



DUSTIN C. HALEY

May 11, 2026

Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Re: Martin County Water District
PSC Case No. 2020-00065

To Whom It May Concern:

Enclosed please find Martin County Water District's Notice of Filing the attached Response to March 31, 2026 Order.

Thank you for your attention to this matter.

Very truly yours,

KINKEAD & STILZ, PLLC

/s/ Dustin C. Haley

Dustin C. Haley

DH:lrs
Enclosure

pc: Martin County Water District

DUSTIN C. HALEY
ATTORNEY
DHALEY@KSATTORNEYS.COM
606-329-1919 - DIRECT

1505 CARTER AVENUE, SUITE 200
P.O. BOX 2008
ASHLAND, KY 41105
606.329.1919 - OFFICE
606.325.4303 - FAX

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO MARTIN)
COUNTY WATER DISTRICT AND ITS)
INDIVIDUAL COMMISSIONERS (TIMOTHY)
THOMA, NINA MCCOY, VERNON ROBINSON,) CASE NO.
JOHN HENSLEY, AND COLBY KIRK) 2026-00065
AND ITS MANAGER TODD ADAMS, FOR)
ALLEGED FAILURE TO COMPLY WITH)
KRS 278.300)

NOTICE OF FILING

Comes the Martin County Water District, by counsel, and hereby gives Notice of Filing of the attached Response to March 31, 2026 Order.

Respectfully submitted,
KINKEAD & STILZ, PLLC

/s/ Dustin C. Haley
Dustin C. Haley
1505 Carter Avenue,
P.O. Box 2008
Ashland, KY 41105-2008
dhaley@ksattorneys.com
Telephone (606) 329-1919
**COUNSEL FOR MARTIN COUNTY
WATER DISTRICT**

CERTIFICATE OF SERVICE

This will certify that a true and correct copy of the foregoing was served via electronic filing on this the 11th day of May, 2026, to the following:

Public Service Commission
P.O. Box 615
Frankfort, KY 40602

Hon. Mary Varson Cromer
Appalachian Citizens' Law Center, Inc.
317 Main Street
Whitesburg, KY 41858

/s/ Dustin C. Haley
Dustin C. Haley

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KRS 278.300)	

RESPONSE TO MARCH 31, 2026 ORDER

Martin County Water District (“Martin District”), Timothy Thoma, Nina McCoy, Vernon Robinson, John Hensley and Colby Kirk, by counsel, respectfully responds to the March 31, 2026 Order of the Commission and show cause why they should not be assessed civil penalties pursuant to KRS 278.990. Martin District was granted an extension to respond by the April 14, 2026 Order which also dismissed Greg Crum. Accordingly, Martin District and the individual Board Member state as follows:

The Commission previously ruled that there was a *prima facie* case that Martin District through its Board members willfully aided and abetted in one or more violations of KRS 278.300 in relation to a lease for five service trucks. The lease had a 60-month duration. Beginning July 20, 2025. The lease was approved by Martin District on May 27, 2025. Martin District did not seek approval from the Commission prior to entering into the lease. Instead, Martin District sought retroactive approval from the Commission on July 17, 2025. Said request was denied, as was Martin District’s motion to reconsider the Commission’s decision.

Pursuant to the March 31, 2026 Order of the Commission, Martin District and the individual Board Members hereby show cause why they should not be assessed civil penalties pursuant to KRS 278.990 for the alleged violation of KRS 278.300 in relation to the subject truck lease. Pursuant to the March 31 Order, Martin District and the individual Board members were required to file a written response to the Order. Accordingly, the response of Tim Thoma is attached as Exhibit A. The Response of Nina McCoy is attached as Exhibit B. The Response of Vernon Robinson is attached as Exhibit C. The Response of John Hensley is attached as Exhibit D. The Response of Colby Kirk is attached as Exhibit E. This Pleading, prepared by counsel, is the Response of Martin District.

The issue presently before the Commission is whether Martin District and the individual Board members willfully violated KRS 278.300 such that civil penalties might be assessed pursuant to KRS 278.990. Willful violations have been described as follows:

While a willful violation has been defined as an act that is committed intentionally, not accidentally or involuntarily, 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. Although the Commission does not believe Canonsburg District commissioners nor its general manager acted with an intent to violate KRS 278.300, their actions resulted in a violation of KRS 278.300 and indicated an indifference to compliance with that statute such that a penalty is justified pursuant to KRS 278.990.

Case No. 2024-00396, *Electronic Investigation into Cannonsburg Water District et al* (Ky. PSC September 19, 2025, 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). There is clearly no evidence that Martin District and the individual board member violated KRS 278.300 intentionally or willfully. There is no evidence that they were trying to do wrong. Instead, they were clearly

trying to ensure that Martin District had appropriate working equipment to maintain services for its customers.

The Cannonsburg Water District case seems to suggest that a violation equates to an indifference to compliance. That is not true with Martin District for multiple reasons. First, the lease was approved May 27, 2025, and 3 commissioners had not yet completed their training. As noted by Colby Kirk in his written response, he and Vernon Robinson and Tim Thoma attended Water Commissioner Training at Carter Caves State Park for the first time in June of 2025. This was their first viable opportunity to complete the training. Martin District suggests that some leeway and understanding is warranted for new members that had not yet had a reasonable opportunity to complete the required training.

