

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ALLEGED FAILURE OF GREEN)	
RIVER VALLEY WATER DISTRICT AND ITS)	
OFFICERS, JOHN BUNNELL, PAT TUCKER,)	CASE NO.
PHILLIP DOYLE, ADRIAN GOSSET, DEBBIE)	2022-00215
FOWLER, LELAND GLASS, KERRY MCDANIEL,)	
AND ITS MANAGER, DAVID PAIGE, TO COMPLY)	
WITH A COMMISSION ORDER, KRS 278.990)	

ORDER

The Commission, on its own motion, establishes this proceeding to investigate Green River Valley Water District (Green River Valley District) and its individual officers, John Bunnell, Pat Tucker, Phillip Doyle, Adrian Gossett, Debbie Fowler, Leland Glass, Kerry McDaniel, and its Manager, David Paige, for allegedly failing to comply with the Commission’s March 10, 2020 Order in Case No. 2019-00458.¹ The willful failure to comply presents prima facie evidence of incompetency, neglect of duty, gross immorality, or nonfeasance, misfeasance, or malfeasance in office sufficient to make Green River Valley’s officers and manager subject to the penalties of KRS 278.990 or removal pursuant to KRS 74.025. The Commission finds that a public hearing should be held on the merits of the allegations set forth in this Order.

LEGAL STANDARD

¹ Case No. 2019-00458 *Electronic Application of Green River Valley Water District to Issue Securities in the Approximate Principal Amount of \$5,325,000 for the Purpose of Refunding Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC Mar. 10, 2020), Order, at 5, Ordering paragraph 5. The deadline to file for a rate adjustment was extended until May 31, 2022, by Order issued April 26, 2021.

Under KRS 278.250 and KRS 278.260, the Commission is authorized to investigate and examine the condition of any utility subject to its jurisdiction, including any practice or act relating to the utility service. Under KRS 278.280, if the Commission finds that any practice or act is unjust, unreasonable, unsafe, improper, inadequate, or insufficient, then the Commission has the authority to determine the just, reasonable, safe, proper, adequate, or sufficient practice or method to be observed. Upon a finding that Green River Valley, its commissioners, or manager violated any provision of KRS Chapter 278, Commission regulations, or a Commission Order, KRS 278.990 authorizes the Commission to assess civil penalties not to exceed \$2,500 for each offense against a utility and against any officer, agent, or employee of a utility who willfully violates any provisions of KRS 278, Commission regulations, or Orders.

DISCUSSION

Green River Valley District is a water district organized in 1962, pursuant to KRS Chapter 74² Green River Valley District provides water service for Barren, Green, Hart, Larue, and Metcalfe Counties, Kentucky.³

Currently, serving as commissioners are: John Bunnell, Pat Tucker, Adrian Gossett, and Chairman, Phillip Doyle.⁴ However, Green River Valley District was ordered to file a general rate case in March 2020. Debbie Fowler, Leland Glass and Kerry McDaniel served during the time period that the utility was ordered to file the rate case.⁵

² *Annual Report of Green River Valley Water District to the Public Service Commission for the Year Ended December 31, 2021* (2021 Annual Report) at 9.

³ 2021 Annual Report at 10.

⁴ 2021 Annual Report at 15.

⁵ 2021 Annual Report at 15.

On January 14, 2020, Green River Valley District requested an Order authorizing the district to issue certain securities in the approximate principal amount of \$5,325,000.⁶ As part of the final Order, issued on March 10, 2020, Green River Valley District was ordered to file for an adjustment in base rates or file for an alternative rate filing within one year of the date of the Order's issuance.⁷

On April 16, 2021, Green River Valley District filed a motion for an extension of time to file the application for a rate adjustment. As a basis, Green River Valley District stated that submission of an application for rate adjustment pursuant to KRS 278.180 prior to completion of a new waterworks improvements would likely result in rates that do not accurately reflect Green River Valley District's cost of service.⁸ In support, Green River Valley District stated that the rate adjustment would be required to use its operations for the year ending December 31, 2020, as its test period, and this period would not include any expenses associated with the waterworks improvements and if any expenses or depreciation were included in the test year, the operating costs, financing expenses, and depreciation would not be considered known and measurable changes.⁹ In light of those circumstances, Green River Valley District requested that the Commission extend

⁶ Case No. 2019-00458 *Electronic Application of Green River Valley Water District to Issue Securities in the Approximate Principal Amount of \$5,325,000 for the Purpose of Refunding Certain Outstanding Obligations of the District Pursuant to the Provisions of KRS 278.300 and 807 KAR 5:001* (Ky. PSC Jan. 14, 2020), Application.

