

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC ALLEGED FAILURE)	
OF NICHOLAS COUNTY WATER)	
DISTRICT, AND ITS INDIVIDUAL)	
COMMISSIONERS SILAS)	CASE NO.
CLEAVER, PHILLIP MCDONALD,)	2025-00349
DAVID TINCHER, KENTON)	
HOLBROOK, JUSTIN MASSEY,)	
AND MANAGER TARA GEORGE)	
TO COMPLY WITH KRS 278.140,)	
807 KAR 5:006, SECTION 4(1), 807)	
KAR 5:006, SECTION 4(2), 807 KAR)	
5:006, SECTION 4(3))	

**RESPONSES OF COMMISSIONERS KENTON HOLBROOK AND
JUSTIN MASSEY**

By and through the undersigned counsel and in accordance with the Public Service Commission’s (“Commission”) Order of May 4, 2026, in the above-captioned proceeding, Kenton Holbrook and Justin Massey respectfully submit these Responses to the allegations set forth in the Commission’s December 11, 2025 Order initiating this proceeding.

**Response of Kenton Holbrook
Commissioner, Board of Commissioners**

In response to the allegations contained in the Commission’s December 11, 2025 Order, Kenton Holbrook (“Mr. Holbrook”), a commissioner serving on the of Board

of Commissioners of Nicholas County Water District (“Nicholas District” or the “District”), adopts and restates paragraphs four (4) through twelve (12) of Nicholas District’s Response filed into the record of this proceeding on December 29, 2025. There is no need for Mr. Holbrook to address paragraphs one (1) through three (3) of Nicholas District’s Response, as the Commission’s May 4, 2026 Order addressed those statements and renders any discussion of them moot. In addition, Mr. Holbrook states the following:

1. I was appointed to Nicholas District’s Board of Commissioners in December 2023 and the first Board meeting I attended was in January 2024.

2. At the time of my appointment I was unaware that the District was behind on required filings.

3. Within the first few Board meetings that I attended I learned that the District had not filed annual reports with the Commission for 2022 or 2023, nor had the District filed audits for those years.

4. It was my understanding that the audit firm engaged by the District prior to my appointment was making progress and that the delinquent filings would be made as soon as possible.

5. However, in hindsight I believe the Board underestimated the demands that tax season would place on the District’s auditor and the delays this would cause the District in catching up its required filings.

6. The current auditor was engaged to prepare the audits for 2021, 2022, and 2023, as well as preparing the annual reports for the Commission.

7. Of the filings that Nicholas District engaged its current auditor to prepare, the 2023 Audit Report remains outstanding.

8. The auditor has committed that he will have the 2023 Audit Report finished by **June 15, 2026**.

9. The District has engaged the services of a **different firm** to complete the 2024 and 2025 annual reports and audits.

10. The firm engaged for the 2024 and 2025 filings has also expressed an interest in working on the 2026 filings and is aware of the deadlines associated with the 2026 filings.

11. It is my understanding that the newly hired firm does not prepare tax returns but rather devotes itself to performing audits for cities and other governmental entities and non-profit organizations.

12. I did not personally contact the auditor who was working on the 2022 and 2023 filings to inquire about his progress. Tara George, the District's Manager of Operations and Silas Cleaver, the Board Chairman, were making those inquiries. I felt there was nothing to be gained by a third person calling and asking questions. I was disappointed in how slowly progress was being made and the Board did discuss this at our meetings. However, when a person is hired to do a job, it is generally

accepted that they will do it. Given the demands of preparing tax returns for his other clients, our auditor was doing all that could be done under the circumstances.

**Response of Justin Massey
Commissioner, Board of Commissioners**

In response to the allegations contained in the Commission’s December 11, 2025 Order, Justin Massey (“Mr. Massey”), a commissioner serving on the of Board of Commissioners of Nicholas District, adopts and restates paragraphs four (4) through twelve (12) of Nicholas District’s Response filed into the record of this proceeding on December 29, 2025. There is no need for Mr. Massey to address paragraphs one (1) through three (3) of Nicholas District’s Response, as the Commission’s May 4, 2026 Order addressed those statements and renders any discussion of them moot. In addition, Mr. Massey states the following:

1. I was appointed to Nicholas District’s Board of Commissioners in June 2025.
2. Prior to my appointment I was unaware that Nicholas District was delinquent in filing its annual reports and audits with the Commission.
3. I learned of the delinquent filings when the Commission entered its December 11, 2025 Order opening this investigation.
4. I have not personally communicated with the District’s auditor, but I have received reports from the Board Chaiman, Silas Cleaver, and the District’s Operations Manager, Tara George who have communicated with the auditor.

5. It is my understanding that the 2022 Audit Report was filed with the Commission late last year and that the 2023 Annual Report was filed in early 2026. At that point the auditor had to turn his attention to tax matters for his other clients.

6. The last item for which the current auditor is responsible is the 2023 Audit Report, which he has committed to having prepared by **June 15, 2026**.

7. I have personally inquired about the availability of other accounting firms to perform auditing services for small utilities.

8. Recently the District engaged another firm to prepare the 2024 and 2025 annual reports and audit reports. This firm exclusively performs audit services and does not also prepare tax returns. I am optimistic that we will now see more progress and will be able to catch up on the delinquent filings.

9. I believe now that the District has secured the services of an auditor to prepare its 2024 and 2025 filings, that it should secure the same services for 2026. I have spoken to my fellow Board members regarding this.

10. I have also suggested the District create a Compliance Calendar and include the deadlines for all required filings with the Commission, Department for Local Government, Division of Water, and any other agency with which the District must make routine filings. This could be a shared electronic calendar so the District's Manager, Certified Operator, and all Board members receive reminders of reports that are approaching a due date.

11. Once the District's filings are caught up, I believe the District will be able to meet the regulatory deadlines by employing a reminder system, such as a Compliance Calendar, promptly communicating with its auditor, and by maintaining its files in such a way as to facilitate review.

12. The Operations Manager has improved the District's record keeping practices and now that the District has engaged an auditor who appears able to devote an adequate amount of time to the District's filings, I am optimistic that we are on the road to compliance with the regulatory filing requirements.

Dated: May 20, 2026

Respectfully submitted,

/s/ Tina C. Frederick
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Counsel for Nicholas County 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 May 20, 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