Also, Nina McCoy explains that her actions resulted from misunderstanding the concepts of leasing versus purchasing. She did not view leasing as the same as purchasing. There was no intent to overstep authority, and there was no indifference to compliance. She sincerely thought she was taking action that was in the best interest of the ratepayers and the integrity of the community's water system. John Hensley also explains in his written response that he was under the impression that approval was or would be obtained from the PSC. He maintains that he has never willingly or knowingly disobeyed orders of the PSC.

Second, as noted by Mr. Kirk, once these members learned of their responsibilities under KRS 278.300, they took immediate action. Martin District sought retroactive approval of the leases. Although the Commission has not permitted the retroactive request for approval to undo the initial violation, Martin District notes that seeking retroactive approval certainly indicates a desire to comply with Chapter 278 and Commission regulations. Martin District did not ignore their oversight or hope that the issue would go unnoticed. Instead, Martin District and its Board

members promptly took affirmative action to correct the issue and comply with Chapter 278 in the best way they could under the circumstances by bringing the issue to the attention of the Commission and asking for approval. Such positive steps are clearly not indicative of “indifference” to compliance. On the contrary, such action demonstrates that the Board members were very much concerned about compliance.

Each board member had valid and reasonable basis for their decision regarding the subject truck lease and for not complying with KRS 278.300. Their reasons and their subject action in seeking approval further demonstrate that they are very much concerned with compliance and were clearly not deliberately indifferent to compliance. Martin District and the individual Board members respectfully request that the Commission find that they did not commit a willful violation of KRS 278.300 and that penalties pursuant to KRS 278.990 are not warranted under the totality of the circumstances. Martin District and the individual Board members further assure the Commission that they are dedicated to compliance with Chapter 278 and the Commission’s regulations and are committed to working with the Commission to faithfully meet their responsibilities to the ratepayers of Martin County.

For purposes of keeping the Commission fully informed, board member Tim Thoma resigned on or about April 23, 2026. He should be dismissed since he is no longer serving on the Board of Martin District. Also, as noted by Mr. Thoma, arrangements have been made to pay off the truck leases in total.

WHEREFORE, for the foregoing reasons, Martin County Water District, by counsel, respectfully requests that the Commission find that they did not commit a willful violation of KRS 278.300 and that penalties pursuant to KRS 278.990 are not warranted.

Respectfully submitted,

KINKEAD & STILZ, PLLC

/s/ Dustin C. Haley
Dustin C. Haley
1505 Carter Avenue,
P.O. Box 2008
Ashland, KY 41105-2008
dhaley@ksattorneys.com
Telephone (606) 329-1919
***COUNSEL FOR MARTIN COUNTY
WATER DISTRICT***

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Whitesburg, KY 41858

/s/ Dustin C. Haley
Dustin C. Haley

Exhibit A

453 OLD MIDDEL FORK | INEZ, KY 41224
513.289.5817 | TBTHOMA@HOTMAIL.COM

4 MAY, 2026

Dear PSC Commissioners and Staff,

This letter serves to address Case No. 2026-00065 specific to the electronic investigation into Martin County Water District and Its individual commissioners for alleged failure to comply with KRS 278.300. My letter provides comments previously stated in prior affidavit and adds additional remarks which are some restatements from the informal conference held 20 April 2026 at 2 PM at PSC office in Frankfort.

As PSC is aware, Martin County Water District (MCWD) has been under PSC Monitoring Order resulting from Case No. 2020-00154. PSC as part of that order is required by the order to conduct monthly meetings with MCWD to review board packets and discuss district issues and progress. In my eighteen months on the board as Chairman, I never had that meeting. I am convinced if those meetings had occurred, PSC would have reminded us of the KRS 278.300 requirements. But that did not happen. There are three months of board packets that include discussions about the truck lease.

As previously stated, me, Vernon Robinson, and Colby Kirk were sitting in the mandatory PSC training for new Commissioners when we learned about the indebtedness greater than two years requirement. I have on my personal cell phone the text which I read to the PSC staff during our informal conference that clearly shows on June 25, 2025, at 0910 AM I texted our board attorney to raise the question if the KRS 278.300 had been completed, which I learned had not. I immediately studied KRS 278.300 and requested an informal conference with PSC staff to ask how we resolve the problem. PSC provided us with case studies to review to provide insight into how PSC has handled similar cases in the past.

Based on the case study results, I began the process of finding money to pay off the trucks prior to the two-year limit for indebtedness approval. I was successful in completing KY WWaters

application for MCWD indebtedness, which was signed into law (Reference Attachment A). The MCWD should through KY WWaters indebtedness funding payoff all MCWD debts, which include the five trucks. This results in no violation of the KRS 278.300 since the trucks should be paid off in July 2026 (twelve months after lease execution).

But, in my mind it brings up a more serious question, how is it legal for PSC to accuse a district of violating KRS 278.300 if two years have not passed from the date of indebtedness? How can the local newspaper take the PSC order and accuse the board members by name of violating PSC rules. Now, everyone in the county says the board violated PSC rules and cannot be trusted. As stated during the April 20th informal conference, no one willfully violated any statute. A willful violation means we knew the law and decided to move forward with our decision anyway. The day we learned of the rule we tried to do the right thing. Once I learned how PSC viewed the issue, I immediately began the process of either paying off the leased vehicles or refinancing the vehicles with PSC approval. Fortunately, God Blessed us with the funding to pay off the vehicles.

