

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

**IN THE MATTER OF:**

<b>ELECTRONIC APPLICATION OF ROWAN WATER,</b>	)	
<b>INC. FOR AN ALTERNATIVE RATE ADJUSTMENT</b>	)	
<b>AND AN INVESTIGATION INTO ROWAN WATER,</b>	)	
<b>INC. AND ITS INDIVIDUAL DIRECTORS, LARRY</b>	)	<b>CASE NO.</b>
<b>JOHNSON, DANNY STEVENS, DANNY COX,</b>	)	<b>2022-00252</b>
<b>MIKE COLLINS, ENOCH BLAIR, AND ITS MANAGER,</b>	)	
<b>JERRY PATRICK, FOR ALLEGEDLY FAILING TO</b>	)	
<b>COMPLY WITH KRS 278.300 AND A COMMISSION</b>	)	
<b>ORDER</b>	)	

---

VERIFIED RESPONSE OF ENOCH BLAIR  
IN HIS INDIVIDUAL AND OFFICIAL  
CAPACITY TO THE COMMISSION'S FEBRUARY 16, 2023 ORDER

---

Comes now Enoch Blair in his official and individual capacity, by counsel, pursuant to the Commission's February 16, 2023 Order ("Order") in the above-styled docket, and does hereby tender his verified response to the averments set forth in the Commission's Order, respectfully stating as follows:

1. Mr. Blair admits that on or about April 19, 2021, the Commission entered an Order in Case No. 2021-00042, a case filed by Rowan Water to refinance certain loans. ("the Refinancing Order").
2. Mr. Blair further admits that the Refinancing Order directed Rowan Water to submit an application for an adjustment of its retail rates within one year from the date of the Order.
3. Mr. Blair further states that he was unaware of the requirement to file a rate proceeding contained in the Refinancing Order prior to the Commission contacting Jerry Patrick

to inform him that Rowan Water had not filed a rate increase as contained in the Refinancing Order.

4. Mr. Blair states that he was not provided a copy of the Refinancing Order when it was issued by the Commission.

5. Mr. Blair further states that once Rowan Water was notified of the missed deadline, Mr. Patrick informed the board and began looking for someone to assist Rowan Water in the required filing. The board voted to allow the law firm of Goss Samford, PLLC to file a rate proceeding if the required increase was more than three percent (3%).

6. During the preparation of this proceeding, Goss Samford, PLLC dissolved on July 31, 2022. Rowan Water's counsel started her own law practice on August 1, 2022. Rowan Water and counsel continued to prepare the rate filing during this transition. Rowan Water filed the Notice of Intent to file the rate proceeding on August 8, 2022. The rate proceeding was filed with the Commission on September 2, 2022 with the deficiencies cured on September 6, 2022.

7. Mr. Blair and Rowan Water did not willfully violate the Commission's Refinancing Order and as soon as Rowan Water and Mr. Blair became aware that the deadline had been missed, Rowan Water immediately began to seek counsel and begin preparing the necessary documents for filing. Please refer to the response of Jerry Patrick regarding the communications between Rowan Water, its counsel and Commission Staff throughout the time the rate proceeding was being prepared.

8. If not for the Commission's Refinancing Order, Rowan Water would not have filed the current rate proceeding. Rowan Water would have waited for the USDA project rates to go into effect and would have evaluated its financials at that time to determine if any further rate increase was necessary. As it stands now, Rowan Water has the rate proceeding pending as well as the rate increase for the USDA project pending.

9. Mr. Blair states that neither he nor Rowan Water willfully violated the Commission's Refinancing Order. This type of condition had never been placed in similar orders

received by Rowan Water and the board was just informed that the refinancing had been approved by the Commission.

10. Mr. Blair states that, Rowan Water has filed its annual reports each year and these reports have not shown that Rowan Water was in a poor financial condition. Mr. Blair states that he believes the board and the general manager have always tried to do what is in the best interest of the customers of Rowan Water.

11. Mr. Blair admits that Rowan Water entered into the specified leases without first obtaining permission from the Commission.

12. Mr. Blair states that neither he nor Rowan Water willfully violated KRS 278.300 by entering into the leases in question. Rowan Water had never financed any of its vehicles prior to entering into the lease agreements. Rowan Water had always purchased its vehicles outright with no financing required and was unaware that the leases would have to be approved by the Commission prior to entering into the leases.

