¹ Corinth District sought Commission approval to enter into a \$2,020,000 lease agreement with the Kentucky Bond Corporation for the purpose of refinancing Corinth District's outstanding federal debt obligations.² However, Corinth District stated that it had executed the lease agreement on July 23, 2021, prior to seeking Commission approval.³ The lease agreement was signed on July 23, 2021, by W.D. Field (Dan Field), as Chairman of

¹ Case No. 2021-00465 *Electronic Application of Corinth Water District for Authorization to Enter into a Financial Obligation* (filed Jan. 18, 2022). Corinth District tendered its application on December 22, 2021. By letter dated December 28, 2021, the Commission rejected the application for filing deficiencies. The deficiencies were cured, and the application was deemed filed on January 18, 2022.

² Case No. 2021-00465, *Corinth Water District* (filed Jan. 18, 2022), Application, Exhibit A.

³ *Id.*, Application at 1–2.

Corinth District's Board of Commissioners and Ashley Lauderman, as Secretary.⁴ The application revealed that Corinth District had also entered into indebtedness for a truck for which the Commission did not approve.⁵ The Huntington Bank note was signed on March 13, 2017, for \$23,636 for a term of 75 months.⁶ On March 16, 2022, the Commission entered an order denying retroactive confirmation of authority to enter into the lease agreement.⁷ The March 16, 2022 Order instructed that an investigation be opened into the board of commissioners and possible violations of KRS 278.300.⁸

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 Corinth District violated KRS 278.300 by issuing evidence of indebtedness to Huntington Bank and to the federal government without Commission approval. This is especially concerning to the Commission because Corinth District has a history of issuing evidence of indebtedness without prior Commission

⁴ *Id.*, Exhibit A, unnumbered PDF page 31. See also: Case No. 2021-00425, *Electronic Application of Corinth Water District for a Rate Adjustment Pursuant to 807 KAR 5:076* (filed Feb. 3, 2022) Corinth District's Response to Commission Staff's First Request for Information (Response to Staff's First Request), Item 8, unnumbered pages 11–13. Minutes of the April 7, 2021 Board of Commissioners' Meeting indicate that Bryan Skinner would be present at the May Commissioners' Meeting to discuss refinancing loans. The May 12, 2021 and June 2, 2021 minutes of Corinth District's Commissioners' Meetings indicate the lease agreement was discussed in May and approved by the Board of Commissioners on June 2, 2021. Present at the June 2, 2021 meeting were Dan Field, Cherish Kennedy, Ashley Lauderman, and Manager, Tara Wright. The minutes of the June 2, 2021 meeting indicate the board unanimously voted to approve the lease agreement. The minutes of the July 19, 2021 Commissioners' Meeting indicate that all paperwork for closing had been signed.

⁵ Case No. 2021-00465, *Corinth Water District* (filed Jan. 18, 2022), Application, Exhibit E, unnumbered PDF pages 92 and 94. See also, Case No. 2021-00425, *Corinth Water District Rate Adjustment* (filed Nov. 15, 2021), Application, Attachment 8b, unnumbered PDF pages 93 and 94.

⁶ Case No. 2021-00465, *Corinth Water District* (filed Jan. 18, 2022), Application at PDF page 94.

⁷ Case No. 2021-00465, *Corinth Water District* (Ky. PSC Mar. 16, 2022), Order.

⁸ *Id.* at 7.

approval. In Case No. 2013-00187,⁹ the Commission ordered Corinth District commissioners Dan Field, Donnie Dyer, and Robert McDaniel to each pay a civil penalty in connection with a violation of KRS 278.300.

Pursuant to KRS 74.020(1), a water district shall be administered by a board of commissioners who shall control and manage the affairs of the district. The commissioners of a water district are responsible for ensuring that the utility complies with all applicable statutes and regulations. Failure to do so subjects the utility, and the individual commissioners, to the penalties set forth in KRS 278.990.

According to Corinth District's 2020 Annual Report on file with the Commission, the following individuals serve on the Board of Commissioners for Corinth District:

- Dan Field, term expiring July 31, 2022;
- Cherish Kennedy, term expiring December 1, 2024;
- Shannon Long, term expiring December 31, 2023; and
- Diane Mincarelli, term expiring June 20, 2022.

In addition, information filed in Case No. 2021-00425¹⁰ indicates that Ashley Lauderman was appointed to the Corinth District Board of Commissioners on April 20, 2020, by Grant County Judge Executive, Chuck Dills, with a term to expire on December 31, 2023. Dan Field has served on the Board of Commissioners since 2014.¹¹

⁹ Case No. 2013-00187, *Corinth Water District, Alleged Failure to Comply with KRS 278.300*, (Ky PSC Oct. 21, 2013), at Ordering paragraph 4.

¹⁰ Case No. 2021-00425, *Corinth Water District Rate Adjustment* (filed Feb. 3, 2022), Response to Staff's First Request, Item 10.

¹¹ *Id.*

The Commission finds that a prima facie case exists that Corinth District commissioners: Dan Field; Diane Mincarelli; Shannon Long; Cherish Kennedy; and Ashley Lauderman; acting in their respective individual capacities as commissioners of Corinth District, willfully aided and abetted in one or more violations of KRS 278.300.

IT IS THEREFORE ORDERED that:

1. Corinth District and commissioners: Dan Field; Diane Mincarelli; Shannon Long; Cherish Kennedy; and Ashley Lauderman; individually, and in their respective capacities as commissioners of Corinth District, 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. The record of Commission Case Nos. 2021-00465 and 2021-00425 are made a part of the record by reference only.

PUBLIC SERVICE COMMISSION



Chairman



Vice Chairman

Commissioner

ENTERED
APR 08 2022 bsb
KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

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