On a separate note, please be advised that I did not resign my position as Chairman on the Martin County Utility Board due to this case. I resigned because if politicians oversee utility systems, the system will never be fixed. As such, the only way Martin County should ever have independence from PSC monitoring is to remove Martin County Fiscal Court from controlling the water and sanitation districts which they know nothing about.

Respectfully,



TIMOTHY B. THOMA
FORMER CHAIRMAN
MARTIN COUNTY WATER DISTRICT

Attachment A

MCWD KY WWaters Indebtedness Application



Drinking Water Project Profile

Legal Applicant: **Martin County Water District**
 Project Title: **WWATERS - Martin County Water District - Repayment of Capital and Non Capital Debt**
 Project Number: **WX21159029** [View Map](#) Submitted By: **BSADD**
 Funding Status: **Not Funded** Primary County: **Martin**
 Project Status: **Approved** Planning Unit: **Martin**
 Project Schedule: **3-5 Years** Multi-County: **No**
 E-Clearinghouse SAI: ECH Status:
 Applicant Entity Type: **Water District (KRS 74)** ADD WMC Contact: **Matt Scofield**
 Date Approved (AWMPC): **08-12-2025**

Project Description:

1. **Martin County Water District** wants to repay the outstanding debt with KYWWAERS funding to help with cash flow issues so they can use those funds to concentrate on day-to-day operations and maintenance. The ability to have these funds would help the district provide reliable and the best water quality possible for the citizens of Martin County.

Service Debt - \$3,294,561.37 – This will be used to pay off existing debt that the water district has.

AWR \$336,854.14 (originally used for operations and maintenance for maintaining the water treatment plant and distribution system.)
 2015 Bond \$1,455,000.00 (originally used to pay off existing bonds that was originally used for plant improvement and line extensions for the water system.)

2015 Bond Premium \$14,782.83 (originally used for to pay off existing bonds that was originally used for plant improvement and line extensions for the water system.)

KIA Loan \$1,239,136.40 (originally used for for consolidation of old debt.)

Magnolia Bank \$248,788.00 (originally used for for trucks for the water department.)

Handwritten in red: TOWN CLERK LEASE DEPARTMENT JED

\$3,294,561.37

Need for Project:

Briefly describe how this project promotes public health or achieves and/or maintains compliance with the Clean Water Act or Safe Drinking Water Act:

Debt reduction will help the system with cashflow issues.

Project Alternatives:

Alternate A:

N/A

Alternate B:

N/A

Legal Applicant:

Entity Type: **Water District (KRS 74)**

PSC Group ID: **25000**

Entity Name: **Martin County Water District**

Web URL:

Office EMail: **tadams@alliancewater.com**

Office Phone: **606-298-3885**

Toll Free:

Fax: **606-298-4913**

Mail Address Line 1: **387 E Main St**

Phys Address Line 1: **387 E Main St**

Mail Address Line 2:

Phys Address Line 2:

Mail City, State Zip: **Inez, KY 41224**

Phys City, State Zip: **Inez, KY 41224**

Contact: **Todd Adams**

Financial Contact:

Auth Official: **Timothy Thoma**

Contact Title: **Division Manager**

Financial Contact Title:

Auth Official Title: **Chairman**

Contact EMail: **tadams@alliancewater.com**

Financial Contact EMail:

Auth Official EMail: **tbthoma@hotmail.com**

Contact Phone: **606-298-3885**

Financial Contact Phone:

Auth Official Phone: **606-298-2800**

Data Source: **Kentucky Infrastructure Authority**

Date Last Modified: **05.07.2025**



Drinking Water Project Profile

WX21159029 - Martin County Water District

WWATERS - Martin County Water District - Repayment of Capital and Non Capital Debt

Project Administrator (PA) Information

Name: **Todd Adams**
 Title: **Division Manager**
 Organization: **Alliance**
 Address Line 1: **Martin County Water District**
 Address Line 2: **387 E Main St Ste 140**
 City: **Inez** State: **KY** Zip: **41224**
 Phone: **606-548-2250** Fax:

Applicant Contact (AC) Information

Name: **Todd Adams**
 Title: **Division Manager**
 Organization: **Alliance**
 Address Line 1: **Martin County Water District**
 Address Line 2: **387 E Main St Ste 140**
 City: **Inez** State: **KY** Zip: **41224**
 Phone: **606-548-2250** Fax:

Project Engineer (PE) Information:

This project requires a licensed Professional Engineer.

PE Exemption Explanation:

N/A

Estimated Budget

Project Cost Categories:

Cost Category	Cost
Administrative Expenses:	\$ 230,620
Legal Expenses:	
Land, Appraisals, Easements:	
Relocation Expenses & Repayments:	
Planning:	
Engineering Fees - Design:	
Engineering Fees - Construction:	
Engineering Fees - Inspection:	
Engineering Fees - Other:	
Construction:	
Equipment:	
Miscellaneous:	\$ 3,294,561
Contingencies:	
Total Project Cost:	\$ 3,525,181

Construction Cost Categories:

Cost Category	Cost
Treatment:	
Transmission & Distribution:	
Lead Remediation:	
Source:	
Storage:	
Purchase of Systems:	
Restructuring:	
Land Acquisition:	
Non-Categorized:	
Total Construction Cost:	\$ 0

Total Sustainable Infrastructure Costs:

Note: Total Sustainability Infrastructure Costs are included within construction and other costs reported in this section. This breakout is provided for SRF review purposes.

