

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO)	
CANNONSBURG WATER DISTRICT AND ITS)	
INDIVIDUAL COMMISSIONERS (TIM WEBB,)	CASE NO.
SAM HAMPTON, ROBERT MCQUIRE, PAM)	2024-00396
VANHOOSE, MARTIN BAYS, AND MARK)	
KAZEE) FOR ALLEGED FAILURE TO COMPLY)	
WITH KRS 278.300.)	

ORDER

The Commission, on its own motion, establishes this proceeding, pursuant to KRS 278.260, to conduct a formal investigation into Cannonsburg Water District (Cannonsburg District) and its individual commissioners- Tim Webb, Sam Hampton, Robert McGuire, Pam Vanhooose, Martin Bays, and Mark Kazee for an alleged failure to comply with KRS 278.300.

LEGAL STANDARD

Cannonsburg District is a utility organized pursuant to KRS Chapter 74. Pursuant to KRS 278.040(2), the Commission has jurisdiction over the regulation of the rates and services of utilities within the state. The Commission's regulation of rates and services ensures that utilities furnish adequate, efficient and reasonable service.¹ KRS 278.040(3) permits the Commission to adopt regulations to implement the provisions of KRS Chapter 278. Additionally, KRS 278.260 allows the Commission to undertake an investigation of a utility's services, or any service in connection therewith, on its own motion.

¹ KRS 278.030(2).

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 upon a finding by the Commission that the utility and its officers, agents, or employees who willfully violate any provision of KRS 278, Commission regulations, or Orders.

KRS 278.300(1) states that “no utility shall issue any securities or evidence of indebtedness, or assume any obligation or liability in respect to the securities or evidence of indebtedness of any other person until it has been authorized so to do by order of the commission.” An exception is provided in KRS 278.300(8) that applies to

[N]otes issued by a utility, for proper purposes and not in violation of law, that are payable at period of not more than two (2) years from the date thereof, or to like notes, payable at a period of not more than two (2) years from the date thereof, that are issued to pay or refund in whole or in part any such notes, or to renewables of such notes from time to time, not exceeding in aggregate six (6) years from the date of the issue of the original notes so renewed or refunded.

DISCUSSION

In Case No. 2024-00155,² Cannonsburg District provided an invoice that showed vehicles leased from Enterprise with a term of 60 or 72 months, which is over the two-year exemption provided in KRS 278.300(8).³ In response to Commission Staff’s Report, Cannonsburg District stated that the vehicle leases/purchases are open-ended and not term contracts and were originally entered into on May 24, 2016.⁴

² Case No. 2024-00155, *Electronic Application of Cannonsburg Water District for a Rate Adjustment Pursuant to 807 KAR 5:076*.

³ Case No. 2024-00155, Aug. 15, 2024 Cannonsburg District’s Response to Commission Staff’s Second Request for Information, Item 5a.

⁴ Case No. 2024-00155, Oct. 30, 2024 Cannonsburg District’s Response to Commission Staff’s Report, paragraph 4.

The Commission finds that a prima facie case exists that Cannonsburg District may have violated KRS 278.300. 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 Cannonsburg District officers: Tim Webb, Sam Hampton, Robert McGuire, Pam Vanhooose, Martin Bays, and Mark Kazee, acting in their respective official and individual capacities as officers of Cannonsburg District's Board of Commissioners willfully aided and abetted in the alleged 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. This proceeding is established to investigate whether Cannonsburg District or any of its individually named commissioners are in violation of KRS 278.300.
2. Motions to intervene shall be filed within 30 days of service of this Order.
3. Any party filing documents with the Commission shall serve a copy of those documents set forth in 807 KAR 5:001, Section 8, related to the service and electronic filing of papers shall be followed in this proceeding.
4. The Commission directs the parties to the Commission's July 22, 2021 Order in Case No. 2020-00085⁵ regarding filings with the Commission. Electronic

⁵ 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).

documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

5. Cannonsburg District and each of the individually named commissioners, acting in their respective official and individual capacities as officers of Cannonsburg District's Board of Commissioners, shall submit individual written responses to the allegations contained in this Order within 20 days of the date of service of this Order, including but not limited to any, and all written testimony or documentation that would dispute the allegations.

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

7. 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.

8. All parties shall file a written statement by May 16, 2025.

9. Case No. 2024-00155 shall be incorporated into this proceeding by reference.

10. The County Judge Executive in Boyd and Greenup counties, Kentucky, respectively, shall be served with a copy of this Order.

11. The following parties: Tim Webb, Sam Hampton, Robert McGuire, Pam Vanhooose, Martin Bays, and Mark Kazee, shall be served via certified USPS mail: 1606 Cannonsburg Rd, Ashland, KY 41102.

12. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

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PUBLIC SERVICE COMMISSION


Chairman

Vice Chairman


Commissioner

ATTEST:


Executive Director

ENTERED
APR 08 2025 AH
KENTUCKY PUBLIC
SERVICE COMMISSION

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*Eric Chaney
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*Cannonsburg Water District
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