

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC INVESTIGATION INTO SOUTHERN	)	
WATER & SEWER DISTRICT AND ITS	)	
INDIVIDUAL COMMISSIONERS (BOB	)	CASE NO.
SHEPHERD, DONNIE DANIELS, RICK ROBERTS,	)	2025-00233
STEVE DAWSON, AND LESLIE BYRON SCOTT)	)	
FOR ALLEGED ASSESSMENT OF AN	)	
UNAPPROVED RATE	)	

ORDER

The Commission, on its own motion, establishes this proceeding, pursuant to KRS 278.260, to conduct a formal investigation into Southern Water and Sewer District (Southern District), its individual commissioners: Bob Shepherd, Donnie Daniels, Rick Roberts, Steve Dawson, and Leslie Byron Scott, and manager Randy Conley, for an alleged assessment of an unapproved rate in violation of KRS 278.160.

LEGAL STANDARD

Southern 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.<sup>1</sup> 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 services, or any service in connection therewith, on its own

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<sup>1</sup> KRS 278.030(2).

motion. KRS 278.990 authorizes the Commission 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.

KRS 278.160(2) states that “no utility shall charge, demand, collect, or receive from any person a greater or less compensation for any service rendered or to be rendered than that prescribed in its filed schedules, and no person shall receive any service from any utility for a compensation greater or less than that prescribed in such schedules.”

### DISCUSSION

In Case No. 2024-00251,<sup>2</sup> an application seeking a rate adjustment pursuant to 807 KAR 5:076, Southern District indicated there were 294 instances of a “disconnect charge” with revenues totaling \$5,880 during the calendar year 2023.<sup>3</sup> In its response to Commission Staff’s Second Request for Information (Staff’s Second Request), Southern District stated that the disconnection charge is a new charge and provided cost justification for the charge.<sup>4</sup> Southern District did not provide evidence that the disconnection charge is reflected in its current tariff,<sup>5</sup> nor was it requested in its rate

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<sup>2</sup> Case No. 2024-00251, *Electronic Application of Southern Water and Sewer District for an Alternative Rate Adjustment Pursuant to 807 KAR 5:076*.

<sup>3</sup> Case No. 2024-00251, Southern District’s Response to Commission Staff’s First Request for Information (Staff’s First Request), Item 26 (filed Feb. 25, 2025).

<sup>4</sup> Case No. 2024-00251, Southern District’s Response to Staff’s Second Request, Item 13c (filed Apr. 1, 2025).

<sup>5</sup> P.S.C. Ky. 1, 2<sup>nd</sup> Revised Sheet No. 5 (issued Jan. 20, 2023), effective Dec. 20, 2022.

application or the notice thereof.<sup>6</sup> Southern District clarified that the disconnection charge was first assessed on October 4, 2022, but stated that there is no tariff or case number where the Commission approved the charge.<sup>7</sup>

The Commission finds that information sufficient to establish a prima facie case exists that Southern District's implementation of its "disconnect charge" may have violated KRS 278.160. 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 also finds that information sufficient to establish a prima facie case exists that Southern District's commissioners: Bob Shepherd, Donnie Daniels, Rick Roberts, Steve Dawson, and Leslie Byron Scott; and manager, Randy Conley, acting in their respective official and individual capacities as officers of Southern District's Board of Commissioners may have willfully aided and abetted in the alleged above violations. Finally, the Commission finds that the parties identified above, if determined to have violated KRS 278.160 or willfully aided and abetted in any above violation, may be subject to penalties pursuant to KRS 278.990 and removal pursuant to KRS 74.025 for incompetency, neglect of duty, gross immorality, or nonfeasance, misfeasance, or malfeasance.

IT IS THEREFORE ORDERED that:

1. This proceeding is established to investigate whether Southern District or any of its individually named commissioners are in violation of KRS 278.160.

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<sup>6</sup> Case No. 2024-00251, Dec 26, 2024, Cover letter and Alternative Rate Filing application, ARF\_Application\_2023\_Test\_Year.pdf, Attachment 1, Customer Notice.

<sup>7</sup> Case No. 2024-00251, Southern District's Response to Commission Staff's Third Request for Information (Staff's Third Request), Item 13 (filed May 8, 2025).

2. Motions to intervene shall be filed within 30 days of service 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. 2020-00085<sup>8</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.
5. Southern District and each of the individually named commissioners, acting in their respective official and individual capacities as officers of Southern District's Board of Commissioners, as well as Southern District's manager shall submit individual written responses to the 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 each individual party shall enter an appearance or appearances within 20 days of the date of entry of this Order.
7. All parties shall file a written statement within 20 days of the date of service of this Order.
8. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency,

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<sup>8</sup> 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).

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.


9. Case No. 2024-00251 shall be incorporated into this proceeding by reference.


10. The County Judge Executive in Floyd County, Kentucky, shall be served with a copy of this Order: 149 S. Central Avenue, Prestonsburg, KY 41653.


11. The following parties: Bob Shepherd, Donnie Daniels, Rick Roberts, Steve Dawson, and Leslie Byron Scott, shall be served via certified USPS mail: 245 Kentucky Route 680, P.O. Box 610, McDowell, KY 41647.

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

PUBLIC SERVICE COMMISSION

  
Chairman

  
Commissioner

  
Commissioner

ATTEST:

  
Executive Director



Case No. 2025-00233

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