

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ALLEGED FAILURE OF NORTH)	CASE NO.
SHELBY WATER COMPANY TO COMPLY WITH)	2025-00273
KRS 278.014 AND 807 KAR 5:006, SECTION 9)	

ORDER

This case was opened on November 7, 2025, to investigate whether North Shelby Water Company (North Shelby Water) willfully failed to comply with KRS 278.014 and 807 KAR 5:006, Section 9, by assessing certain late payment penalties. Specifically, the Commission sought to determine if North Shelby Water, as alleged in Case No. 2025-00040,¹ incorrectly assessed late penalties against its customers. All documents, records, and Orders included in the record of Case No. 2025-00040 were incorporated by reference into the record of this proceeding.² North Shelby Water responded to one request for information from Commission Staff and requested that the matter be dismissed on February 17, 2026.³

LEGAL STANDARD

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

¹ Case No. 2025-00040, *Kevin Heath Copenhaver v. North Shelby Water Company* (Ky. PSC Oct. 10, 2025).

² Order (Ky. PSC Nov. 7, 2025).

³ North Shelby Water's Response to Commission Staff's First Request (Staff's First Request) (filed Feb. 17, 2026).

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 North Shelby Water 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 Chapter 278, Commission regulations, or Orders. Although this statutory provision is not completely clear as to whether “willfully” applies to each clause, the Kentucky Court of Appeals expressed that willfulness was a prerequisite to assessment of a civil penalty.⁴ Regardless, “willfully” clearly applies to utilities and their officers, agents, or employees violating specific statutes or regulations. This interpretation was supported by a recent Commission decision, which stated that “the Commission must also determine whether these violations are willful before any penalties may be assessed under KRS 278.990” and defined willful behavior as follows:

A willful violation has been defined as an act that is committed intentionally, not accidentally or involuntarily. It has also been stated that a willful violation does not necessarily and solely entail an intention to do wrong and inflict injury but may include conduct which reflects an indifference to its natural consequences. For civil and administrative proceedings, a willful violation has been explained as one which is intentional,

⁴ *Public Service Com'n v. Jackson County Rural Elec. Co-op., Inc.*, 50 S.W.3d 764, 769 (Ky. App. 2000).

knowing, voluntary, deliberate or obstinate, although it may be neither malevolent nor with the purpose to violate the law.⁵

BACKGROUND

In Case No. 2025-00040, the Commission found sufficient evidence that North Shelby Water had been incorrectly assessing penalties to the complainant's account in accordance with KRS 278.0154(2) and 807 KAR 5:006. KRS 278.0154(2) states that ". . . a late payment charge or fee shall not be assessed more than once per billing cycle or on any part of the late payment charge." Section 9(3)(h)(3) of 807 KAR 5:006, states that "additional late payment charges shall not be assessed on unpaid late payment charges."⁶

North Shelby Water stated, that in normal circumstances, a missed payment would lead to the cessation of services, but the complainant's services were allowed to continue.⁷ This created a unique problem with AMPSTUN, the billing system used by North Shelby Water, which was designed to automatically charge a late fee when a bill is not timely paid.⁸ North Shelby Water stated that, throughout Case No. 2025-00040, office staff ensured that the complainant was made aware of this situation, and was instructed to pay only the cost of current water usage monthly.⁹

⁵ Case No. 2021-00339, *Electronic Alleged Failure of North Manchester Water Association, Inc., Its Officers, Steve Davis, Bill Hurd, Carl Gregory Hoskins, Bobby Wolfe, Henry Smith, Ted Woods, Carl David Crawford, and Its Manager, Jerry Rice, to Comply with KRS 278.140, KRS 278.230, 807 KAR 5:006, Sec. 4, and KRS 278.990* (Ky. PSC Mar. 7, 2023), Order at 6 (citations omitted).

⁶ Case No. 2025-00040, Oct. 10, 2025 Order.

⁷ North Shelby Water's Response to Staff's First Request, Item 1 at 2.

⁸ North Shelby Water's Response to Staff's First Request, Item 1 at 2.

⁹ North Shelby Water's Response to Staff's First Request, Item 1 at 2.

In addition, North Shelby Water stated that to prevent such an occurrence from happening to other customers in the future, a customer's bill will be reset at the outset of any action so that late fees will be stopped.¹⁰ This step will require that customers' bills be reviewed manually for any late payments while an action is proceeding.¹¹

North Shelby Water also confirmed with AMPSTUN that the software installed and updated by their service technicians is in compliance with 807 KAR 5:006, and is widely used by multiple utility companies in Kentucky.¹²

Having reviewed the record and being otherwise sufficiently advised, the Commission finds that North Shelby Water did not willfully violate a regulation, statute, or Commission Order. The Commission found sufficient evidence that North Shelby Water had been incorrectly assessing penalties in a prior complaint case, which was the result of a unique problem with the billing system. The prior case has since been resolved, and steps to ensure that a similar situation doesn't happen again have been addressed by North Shelby Water.

IT IS THEREFORE ORDERED that:

1. The Commission finds that North Shelby Water did not willfully violate a regulation, statute, or Commission Order.
2. No civil penalty is assessed because North Shelby Water's actions were deemed not willful.

¹⁰ North Shelby Water's Response to Staff's First Request, Item 2 at 4.

¹¹ North Shelby Water's Response to Staff's First Request, Item 2 at 4.

¹² North Shelby Water's Response to Staff's First Request, Item 4 at 6.

3. This case is closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:

 

Executive Director



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