COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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| ELECTRONIC ALLEGED FAILURE OF FOUNTAIN RUN WATER DISTRICT #1 TO COMPLY WITH COMMISSION ORDERS | ) ) ) | CASE NO. 2026-00008 |

## O R D E R

On January 21, 2026, the Commission opened an investigation related to Fountain Run Water District #1's (Fountain Run District #1) 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 is necessary on or before July 31, 2025, as required in Case No. 2024-00376.[1]

## BACKGROUND

On February 24, 2026, Fountain Run District #1; its individual commissioners Francis Howard, Jeremy Jones, John Pedigo, Will Downing; and its manager Christopher Veach, jointly filed responses[2] and a Rate Study Engagement Letter.[3] Within the response, Fountain Run District #1 stated it did not dispute that it, individually and collectively, failed to file an application for a general rate adjustment, alternative rate adjustment pursuant to 807 KAR 5:076, or a detailed explanation of why neither rate

[1] Case No. 2024-00376*, Electronic Purchased Water Adjustment of Fountain Run Water District No. 1* (Ky. PSC Jan. 7, 2025), final Order at 6, ordering paragraph 5.

[2] Fountain Run Water District' No. 1's Response (Response) (filed Feb. 24, 2026).

[3] Rate Study Engagement Letter (filed Feb. 24, 2026).

adjustment was necessary on or before July 1, 2025.[4] Fountain Run District #1 also provided that it was working with Kentucky Rural Water Association to help perform a water rate study and hoped to have all necessary paperwork to submit to the Commission by April 30, 2026.[5] Lastly, Fountain Run District #1 stated that Brenda Turner resigned as a commissioner effective December 31, 2025.[6] The vacant board seat was later filled by Owen Lambert pursuant to appointment from the Barren Fiscal Court.[7]

Fountain Run District #1 responded to one request for information from Commission Staff to clarify that "all necessary paperwork" meant that the district anticipated filing either an alternative rate filing or a general rate filing and stated that it believed the open board position would be filled during the Barren County Fiscal Court April meeting.[8] On April 21, 2026 the Commission issued a procedural schedule in this matter, which gave Fountain Run District #1 until May 15, 2026 to request a hearing or submit a request for the matter to be decided based upon the written record.[9] Fountain Run District #1 did not file a motion to request a hearing or a request to submit on the existing record.

On April 30, 2026, Fountain Run District #1 tendered an application for an alternative rate adjustment in Case No. 2026-00106, but the application was found

[4] Response at 1.

[5] Response at 2.

[6] Response at 1.

[7] Fountain Run District #1's Status Update (filed May 8, 2026), Item 1.

[8] Fountain Run District #1's response to Commission Staff's First Request for Information (Staff's First Request) (filed Mar. 25, 2026), Items 1 and 2.

[9] April 21, 2026 Order at Appendix.

deficient.[10] On June 10, 2026, the Commission issued an Order granting Fountain Run District #1's May 8, 2026 request for an extension to file its amended application in both this case and Case No. 2026-00106.[11] Fountain Run District #1 subsequently filed an amended application and it was deemed filed on June 29, 2026.[12] On October 9, 2026, the Commission issued a second Order giving Fountain Run District #1 an opportunity to file a motion requesting a hearing or a request to submit on the record.[13] Fountain Run District #1 filed a motion requesting to submit the case on the existing written record.[14]

## 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.

[10] Fountain Run District #1's Status Update and Request for Waiver or Extension (filed May 8, 2026) at 1.

[11] June 10, 2026 Order.

[12] Case No. 2026-00106, *Electronic Application of Fountain Run Water District #1 for a Rate Adjustment Pursuant to 807 KAR 5:076* (tendered Apr. 30, 2026 with an Amended Application filed June 29, 2026).

[13] Order (Ky. PSC Oct. 9, 2026).

[14] Fountain Run District #1's Request to Submit on the Record (filed Oct. 26, 2026).

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

Based upon the case record, the Commission finds that there was a willful violation of a Commission Order. Specifically, Fountain Run District #1, its manager, and the named commissioners acknowledged that the district failed 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 July 31, 2025.

While a willful violation has been defined as an act that is committed intentionally, not accidentally or involuntarily,[15] 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.[16] For civil and

[15] Case No 2022-00228, *Electronic Investigation of East Casey County Water District and its Officers, Kevin Atwood, Lily Sandusky, Ricky Carman, Tracy Gossage, John McQuery, and its Manager, Andy Greynolds, to Comply with a Commission Order*, KRS 278.990 (Ky. PSC Dec. 8, 2022), final Order at 4 *citing* Case No. 1992-00016, *M.A. V.I.S.S., Inc. and Mr. Darby Alleged Failure to Comply with Commission Regulations* (Ky. PSC July 1, 1992).

[16] Case No. 1993-00044, *Jackson Purchase Electric Cooperative Corporation, Inc. Alleged Failure to Comply with Commission Regulations* (Ky. PSC Aug. 14, 1996) at 4, *citing Huddleston v. Hughes*, 843 S.W.2d 901, 905 (Ky. App. 1992).

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.[17]

Here, Fountain Run District #1, its individual commissioners, Francis Howard, Jeremy Jones, John Pedigo, Will Downing, and its manager, Christoper Veach were aware of the Order in Case No. 2024-00376 and failed to file the required general rate adjustment, alternative rate adjustment, or letter explaining why neither was necessary by the deadline provided. Thus, based on the record and being otherwise sufficiently advised, the Commission finds that the manager and the named commissioners willfully violated the Commission's final Order in Case No. 2024-00376.

Pursuant to KRS 278.990, the Commission finds that Francis Howard, Jeremy Jones, John Pedigo, Will Downing, and Christopher Veach, individually, should be assessed a civil penalty in the amount of $100, which the Commission will defer for two years of service of this Order for each individual who attends 12 hours of Commission approved training. Upon completion of training, which should be filed into the post-correspondence folder of this proceeding, the Commission will waive the fine. The Commission also finds that Fountain Run District #1 should update its policies and procedures to ensure compliance with Commission Orders in the future. Once those policies and procedures have been placed into effect, Fountain Run District #1 should file a copy of the new policies and procedures into the post-correspondence file of this proceeding.

[17] 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 that:

1. Francis Howard, Jeremy Jones, John Pedigo, Will Downing, and Christopher Veach, individually, are each assessed and shall each pay a civil penalty of $100.

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. Payment of the civil penalty shall be made within two years of the date of service of this Order; however, the Commission shall waive the civil penalty for each individual who attends 12 hours of Commission approved training and provides written notice of attendance within two years of the service of this Order.

4. Fountain Run District #1 shall update its policies and procedures to ensure compliance with Commission Orders in the future and shall file copies of the same within 90 days of the service of this Order.

5. Any written notice or documents provided pursuant to ordering paragraphs 3 and 4 shall include the case number of this case and be filed in the post-correspondence file for this case.

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

Entered on this 13th day of November, 2026.

PUBLIC SERVICE COMMISSION



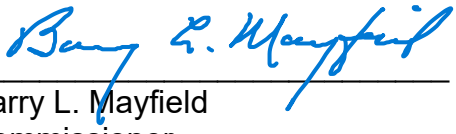
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ATTEST:



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# Service List for Case 2026-00008

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