Project Funding Sources:

Total Project Cost: **\$ 3,525,181**
 Total Committed Funding: **\$ 0**
 Funding Gap: **\$ 3,525,181**

This project will be requesting SRF funding for fiscal year 2026.

Estimated Project Schedule:

Est. Environmental Review Submittal Date: **01-01-2027**
 Estimated Bid Date: **03-01-2027**
 Estimated Construction Start Date: **06-01-2027**
 Estimated Construction Completion Date: **06-01-2028**

Funding Source	Loan or Grant ID	Fiscal Year	Amount	Status	Applicable Date
24HB001 - Ky WWATERS Program		2026	\$ 3,525,181	Applied For	08-29-2025

Total Comitted Funding:

Funding Source Notes:

MCWD is applying for these funds under the KY WWATERS round 2

Project profile entered on 7/29/25 with guidance from KIA, MS

The following systems are beneficiaries of this project:

✓ **KY0800273** Martin County Water District



Drinking Water Project Profile

WX21159029 - Martin County Water District

WWATERS - Martin County Water District - Repayment of Capital and Non Capital Debt

Note: Check mark indicates primary system for this project.

Project Ranking by AWMPC:

Regional Ranking(s):

Planning Unit Ranking:

Total Points:

- Plans and specs have been sent to DOW.
- Plans and specs have been reviewed by DOW.
- Plans and specs have been sent to PSC.
- Plans and specs have been reviewed by PSC.

Economic, Demographic and Geographic Impacts

Economic Impacts

Jobs Created:

Jobs Retained:

*Demographic Impacts (GIS Census Overlay)

Serviceable Demographic	Project Area	Included Systems	Included Utilities
Population:		11,203	11,200
Households:		4,746	4,746
MHI:		\$47,090	*\$47,090
MHI MOE		\$23,408	*\$23,408
MOE as Pct:		50.0%	50.0%
**NSRL:		2	2

Population and household counts are based on 2010 census block values from the SF1 (100%) dataset.

MHI Source is from the American Community Survey 2019-2023 5 Yr Estimates (Table B19013 *(for the primary system operated by the above listed beneficiary utilities).

MHI MOE - Med HH Income Margin of Error.

** NSRL (Non-Standard Rate Levels):

- 0 - Income above Kentucky MHI (KMHI).
- 1 - Income between 80% KMHI and KMHI.
- 2 - Income less than or equal to 80% KMHI.
- KMHI - \$62,417
- 80% KHMI - \$49,934

New Customers

New Residential Customers:

New Commercial Customers:

New Institutional Customers:

New Industrial Customers:

New or Improved Service

Service Demographic	Survey Based	Census Overlay*
To Unserved Households:		
To Underserved Households:		
To Total Households:		
** Cost Per Household:		

* GIS Census block overlay figures are estimates of population and households potentially served by systems and projects based on a proximity analysis of relevant service lines to census block boundaries.

** Cost per household is based on surveyed household counts, not GIS overlay values.

Geographic Impacts For Project Area

Counties	
Martin	
Legislative Districts	
District Name	Legislator
House 097	Bobby McCool
Senate 31	Phillip Wheeler
Congressional 5	Hal Rogers
Groundwater Sensitivity Zones	
HUC 10 Watersheds	
HUC Code	Watershed Name
0507020106	Rockcastle Creek-Tug Fork

Geographic Impacts For Included System(s)

Counties	
Johnson	
Lawrence	
Martin	
Legislative Districts	
District Name	Legislator
House 097	Bobby McCool
House 100	Scott Sharp
Senate 31	Phillip Wheeler
Congressional 5	Hal Rogers



Drinking Water Project Profile

WX21159029 - Martin County Water District

WWATERS - Martin County Water District - Repayment of Capital and Non Capital Debt

DW Specific Impacts

- This project relates to a public health emergency.
- This project will assist a non-compliant system to achieve compliance.
- This project will assist a compliant system to meet future requirements.
- This project will provide assistance not compliance related.
- This project is necessary to achieve full or partial compliance with a court order, agreed order, or a judicial or administrative consent decree.
- Primary system has not received any SDWA Notices of Violation within the previous state fiscal year-July through June, i.e. July 2014 – June 2015).
- Primary system has had an action level exceedance (lead concentrations exceed an action level of 15 ppb in more than 10% of customer taps sampled) within the last compliance period.
- Primary system has received a lead trigger level exceedance (lead concentrations exceed a trigger level of 10 ppb in more than 10% of customer taps sampled) within the last compliance period.

Project Readiness - Lead Inventory and Lead Service Line Replacement:

Lead Service Line Inventory:

- A description of goals to be achieved and products to be created (e.g., electronic or GIS database; customer communication tools) when creating a lead service line inventory procedure, including a proposed timeline for achieving each goal.

Lead Service Line Replacement:

- A strategy for informing customers before a LSLR and a template for an agreement with the private property owner to replace the LSL.
- A process for documenting all property owners declining replacement of privately owned portion of LSL.
- A procedure for customers to flush service lines and premise plumbing of particulate lead.
- A proposed plan for conducting LSL replacement utilizing all requested funding.
- A funding strategy for conducting LSLRs utilizing all requested funding.

