

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO	)	
LEDBETTER WATER DISTRICT, ITS OFFICERS	)	
ARNE PUCKETT, WILLIAM GILLAHAN, JAMES	)	CASE NO.
SCHADE, TERRY TEITLOFF, AND MICAH	)	2021-00311
JOINER, AND ITS MANAGER ALAN FOX,	)	
CHARGING UNAUTHORIZED RATES PURSUANT	)	
TO KRS 278.160(2) AND 807 KAR 5:068.	)	

ORDER

This matter is before the Commission upon a petition for rehearing filed by Ledbetter Water District (Ledbetter District) on June 3, 2022. The Commission granted rehearing and indicated the issues raised by Ledbetter District would be addressed by separate Orders.<sup>1</sup>

BACKGROUND

On May 13, 2022, the Commission found Ledbetter District willfully violated KRS 278.160(2) by charging unauthorized rates from May 23, 2020, to May 4, 2021. The Commission assessed a \$250 civil penalty against the commissioners and manager of Ledbetter District. The Commission further found that Ledbetter District should refund the overcharged amount, \$7,962.69, via a surcredit over a period of six months to the 1,200 customers of the utility as of December 31, 2020.<sup>2</sup> On June 3, 2022, Ledbetter District filed a petition for rehearing. The petition requested rehearing in two areas;

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<sup>1</sup> Order (Ky. PSC June 20, 2022) at 3-4.

<sup>2</sup> Order (Ky. PSC May 13, 2022) at 6.

intervention of members of the Board of Commissioners and the Manager of Ledbetter District and the manner of the refund to customers.<sup>3</sup>

On August 23, 2022, the Commission entered an Order that granted intervention to Alan Fox, in his capacity as general manager; and officers: Arne Puckett, William Gillahan, James Schade, Terry Teitloff, and Micah Joiner. The Order also required the parties to show cause why they should not be subject to the \$250 civil penalty for violating KRS 278.160(2) that was assessed in the May 13, 2022 Order. The August 23, 2022 Order did not address the refund issue raised by Ledbetter District.

#### DISCUSSION AND FINDINGS

Ledbetter District filed two responses to the August 23, 2022 Order. In the first response, Ledbetter District requested William Gillahan be excused from the proceedings because he resigned from the Ledbetter District Board of Commissioners due to health concerns. Ledbetter District also stated that Mr. Gillahan is unable to attend any water commissioner training because of his health conditions.<sup>4</sup>

Having considered the motion and being otherwise sufficiently advised the Commission finds Ledbetter District's request to dismiss Mr. Gillahan from the proceedings is granted. Mr. Gillahan is no longer a member of the Board of Commissioners and is in poor health. No purpose would be served by requiring him to complete water commissioner training or pay the \$250 civil penalty.

Ledbetter District also filed a response stating Alan Fox, Arne Puckett, James Schade, Terry Teitloff, and Micah Joiner attended 12 hours of accredited water

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<sup>3</sup> See Ledbetter Water District Petition for Rehearing (filed June 3, 2022).

<sup>4</sup> Motion to Dismiss William Gillihan as Party to Proceeding (filed Sept. 22, 2022).

management training that the Commission conducted at Kentucky Dam Village State Resort Park on September 7-8, 2022. Ledbetter District provided proof of each individual's attendance.<sup>5</sup> Ledbetter District requested that the Commission vacate the penalties and dismiss the named parties from the proceeding.<sup>6</sup>

Having considered the response, and being otherwise sufficiently advised, the Commission finds the water management training attended by Alan Fox, Arne Puckett, James Schade, Terry Teitloff, and Micah Joiner satisfies the condition imposed in the May 13, 2022 Order in lieu of paying a \$250 civil penalty. The May 13, 2022 Order stated the \$250 civil penalty was suspended for one year conditioned upon the completion of the water management training by March 31, 2023. Therefore, the \$250 civil penalty is vacated. However, the Commission declines to dismiss Alan Fox, Arne Puckett, James Schade, Terry Teitloff, and Michal Joiner as parties because the May 13, 2022 Order imposes a number of other obligations upon Ledbetter District and it is the duty of the manager and Board of Commissioners to ensure these obligations are met.

The June 3, 2022 Petition for Rehearing also raised the issue of the amount of the surcredit. The May 13, 2022 Order required Ledbetter District to refund \$7,962.69 to the 1,200 customers as of December 31, 2020, over a period of six months. This would have been a \$1.11 surcredit for each of the 1,200 customers each month. Ledbetter District requested the surcredit be changed to the current number of customers, which is 1,268, resulting in a surcredit of \$1.05 each month. Ledbetter District argued this was necessary

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<sup>5</sup> Officers' Response to PSC Order (filed Sept. 22, 2022), accompanying certifications.

<sup>6</sup> Officers' Response to PSC Order (filed Sept 22, 2022) at 1.

because it is a more precise refund and will significantly reduce the need for billing adjustments.

Having considered the petition and, being otherwise sufficiently advised, the Commission finds Ledbetter District's request to change the number of customers receiving the surcredit should be denied. Ledbetter District is responsible for refunding the unauthorized, collected amount to the customers that were overcharged. Allowing Ledbetter District to give a credit to new customers that were not charged the unauthorized rates would be a violation of KRS 278.160(2). To alleviate the billing issues Ledbetter District anticipates from the refund, the Commission directs Ledbetter District to refund the money as a one-time bill credit of \$6.63 per customer.

IT IS THEREFORE ORDERED that:

1. William Gillahan is not assessed the \$250 civil penalty or required to attend water management training and is dismissed from the proceedings.
2. The case style of this proceeding is changed as of the date of this Order to the following: Case No. 2021-00311 *Electronic Investigation Into Ledbetter Water District, its Officers Arne Puckett, James Schade, Terry Teitloff, and Micah Joiner, and its Manager Alan Fox, Charging Unauthorized Rates Pursuant to KRS 278.160(2) and 807 KAR 5:068.*
3. Alan Fox, Arne Puckett, James Schade, Terry Teitloff, and Micah Joiner have satisfied the requirement in the May 13, 2022 Order of completing six hours of certified water management training, and the \$250 civil penalty is vacated.
4. In the next billing cycle after the date of this Order, Ledbetter District shall refund \$7,962.69 to its 1,200 customers on December 31, 2020, as a surcredit of \$6.63.

5. All provisions of the May 13, 2022 Order that are not in conflict with the terms of this Order shall remain in effect.

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

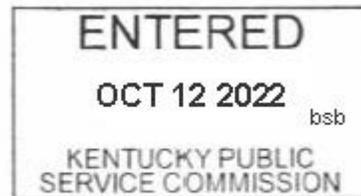
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PUBLIC SERVICE COMMISSION

  
Chairman

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Vice Chairman

  
Commissioner



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