⁷ Case No. 2019-00458, *Green River Valley Water District* (Ky. PSC Mar. 10, 2020), Order at 5, ordering paragraph 5.

⁸ Case No. 2019-00458, *Green River Valley Water District* (filed Apr. 16, 2021), Green River Valley District's Motion for Extension of Time.

⁹ Case No. 2019-00458, *Green River Valley Water District* (filed Apr. 16, 2021), Green River Valley District's Motion for Extension of Time at 3.

the time in which it must file an application for rate adjustment to May 31, 2022.¹⁰ In an Order issued April 26, 2021, the Commission granted an extension to file a general rate adjustment until May 31, 2022.¹¹

As of July 11, 2022, Green River Valley District had not filed a rate case. Green River Valley District has never been before the Commission for a general rate adjustment.

The Commission finds that a prima facie case exists that Green River Valley District violated the Commission's March 10, 2020 Order in Case No. 2019-00458. 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 in that Green River Valley District officers: John Bunnell, Pat Tucker, Adrian Gossett, Debbie Fowler, Leland Glass, Kerry McDaniel, and Chairman, Phillip Doyle, acting in their respective official and individual capacities as officers of Green River Valley District's Board of Commissioners; and David Paige, in his capacity as manager of Green River Valley District, an employee of the utility, willfully aided and abetted in the above violations and may be subject to penalties pursuant to KRS 278.990 or removal pursuant to KRS 74.025 for incompetency, neglect of duty, gross immorality, or nonfeasance, misfeasance, or malfeasance.

IT IS THEREFORE ORDERED that:

1. Green River Valley District; David Paige, in his capacity as manager; and John Bunnell, Pat Tucker, Adrian Gossett, Debbie Fowler, Leland Glass, Kerry McDaniel, and Chairman, Phillip Doyle, acting in their respective official and individual capacities as

¹⁰ Case No. 2019-00458, *Green River Valley Water District* (filed Apr. 16, 2021), Green River Valley District's Motion for Extension of Time at 3.

¹¹ Case No. 2019-00458, *Green River Valley Water District* (Ky. PSC Apr. 26, 2021), Order at 3.

officers of Green River Valley District's Board of Commissioners, shall submit individual written responses to the allegations contained in this Order within 20 days of the date of entry of this Order, including but not limited to any, and all written testimony or documentation that would dispute the allegations.

2. Counsel for the parties shall enter an appearance or appearances within 20 days of the date of entry of this Order.

3. The Commission directs Green River Valley District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹² regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

4. Each response shall include 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.

¹² 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).

5. A party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

6. The record of Commission Case No. 2019-00458 is made a part of the record by reference only.

7. The County Judge Executive in Hart, Larue, Barren, Metcalfe, and Green counties, Kentucky, respectively, shall be served with a copy of this Order.

8. The following parties shall be served via certified USPS mail: Debbie Fowler, Leland Glass, and Kerry McDaniel.

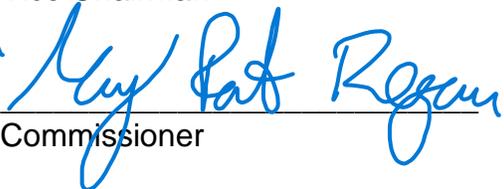
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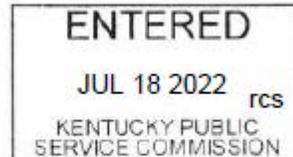
PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman

*by KAC
w/permission*


Commissioner



ATTEST:


Executive Director

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