

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION INTO CANNONSBURG WATER	)	
DISTRICT AND ITS INDIVIDUAL	)	
COMMISSIONERS TIM SMITH, SAM HAMPTON,	)	CASE NO.
ROBERT MCGUIRE, PAM VANHOOSE AND	)	2026-00218
MARTIN BAYS AND GENERAL MANAGER FOR	)	
ALLEGED FAILURE TO COMPLY WITH KRS	)	
278.020 AND/OR KRS 278.218	)	

ORDER

On July 23, 2026, Cannonsburg Water District (Cannonsburg District) filed a Notice of Potential Violation (Notice) in Case No. 2024-00396, stating that it “sought and accepted bids for the disassembly of an existing steel structure, its reassembly at a different location, remodeling of the steel structure, and building an addition to the steel structure” without seeking a Certificate of Public Convenience and Necessity (CPCN).¹ The Notice also referenced “proceeds from the sale of its current facility.”² The Commission establishes this proceeding, pursuant to KRS 278.260, to conduct a formal investigation into Cannonsburg District and its individual commissioners- Tim Smith, Sam Hampton, Robert McGuire, Pam Vanhooose, Martin Bays, and its general manager for an alleged failure to comply with KRS 278.020 and KRS 278.218.

¹ Case No. 2024-00396, *Electronic Investigation into Cannonsburg Water District and its Individual Commissioners (Tim Smith, Sam Hampton, Robert McGuire, Pam Vanhooose, Martin Bays) and General Manager, Tim Webb for Alleged Failure to Comply with KRS 278.300*, Notice of Potential Violation (Notice) (filed July 23, 2026) at 1-2, provided as an Appendix to this Order.

² Notice at 2.

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.³ 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 service, or any service in connection therewith, on its own motion. Under KRS 278.990 the Commission is authorized 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.

Under KRS 278.020(1)(a), "no person, partnership, public or private corporation, or combination thereof shall commence providing utility service to or for the public or begin construction of any plant, equipment, property, or facility for furnishing to the public any services enumerated in KRS 278.010." Additionally, KRS 278.218 provides that:

- (1) No person shall acquire or transfer ownership of or control of, or the right to control, any assets that are owned by a utility as defined under KRS 278.010(3)(a) without prior approval of the commission, if the assets have an original book value of one million dollars (\$1,000,000) or more and:
 - a. The assets are to be transferred by the utility for reasons other than obsolescence; or
 - b. The assets will continue to be used to provide the same or similar service to the utility or its customers.

³ KRS 278.030(3).

DISCUSSION AND FINDINGS

The Notice provided by Cannonsburg District in Case No. 2024-00396 stated that it intends to relocate its utility operations to a relocated and remodeled facility once it is completed.⁴ Cannonsburg District stated that this project was part of a county initiative to consolidate public services in a more central location, and the county wanted to use Cannonsburg District's old facility as a satellite ambulance center.⁵ Further, Cannonsburg District provided that it plans to finance the project through the proceeds from the sale of its current facility and unrestricted cash reserves.⁶ Cannonsburg District stated that Boyd County was the purchaser of the old facility, and that the county donated a deed to the district at the location of the new facility.⁷ Lastly, Cannonsburg District provided that the county owned a steel building that it gave to Cannonsburg District, and Cannonsburg District contracted to have the building relocated and remodeled to use as its headquarters.⁸ The Commission notes that the Notice did not provide the cost of the project or the estimated amount of the proceeds from the sale.

The Commission finds that a *prima facie* case exists that Cannonsburg District may have violated KRS 278.020 and/or KRS 278.218. 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 that in the district's Commissioners: Tim Smith, Sam Hampton, Robert McGuire, Pam

⁴ Notice at 1.

⁵ Notice at 2–3.

⁶ Notice at 2.

⁷ Notice at 3.

⁸ Notice at 4.

Vanhoose, Martin Bays, and its general manager, acting in their respective official and individual capacities for Cannonsburg District 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 duties, 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 or general manager are in violation of KRS 278.020 and KRS 278.218.

2. Motions to intervene shall be filed within 30 days of issuance 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. 2020-00085⁹ regarding filings with the Commission. Electronic 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 and general manager, acting in their respective official and individual capacities as officers of Cannonsburg District, shall submit individual written responses to the

⁹ 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).

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

9. The following parties: Tim Smith, Sam Hampton, Robert McGuire, Pam Vanhooose, Martin Bays, and the general manager shall be served via certified USPS mail: 1606 Cannonsburg Road, Ashland, Kentucky 41102.

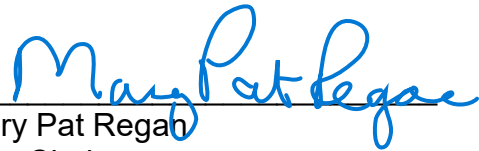
10. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Entered on this 31st day of August, 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

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2026-00218 DATED AUG 31 2026

SEVEN PAGES TO FOLLOW

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

VERIFIED NOTICE OF POTENTIAL VIOLATION

Cannonsburg Water District (“Cannonsburg District” or “the District”) respectfully provides the Commission with information concerning recent actions taken by the District that may impact the Commission’s final decision in this proceeding.

