

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ALLEGED FAILURE OF MILBURN	)	CASE NO.
WATER DISTRICT TO COMPLY WITH	)	2026-00007
COMMISSION ORDERS	)	

ORDER

On January 20, 2026, the Commission opened an investigation related to Milburn Water District (Milburn District), its individual commissioners, Ben Bevins and Ernie Scarritt, and its manager, Eric Young's failure to file either an application for a general rate adjustment, alternative rate adjustment pursuant to 807 KAR 5:076, or file a detailed explanation of why neither rate adjustment application is necessary on or before September 1, 2025, as required in Case No. 2021-00341.¹

BACKGROUND

On February 3, 2026, Milburn District filed a rate study report stating that no rate case was needed.² On March 26, 2026, an informal conference was held where Commission Staff discussed the ordering paragraphs outlining the requirements in the January 20, 2026 opening Order.³ Milburn District had not filed any of the above requirements when the IC was held. On May 20, 2026, the Commission found that

¹ Case No. 2021-00341, *An Electronic Investigation Into Milburn Water District to Determine the Feasibility of Merger with a Proximate Utility Pursuant to KRS 74.361 or Abandonment Pursuant to KRS 278.020(6), KRS 278.021* (Ky. PSC Mar. 6, 2025), Order at 5, ordering paragraph 3.

² Rate Study Report (filed Feb. 3, 2026).

³ Notice of Filing of Informal Conference Memorandum and Attendance List (filed Apr. 2, 2026).

Milburn District, its individual commissioners, and general manager should, within 30 days of the date of the Order, be required to show cause as to why they should not be subject to penalties pursuant to KRS 278.990 for failure to comply with the January 20, 2026 Order.⁴ The Order also provided that, in the alternative, Milburn District, its individual commissioners, and its manager may, within 30 days of the date of the Order, file the required responses and counsel file an entry of appearance as ordered in the Commission's January 20, 2026 Order.⁵

On June 7, 2026, counsel submitted an entry of appearance.⁶ On June 7, 2026, counsel also filed a response but discussed quarterly reports rather than the failure to file a rate case.⁷ On June 19, 2026, Milburn District's commissioners, Ben Bevins and Ernie Scarritt, and manager, Eric Young filed responses.⁸ On June 23, 2026, Milburn District filed notarized versions of the previous responses.⁹ On July 19, 2026, the Commission issued a procedural schedule for parties to request a public hearing or submit a request for the matter to be decided based upon the written record.¹⁰ On August 24, 2026, Milburn District filed notice that it requested a decision on the record.¹¹

⁴ Order (Ky. PSC May 20, 2026) at 2-3, ordering paragraph 1.

⁵ Order (Ky. PSC May 20, 2026) at 2-3, ordering paragraph 1.

⁶ Entry of Appearance (filed June 7, 2026).

⁷ Response to the Commission's Order of May 20, 2026 and Tendered Quarterly Report (filed June 7, 2026).

⁸ Response Letters from Individual Parties (filed June 19, 2026).

⁹ Notarized Letters (filed June 23, 2026).

¹⁰ Order (Ky. PSC July 19, 2026), Appendix.

¹¹ Statement Regarding Public Hearing (filed Aug. 24, 2026).

LEGAL STANDARD

Pursuant to KRS 278.030(1), the Commission is required to regulate utilities and enforce the provisions of KRS Chapter 278. Pursuant to 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. If the Commission finds that any practice or act is unjust, unreasonable, unsafe, improper, inadequate, or insufficient, then the Commission, pursuant to KRS 278.280, has the authority to determine the just, reasonable, safe, proper, adequate, or sufficient practice or method to be observed.

Under KRS 278.990, the Commission has the authority 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. Pursuant to KRS 74.025, the Commission can utilize certain removal procedures to remove any water commissioner of a water district from office for good cause, including incompetency, neglect of duty, gross immorality, or nonfeasance, misfeasance, or malfeasance.

DISCUSSION AND FINDINGS

Having considered the record and being otherwise sufficiently advised, the Commission finds that Milburn District willfully violated the Commission's September 1, 2025 Order in Case No. 2021-00341 by failing to timely file a rate study. In Case No. 2021-00341, Milburn District was ordered to file either an application for a general rate adjustment, alternative rate adjustment pursuant to 807 KAR 5:076, or file a detailed explanation of why neither rate adjustment is necessary on or before September 1, 2025.

The rate study was ultimately filed on June 15, 2026. The Commission is also concerned with Milburn District's lack of response in the current case and the untimely manner of the filings.

The Commission has previously ruled that while 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.¹² For civil and administrative proceedings, a willful violation has been explained as one which is intentional, knowing, voluntary, deliberate or obstinate, although it may be neither malevolent nor with the purpose to violate the law.¹³

Therefore, the Commission finds that a fine of \$100 should be levied against Eric Young, the general manager; and each of the individual Board of Commissioner members, Ben Bevins and Ernie Scarritt to be paid within one year of issuance of this Order. However, the Commission will waive the fine if (1) within 90 days of the issuance of this Order, Milburn District files updated practices and procedures for responsibilities involving review of the Commission's Orders and for responding timely to the Commission's Orders; and (2) if each commissioner and manager, respectively, completes 12 hours of water commission training within one year of issuance of this Order.

¹² Case No. 2023-00235, *Electronic Investigation into the Financial and Operating Capacity of Black Mountain Utility District as well as Possible Vacancies on the Board of Commissioners of Black Mountain Utility District* (Ky. PSC Aug. 20, 2024), Order at 10-11.

¹³ Case No. 1999-00001, *Bluegrass Gas Sales, Inc., Alleged Violation of KRS 278.300* (Ky. PSC July 8, 1999) at 5, citing *Woods v. Carsey*, 200 P.2d 208 (Cal. App. 1948).

IT IS THEREFORE ORDERED :

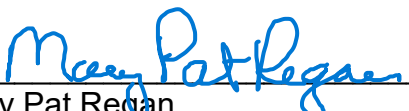
1. Ben Bevins, Ernie Scarritt, and Eric Young, individually, are each assessed and shall each pay a civil penalty of \$100 within one year of issuance of this Order.
2. Payment pursuant to ordering paragraph 1 shall be made by cashier's check or money order payable to the Kentucky State Treasurer and mailed or delivered to the Office of the General Counsel, Kentucky Public Service Commission, 211 Sower Blvd., Frankfort, Kentucky 40601.
3. The Commission shall waive the civil penalty of \$100 for (1) each individual who attends 12 hours of Commission approved training within one year of the date of issuance of this Order and provides written notice that they attended the training within 30 days of completion of training and (2) within 90 days of issuance of the Order, Milburn District files updated practices and procedures for responsibilities involving review of the Commission's Orders and for responding timely to the Commission's Orders.
4. Any written notice or documents provided pursuant to ordering paragraph 3 shall include the case number of this case and be filed in the post-correspondence file for this case.
5. This case is closed and removed from the Commission's docket.

Entered on this 15th day of September, 2026

PUBLIC SERVICE COMMISSION



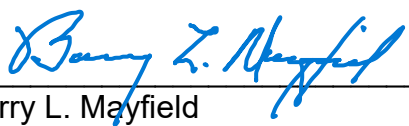
Angie Hatton
Chair



Mary Pat Regan
Vice Chair



Andrew W. Wood
Commissioner



Barry L. Mayfield
Commissioner

ATTEST:



Justin McNeil
Executive Director

Case No. 2026-00007

Service List for Case 2026-00007

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