Project Components - Mapped Point Features

DOW Permit ID	Count	FeatureType	Purpose	Status	Existing Capacity	Proposed Capacity	Units
KY0800273	1	DEBT SERVICE	DEBT SERVICE	NEW			EA

Administrative Components:

- Planning
- Design
- Construction
- Management

Audits on Record Associated With Applicant

Audit Year	Entity Name	Entity Relationship
2022	Martin County Water District	Parent
2021	Martin County Water District	Parent

Regionalization Components and Eliminated Systems/Plants:

Public Water Systems Eliminated:

- This project includes the elimination of public water system(s) through merger or acquisition.

Water Treatment Plants Eliminated:

- This project includes the elimination of water treatment plant(s).

Supplementation of Raw Water Supply:

- This project includes supplementing the existing raw water supply.

Supplementation of Potable Water Supply:

- This project includes supplementing the existing potable water supply.



Drinking Water Project Profile

WX21159029 - Martin County Water District

WWATERS - Martin County Water District - Repayment of Capital and Non Capital Debt

Supplementation of Emergency Water Supply:

- This project includes supplementing the existing emergency water supply.

Water Source Protection

- This project will preventatively address PFAS or other emerging contaminants of the source water.
- This project will address current PFAS or other emerging contaminants of the source water.
- This project rehabilitates a water source dam or reservoir.
- This project includes land acquisition for water source protection.

Water Treatment Components

- This project includes water treatment components.

Water Distribution and Storage Components:

- This project includes water distribution and/or storage components.

Sustainable Infrastructure - Green Infrastructure:

Green stormwater infrastructure includes a wide array of practices at multiple scales that manage wet weather and that maintains and restores natural hydrology by infiltrating, evapotranspiring and harvesting and using stormwater. On a regional scale, green infrastructure is the preservation and restoration of natural landscape features, such as forests, floodplains, and wetlands, coupled with policies such as infill and redevelopment that reduce overall imperviousness in a watershed. On the local scale, green infrastructure consists of site and neighborhood-specific practices, such as:

Component	Cost
<input type="checkbox"/> Bioretention	\$0
<input type="checkbox"/> Trees	\$0
<input type="checkbox"/> Green Roofs	\$0
<input type="checkbox"/> Permeable Pavement	\$0
<input type="checkbox"/> Cisterns	\$0
Total Green Infrastructure Cost:	\$0

There are no Green Infrastructure components specified for this project.



Drinking Water Project Profile

WX21159029 - Martin County Water District

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Sustainable Infrastructure - Water Efficiency:

The use of improved technologies and practices to deliver equal or better services with less water. Water efficiency encompasses conservation and reuse efforts, as well as water loss reduction and prevention, to protect water resources for the future. Examples include:

Component	Cost
<input type="checkbox"/> Installing or retrofitting water efficient devices such as plumbing fixtures and appliances (toilets, showerheads, urinals).	\$0
<input type="checkbox"/> Installing any type of water meter in previously unmetred areas (can include backflow prevention if in conjunction with meter replacement).	\$0
<input type="checkbox"/> Replacing existing broken/malfunctioning water meters with AMR or smart meters, meters with leak detection, backflow prevention.	\$0
<input type="checkbox"/> Retrofitting/adding AMR capabilities or leak equipment to existing meters.	\$0
<input type="checkbox"/> Conducting water utility audits, leak detection studies, and water use efficiency baseline studies, which are reasonably expected to result in a capital project or in a reduction in demand to alleviate the need for additional capital investment.	\$0
<input type="checkbox"/> Developing conservation plans/programs reasonable expected to result in a water conserving capital project or in a reduction in demand to alleviate the need for capital investment.	\$0
<input type="checkbox"/> Recycling and water reuse projects that replace potable sources with non-potable sources (Gray water, condensate, and wastewater effluent reuse systems, extra treatment or distribution costs associated with water reuse).	\$0
<input type="checkbox"/> Retrofit or replacement of existing landscape irrigation systems to more efficient landscape irrigation systems.	\$0
<input type="checkbox"/> Water meter replacement with traditional water meters.*	\$0
<input type="checkbox"/> Distribution pipe replacement or rehabilitation to reduce water loss and prevent water main breaks.*	\$0
<input type="checkbox"/> Storage tank replacement/rehabilitation to reduce water loss.*	\$0
<input type="checkbox"/> New water efficient landscape irrigation system, where there currently is not one.*	\$0
Total Water Efficiency Cost:	\$0

* Indicates a business case may be required for this item.

There are no Water Efficiency components specified for this project.