13. Rowan Water had sought Commission approval for prior financing projects pursuant to KRS 278.300, including the Order discussed above that contained the Commission's requirement to file the rate proceeding. Had Rowan Water thought that vehicle leases were required to be approved pursuant to KRS 278.300, Rowan Water would have filed for such approval with the Commission. Rowan Water reviewed many different scenarios before entering into the lease agreements to determine what would be the lower cost for Rowan Water and its customers and took several months to reach its decision to move forward with entering into the leases. Entering into the leases allowed Rowan Water to replace aging vehicles and lower its maintenance costs for the vehicles. This has saved Rowan Water money for its customers. Mr. Blair believed that voting to enter into the leases was in the best interest of Rowan Water's customers.

14. Mr. Blair states that Rowan Water has put policies into place to make sure that these incidents do not reoccur in the future. Rowan Water has implemented a financing policy that sets forth the procedures that the general manager and the board will follow when any financing would

be necessary for any purchases. In addition, each board member and the general manager have been provided copies of KRS 278.300 and will receive copies of KRS 278.300 and any amendments on an annual basis. The policy also allows the board to consult legal counsel with any questions or concerns that may arise on a case-by-case basis. Rowan Water has also implemented a policy regarding the review of Commission orders received by Rowan Water.

15. Mr. Blair believes that the policies that have been implemented will prevent these types of situations from occurring in the future.

16. Mr. Blair further states that Rowan Water and each of the named individuals in the Commission's Order would like to resolve this dispute in a manner that is in the best interest of Rowan Water and its customers.

17. Mr. Blair has written a letter regarding this investigation and is attached hereto as Exhibit A.

18. Mr. Blair reserves the right to file further pleadings as necessary in this proceeding.

WHEREFORE, on the basis of the foregoing, Mr. Blair respectfully requests the Commission to not issue a fine to Mr. Blair in his official or individual capacity, to Rowan Water or any of the named individuals (in their individual or official capacities) and to find that Rowan Water nor any of the named individuals did not willfully violate a Commission Order or KRS 278.300.

Done this 8<sup>th</sup> day of March, 2023.

Respectfully submitted,



---

L. Allyson Honaker  
HONAKER LAW OFFICE PLLC  
1795 Alysheba Way, Suite 6202  
Lexington, Kentucky 40509  
(859) 368-8803  
allyson@hloky.com

*Counsel for Rowan Water, Inc. and Enoch Blair in  
his Official and Individual Capacity*

**CERTIFICATE OF SERVICE**

This is to certify that foregoing was submitted electronically to the Commission on March 8, 2023 and that there are no parties that have been excused from electronic filing. Pursuant to prior Commission orders, no paper copies of this filing will be submitted.



---

*Counsel for Rowan Water, Inc. and Enoch Blair in  
his individual and official capacity.*

AFFIDAVIT

COMMONWEALTH OF KENTUCKY     )  
COUNTY OF ROWAN                     )

Comes now, Enoch Blair, individually and in his official capacity as a board member of Rowan Water, Inc., and after first being duly sworn, does hereby swear and affirm that the statements set forth in the Verified Response are true and correct to the best of his knowledge and belief.

Enoch Blair  
Enoch Blair

The foregoing Affidavit was sworn to, subscribed and acknowledged before me, the Notary Public, by Enoch Blair, individually and in his official capacity as a board member of Rowan Water, Inc., on this the 7 day of March, 2023.

Peggy Sue Stearns  
NOTARY PUBLIC

Commission #: KYNP 14003

Commission Expires: 9/5/24

Dear Public Service Commission,

My name is Enoch Blair and I have been a Rowan Water Board Member for approximately fifteen years. During my time on the board, we have always tried our very best to follow all the rules in managing Rowan Water, Inc. and serving the community and our customers to the very best of our ability.

We were surprised to hear the board was deemed grossly immoral in our decision to move our truck fleet from an ownership fleet to a rental fleet, all in order to save RWI money and keep our trucks on the road, and operating at a high level of efficiency.

With regard to the rate study, we just missed it in the order that was received. RWI did have a Rural Development project in process and we knew we had a rate increase coming, therefore I just don't think anyone had a mindset of another rate increase being required.

I have been a part of the Rowan County community all my life and I know this board has never intentionally averted any regulations that have been presented before us, and have never managed in a nonfeasance, misfeasance, or malfeasance manner.

Sincerely,

*Enoch Blair*