ACTIONS TAKEN

1. Without obtaining the advice of counsel, Cannonsburg District sought and accepted bids for the disassembly of an existing steel structure, its reassembly at a different location, remodeling of the steel structure, and building an addition to the steel structure. The District intends to relocate its utility operations to the relocated and remodeled facility when it is complete.

2. Cannonsburg District awarded the contract. The steel structure has been disassembled, moved to its new location, and construction has begun on the remodeling and addition.

3. As further explained below, Cannonsburg District is financing this project through the proceeds from the sale of its current facility and unrestricted cash reserves. The District is not borrowing any money to move, remodel, and make an addition to the steel building.

4. The District did not seek a Certificate of Public Convenience and Necessity (“CPCN”) before beginning construction of the addition or beginning the remodeling project. The District was unaware that one was required under the circumstances, which are further explained below. However, in the course of discussing other matters with counsel, the District’s new General Manager relayed details of the project and counsel advised the District that it should notify the Commission of its actions.

5. The District will follow the Commission’s direction in this matter.

BACKGROUND

6. For some time, Boyd County government leaders have wanted to co-locate many county agencies, governmental offices, and local utilities in one central location. County leaders felt this was in the best interest of residents and would streamline access to public services.

7. Initially, the county intended to accomplish this through building a single large facility, locating service-providing county agencies in it, and renting office space to Cannonsburg District, Boyd County Sanitation District 4, (“the Sanitation District”) and a number of other service providers. This would have located almost all service-providing agencies under one roof.

8. For a number of years, the county has also been interested in acquiring Cannonsburg District’s current headquarters and adapting it for use as a satellite ambulance center. This is because the District’s headquarters is centrally located on a major roadway close to Interstate 64.

9. The county was not successful in its attempt to house all vital public services under one roof, but it has been successful in locating a number of county agencies in the Paul Coffey Industrial Park (“Industrial Park”).

10. Because the county still wanted to locate as many public service agencies as possible in a common general location, and because the county desired to use Cannonsburg District’s current facility as a satellite ambulance center, the county offered to purchase the District’s current headquarters and to donate a lot in the Industrial Park to the District.

11. Following an appraisal of its current facility, the District negotiated the sale of its facility to the county and accepted the Deed to the lot in the Industrial Park. The lot is located in the vicinity of the county coroner’s office, a Sanitation District facility, and other county offices.

12. The county also owned a steel building located on Bob McCullough Drive that it offered to give to Cannonsburg District, if the District would have it moved to another location. Following the competitive bidding process described above, the District contracted to have the steel building relocated to the lot in the Industrial Park, remodeled and expanded for use as Cannonsburg District's headquarters.

13. Because the District was not constructing an extension to its system or building an additional facility, but replacing the facility it sold to the county, and because it was not borrowing any money to finance the relocation and construction, the District was unaware that it needed prior Commission approval for its relocation plans. The District did not seek an Opinion Letter from counsel before commencing construction, but is following the advice of counsel in filing this Notice of Potential Violation.

Dated: July 23, 2026

Respectfully submitted,

/s/ Tina C. Frederick

Tina C. Frederick

Stoll Keenon Ogden PLLC

300 West Vine Street, Suite 2100

Lexington, Kentucky 40507

Telephone: (859) 231-3951

Fax: (859) 253-1093

tina.frederick@skofirm.com

Damon R. Talley
Stoll Keenon Ogden PLLC
112 North Lincoln Boulevard
P.O. Box 150
Hodgenville, Kentucky 42748
Telephone: (270) 358-3187
Fax: (270) 358-9560
damon.talley@skofirm.com

Counsel for Cannonsburg Water District

CERTIFICATE OF SERVICE

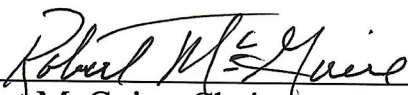
In accordance with 807 KAR 5:001, Section 8, and the Commission's Order of July 22, 2021 in Case No. 2020-00085, I certify that this document was submitted electronically to the Public Service Commission on July 23, 2026, and that there are currently no parties that the Public Service Commission has excused from participation by electronic means in this proceeding.

/s/ Tina C. Frederick
Tina C. Frederick

SWORN VERIFICATION

COMMONWEALTH OF KENTUCKY)
) SS:
COUNTY OF BOYD)

The undersigned, Robert McGuire, being duly sworn, deposes and states that he, as Chairman of the Board of Commissioners for Cannonsburg Water District, has supervised the preparation of Cannonsburg Water District's Notice of Potential Violation filed in Kentucky Public Service Commission Case No. 2024-00396, that he has personal knowledge of the matters set forth in the Notice of Potential Violation, and that the information contained therein is true and correct to the best of his information, knowledge, and belief.



Robert McGuire, Chairman
Cannonsburg Water District

Subscribed, sworn to, and acknowledged before me, a Notary Public in and for said county and state, this 23rd day July of 2026.



Notary Public

My Commission Expires: 1/18/2028

Notary ID: KYNP84416

Service List for Case 2026-00218

* Cannonsburg Water District
1606 Cannonsburg Road
Ashland, KY 41102