Sustainable Infrastructure - Energy Efficiency:

Energy efficiency is the use of improved technologies and practices to reduce the energy consumption of water projects, use energy in a more efficient way, and/or produce/utilize renewable energy. Examples include:

Component	Cost
<input type="checkbox"/> Renewable energy projects, which are part of a public health project, such as wind, solar, geothermal, and micro-hydroelectric that provides power to a utility.	\$0
<input type="checkbox"/> Utility-owned or publicly-owned renewable energy projects.	\$0
<input type="checkbox"/> Utility energy management planning, including energy assessments, energy audits, optimization studies, and sub-metering of individual processes to determine high energy use areas.	\$0
<input type="checkbox"/> Energy efficient retrofits, upgrades, or new pumping systems and treatment processes (including variable frequency drives (VFDs)).*	\$0
<input type="checkbox"/> Pump refurbishment to optimize pump efficiency.*	\$0
<input type="checkbox"/> Projects that result from an energy efficient related assessment.*	\$0
<input type="checkbox"/> Projects that cost effectively eliminate pumps or pumping stations.*	\$0
<input type="checkbox"/> Projects that achieve the remaining increments of energy efficiency in a system that is already very efficient.*	\$0
<input type="checkbox"/> Upgrade of lighting to energy efficient sources.*	\$0
<input type="checkbox"/> Automated and remote control systems (SCADA) that achieve substantial energy savings.*	\$0
Total Energy Efficiency Cost:	\$0

* Indicates a business case may be required for this item.

There are no Energy Efficiency components specified for this project.



Drinking Water Project Profile

WX21159029 - Martin County Water District

WWATERS - Martin County Water District - Repayment of Capital and Non Capital Debt

Sustainable Infrastructure - Environmentally Innovative:

Environmentally innovative projects include those that demonstrate new and/or innovative approaches to delivering services or managing water resources in a more sustainable way. Examples include:

Component	Cost
<input type="checkbox"/> Total integrated water resources management planning, or other planning framework where project life cycle costs are minimized, which enables communities to adopt more efficient and cost-effective infrastructure solutions.	\$0
<input type="checkbox"/> Plans to improve water quantity and quality associated with water system technical, financial, and managerial capacity.	\$0
<input type="checkbox"/> Source water protection planning (delineation, monitoring, modeling).	\$0
<input type="checkbox"/> Planning activities to prepare for adaptation to the long-term effects of climate change and/or extreme weather.	\$0
<input type="checkbox"/> Utility sustainability plan consistent with EPA's sustainability policy.	\$0
<input type="checkbox"/> Greenhouse gas inventory or mitigation plan and submission of a GHG inventory to a registry as long as it is being done for an SRF eligible facility.	\$0
<input type="checkbox"/> Construction of US Building Council LEED certified buildings, or renovation of an existing building.	\$0
<input type="checkbox"/> Projects that significantly reduce or eliminate the use of chemicals in water treatment.*	\$0
<input type="checkbox"/> Treatment technologies or approaches that significantly reduce the volume of residuals, minimize the generation of residuals, or lower the amount of chemicals in the residuals.*	\$0
<input type="checkbox"/> Trenchless or low impact construction technology.*	\$0
<input type="checkbox"/> Using recycled materials or re-using materials on-site.*	\$0
<input type="checkbox"/> Educational activities and demonstration projects for water or energy efficiency (such as rain gardens).*	\$0
<input type="checkbox"/> Projects that achieve the goals/objectives of utility asset management plans.*	\$0
Total Environmentally Innovative Cost:	\$0

* Indicates a business case may be required for this item.

There are no Environmentally Innovative components specified for this project.

Sustainable Infrastructure - Asset Management:

If a category is selected, the applicant must provide proof to substantiate claims. The documents must be submitted to Anshu Singh (Anshu.Singh@ky.gov) for CW projects

Component

Last Rate Adjustment Date: **03-01-2022** [Download Fee Schedule](#)

Rate Adjustment Age: **46 months**

System's monthly water bill, based on 4,000 gallons, as a percentage of MHI: **1.59%**

- The system(s) has an Asset Management Plan (AMP).
- The system(s) **involved** in this project have specifically allocated funds for the rehabilitation and replacement of aging and deteriorating infrastructure.

Project Status: Approved

Date Approved: 08-12-2025

Date Revised:

COMMONWEALTH OF KENTUCKY
COUNTY OF BOYD

4th Subscribed and sworn to before me by Timothy B. Thoma, on this
day of May, 2026.

My Commission expires: 10/07/2028

Lisa Renea Smith

Notary Public, State at Large, KY

ID# KYNP93354

Exhibit B

April 16, 2026

From: Nina McCoy, Commissioner Martin County Water and Sewer Board
ninamccoy@hotmail.com. P.O. Box 922 Inez, KY 41224

To: Kentucky Public Service Commission

Re: Reasoning for voting for leasing trucks for Martin County Water District

To Whom It May Concern:

I am writing, as requested by the Commission to explain my reasoning for voting for the leasing of trucks for the Martin County Water District. I now understand that this was wrong because it should have first been sent for consideration and approval to the PSC because it causes an indebtedness lasting more than 2 years.

While, I know that ignorance is no excuse under the law, I feel the need to explain why I misunderstood this concept in this case. Since we were leasing the trucks, I did not put this into the same category as purchasing. I now understand why the concern since it places indebtedness over 2 years on the backs of the ratepayers.

My main concern for the system, which is essentially funded by the ratepayers, was the great need for equipment for the essential day to day operations being performed by our crew to maintain the system.

While I was not a commissioner at the time that Alliance started running our system, I have been at most board meetings, and I knew that Alliance had to supply many of the trucks for the system when they started in 2020. They provided some of the trucks the company had which had been used in other locations and were a little out of date for those locations. So, it was well known that those trucks were probably getting much wear over the years. I also knew we had not had any replacements for trucks in our budget since 2020.

Then, as water board members, we were constantly reminded of the costs the district was incurring for maintenance of our old vehicles. The following examples from the repair expenses worksheet provided to Alliance in the water board packets shows the overages in the budget we were incurring for maintenance of an aged fleet of trucks:

Nov. 2024 Board Packet p. 34

Vehicle Maintenance Annual Budget \$20,000 – (\$32,610 as of Sept. 2024) already 163% of the annual budget

Dec. 2024 p.25/186

Vehicle Maintenance Annual Budget \$20,000 – (\$34,167 as of Oct. 2024)

Jan. 2025 p. 23/72

Vehicle Maintenance Annual Budget \$20,000 – (\$39,241 as of Nov. 2024)

Feb. 2025 p. 26/73

Vehicle Maintenance annual Budget \$20,000 – (\$40,460 as of Dec. 2024) 202% of the yearly budget was spent

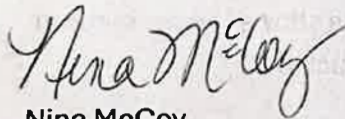
In March of 2025 Todd Adams, our general manager from Alliance discussed the possibility of getting truck replacement quotes. We were told about how much it was costing to keep the trucks in working condition and it seemed that we were throwing good money into dying trucks. So, a possible solution seemed to be needed for the safety of our workers and the maintenance of the system.

The next month (April 2025) the board packet (p.26 of 122) showed that the repair expenses ending Feb. 2025 had already reached 46% of the 2025 budget, with \$9,156 already spent of the whole \$20,000 budgeted for the 2025 year. Then by May of 2025 the board packet (p. 62/109) included the information that by March of 2025 we had reached 66% of the vehicle maintenance budget by already spending \$13,196 of the \$20,000 budget.

Our board has also made it very clear that we are committed to working within a balance budget. A look at the minutes concern discussion in those same months (March and April of 2025) regarding our intent on working within a balanced budget. We did not take lightly the possibility of spending more money. However, we had been assured by the new chairman and Alliance staff that we were expecting more income with the new meter project and a new contract with Prestonsburg City Utility Company (PCUC) for our part of the water going to the federal prison. And at this time we were still hoping to get the raw water intake electric pump running so that we would not have the extra expense of renting a pump and buying diesel fuel. Unfortunately that is still not resolved.

I assure the members of the commission I am now much more aware of how we should have gone about this process; I hope that you will understand that none of our board members meant to overstep your authority or in any way jeopardize the integrity of our community's water system.

Very sincerely,



Nina McCoy

COMMONWEALTH OF KENTUCKY
COUNTY OF BOYD

Subscribed and sworn to before me by Nina McCoy, on this
16th day of April, 2026.

My Commission expires: 10/07/2028

Lisa Renea Smith
Notary Public, State at Large, KY
ID# KYNP 93354

Exhibit C

Vernon Robinson
387 East Main Street, Suite 140
Inez, KY 41224

April 17, 2026

Commonwealth of Kentucky
Public Service Commission
Frankfort, KY 40601

To Whom It May Concern,

Per your request, I offer the following in response to your Order entered on March 31, 2026, with regards to CASE NO. [REDACTED]

- The trucks being used prior to the lease were in ill-repair. The cost of maintenance had become a large financial burden on the district. The trucks in service were old and in need of being replaced
- As explained in the meeting when the vote was taken, the increase in revenue from the newly signed agreement with the Prestonsburg Water District, as well as the revenue increase realized by the installation of the new water meters, would more than cover the cost of the lease
- Alliance Water Resources personnel explained the old trucks sometimes presented a problem in providing prompt service, due to breakdowns.

In addition to the above, I am compelled to offer some further explanation. I accepted the position of Commissioner and attended my first Board meeting in September of 2024. I did so in hopes of doing something positive for my community. I wanted, and still want, to be an ear to the concerns of Martin County Citizens, and a voice on their behalf when necessary. I grew up on a farm in Martin County, and like many others found it necessary to move away for work when the coal mines began shutting down. However, my love for Martin County and the farm where I grew up, remained inside me during the years I was away.

Perhaps you will reject what follows, but I find it necessary and hope you will consider it. I had no training when I was seated on the Commission. In looking at the schedule that was sent to me, the most viable training session was to be held at Carter Caves State Park in June of 2025. At my own expense (overnight lodging, gas and meals) I attended this training. It is at this training I discovered the requirements of 278.300. My immediate thoughts turned to the trucks that had been leased. We knew we had to report it to the Commission, and so we did. I assure each of you, there was no malice, no attempt to hide, no ill intent, and certainly no thought of being anything other than

forthcoming

I thank each of you for your service to the Commonwealth of Kentucky. I appreciate any consideration and weight you can give to the words herein contained.

Sincerely,

Vernon Robinson

Vernon Robinson

COMMONWEALTH OF KENTUCKY
COUNTY OF BOYD

Subscribed and sworn to before me by Vernon Robinson, on this
17th day of April, 2026.

My Commission expires: 10/07/2028

Lisa Renea Smith
Notary Public, State at Large, KY
ID# KYNP93354

April 17, 2026
165 Tipple Road
Warfield, Ky. 41267

Office of Public Service Commission

To Whom It May Concern

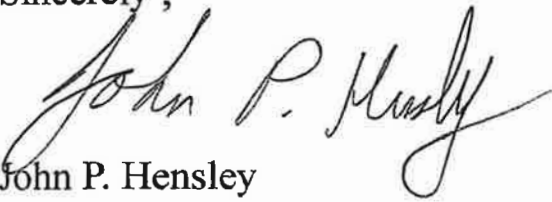
My name is John P. Hensley and I have been on the Martin County Water Board since December 2017. I was appointed to be a replacement commissioner, when four of the board members of a previous board resigned and left rather than ask for a raise in water rates. Our community at that time was very upset with the water company. Threats had been made against the chairman and others that were on the board. The county judge called and asked me to sit on the board. I agreed to help my community out. Our very first meeting we asked for a raise and sent this to the PSC for their approval. We hired a water expert, Greg Heitman, his advice was to ask for an emergency rate increase. We did this at our next meeting. No one that was sitting on the board at that time, had any training classes that the PSC requires. We took this training at Jenny Wiley Park.

Alliance Resources was hired to run our water company. They took over all the running of the district. They come to our board meetings and give updates and recommendations on what we need to do. They informed us that the trucks that we had was not in good shape at all anymore and that it would cost between 30-40 thousand dollars to get them repaired. They recommended that we get new trucks in our name. They checked a couple of places and the best deal was for Chevrolet. We voted to do that. Chevrolet turned us down and we were then informed that Dodge would lease us 5 trucks for \$4,690.43 for 60 months and then we could buy the trucks for a \$1.00 each. This is what they recommended and I voted to do this. I thought like other times before that PSC would be asked for approval by either our attorney or Alliance. We changed our rates with Prestonsburg Utilities and this was also voted on to do but was first for approval with PSC. Everything that we voted approval on has been first approved by the PSC. I thought that this was also done. Our board attorney was present. Alliance and our attorney have always gotten the approval from PSC. I would never have

approved this if I had known that it wasn't going to be approved first. I have never willingly or knowingly disobeyed any order from the PSC. Since I have been on the board from 2017 to now 2026 I have never been required to contact the PSC to inform them of anything that the board has done. It has always been our attorney or Alliance.

On my honor this a true and accurate statement.

Sincerely ;

A handwritten signature in cursive script that reads "John P. Hensley". The signature is fluid and somewhat stylized, with the first letters of each word being capitalized and prominent.

John P. Hensley

COMMONWEALTH OF KENTUCKY
COUNTY OF BOYD

Subscribed and sworn to before me by John P. Hensley, on this
17th day of April, 2026.

My Commission expires: 10/07/2028

Lisa Renea Smith

Notary Public, State at Large, KY

ID# KYNP 93354

Exhibit E

May 7th, 2026

From: Colby Kirk, Commissioner Martin County Water and Sanitation Boards

ctkirk11@gmail.com 209 Cassady Avenue Inez, KY 41224

To: Kentucky Public Service Commission

RE: Case No. 2026-00065

To Whom It May Concern:

I write as requested by the Commission in response to the order issued March 31st, 2026 for allegedly failing to comply with KRS 278.300. I will reiterate statements I made in-person at the Informal Conference held on April 20th, 2026.

At the March 2025 meeting of the Martin County Water District, the topic of finding replacement vehicles for the District's aging fleet was brought before the board. Alliance Water Resources General Manager Todd Adams explained that our maintenance costs as well as the opportunity costs associated with the downtime of this essential equipment was harmful to the operations of the district. This was evident by the repair expenses that were paid in 2024 and already starting to stack up in 2025. The District advised him to bring quotes for securing new vehicles to the next meeting.

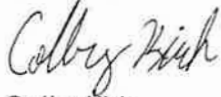
Options to lease vehicles were presented at the April 2025 meeting and the matter was tabled with additional information requested to be brought to the District at the following meeting. At the May 2025 meeting, the District approved leasing new trucks and equipment. I voted in favor of this decision after hearing the need for operational equipment from Mr. Adams, and also after reviewing the financial information available to board members. I felt that the increase in revenue from the contract with Prestonsburg City Utilities Commission as well as the county-wide meter replacement project would be sufficient to cover the expense of the lease payment, which I also believed would be less than the annual repair costs the District incurred in 2024.

In June of 2025, I used vacation time from work to attend the Water Commissioners Training at Carter Caves State Park. This was also the closest opportunity from Martin County for me to attend the training. Also in attendance were Board Members Vernon Robinson and Tim Thoma. As we participated in the training, we learned of the responsibilities of the District in regard to KRS 278.300 and took immediate action.

Mr. Thoma reached out to the Board's Attorney, Brian Cumbo, to see if proper notice was given to the PSC as we were considering the lease agreement on the new vehicles. Mr. Cumbo replied that notice was not given, and he was advised to initiate that process immediately and request retroactive approval.

There was no willful intent to violate KRS 278.300 by myself or any other board member. We all made the decision to lease the vehicles in the best interests of the district and the ratepayers we serve.

Sincerely,

A handwritten signature in cursive script that reads "Colby Kirk".

Colby Kirk

COMMONWEALTH OF KENTUCKY
COUNTY OF BOYD

Subscribed and sworn to before me by Colby Kirk, on this
7th day of May, 2026.

My Commission expires: 10/07/2028

Lisa Renea Smith
Notary Public, State at Large, KY
ID# KYNP93354