

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, GREG CRUM, NINA MCCOY, VERNON)	CASE NO.
ROBINSON, JOHN HENSLEY, AND COLBY KIRK))	2026-00065
AND ITS MANAGER, TODD ADAMS, FOR)	
ALLEGED FAILURE TO COMPLY WITH)	
KRS 278.300)	

ORDER

The Commission, on its own motion, establishes this proceeding to investigate Martin County Water District (Martin District); its Board of Commissioners (Board), Timothy Thoma, Greg Crum, Nina McCoy, Vernon Robinson, John Hensley, and Colby Kirk; and its Manager, Todd Adams, for allegedly failing to comply with KRS 278.300.

LEGAL STANDARD

Under KRS 278.250 and KRS 278.260, the Commission is authorized to investigate and examine the condition of any utility subject to its jurisdiction, including any practice or act relating to the utility service. Under KRS 278.280, if the Commission finds that any practice or act is unjust, unreasonable, unsafe, improper, inadequate, or insufficient, then the Commission has the authority to determine the just, reasonable, safe, proper, adequate, or sufficient practice or method to be observed. Upon a finding that Martin District, its Board, or Manager willfully violated any provision of KRS Chapter 278, Chapter 74, Commission regulations, or a Commission Order, 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 who willfully violates any provisions of KRS Chapter 278, Commission regulations, or Orders.

KRS 278.300 requires Commission approval before a utility may “issue any securities or evidences of indebtedness, or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person.”¹ The legal standard contained in KRS 278.300(3) establishes the purview of Commission review, stating:

The commission shall not approve any issue or assumption unless, after investigation of the purposes and uses of the proposed issue and the proceeds thereof, or of the proposed assumption of obligation or liability, the commission finds that the issue or assumption is for some lawful object within the corporate purposes of the utility, is necessary or appropriate for or consistent with the proper performance by the utility of its service to the public and will not impair its ability to perform that service, and is reasonably necessary and appropriate for such purpose.

Additionally, KRS 278.300(8) establishes that KRS 278.300 does not apply if the proposed issuance of securities or indebtedness is payable at periods of not more than two years from the issuance date and any renewals of such notes do not exceed six years from the initial issuance date.

DISCUSSION

Martin District, a water district organized under KRS Chapter 74, owns and operates facilities that provide retail water service to 3,344 residential customers in Martin County, Kentucky.²

¹ KRS 278.300(1).

² *Annual Report of Martin District to the Public Service Commission for the Calendar year Ending December 31, 2024* (2024 Annual Report) at 12 and 49.

In Case 2025-00249, Martin District requested retroactive approval pursuant to KRS 278.300 to assume indebtedness for entry into a lease for five service trucks (Lease).³ The Lease has a 60-month duration, with monthly payments of \$4,690.43 beginning July 20, 2025, and terminating June 30, 2030.⁴ Martin District maintained the Lease was secured and would be payable from its gross revenues, and that its satisfaction would not require an increase in customers' rates.⁵ The Lease was approved by Martin District's Board of Commissioners at its meeting on May 27, 2025.⁶ Martin District asserted it sought "retroactive approval due to its attorney having failed to remember" that it was necessary to request authorization from the Commission prior to entering into the lease agreements.⁷

On October 2, 2025, the Commission issued a final Order in Case No. 2025-00249, and found, among other things, that Martin District had not met the legal standard for Commission approval of evidence of indebtedness, and rejected Martin District's application for retroactive approval of the Lease.⁸ KRS 278.300(1) requires Commission approval prior to the issuance of any evidence of indebtedness, and Martin District failed to request Commission approval until after it had entered into the lease.⁹ The

³ Case No. 2025-00249, *Electronic Application of Martin County Water District to Enter into a Lease for Service Trucks* (Ky. PSC Oct. 2, 2025).

⁴ Case No. 2025-00249, (filed Aug. 4, 2025), Application at 2.

⁵ Case No. 2025-00249, Application at 4.

⁶ Case No. 2025-00249, Application at 2; Martin District's Response to Commission Staff's First Request for Information (filed Aug. 28, 2025).

⁷ Case No. 2025-00249, Application at 1.

⁸ Case No. 2025-00249, Oct. 2, 2025 Order at 6.

⁹ Case No. 2025-00249, Oct. 2, 2025 Order at 6.

Commission noted, that, while Martin District placed blame for its failure to seek Commission approval for the assumption of indebtedness for the lease with its counsel, the responsibility to comply with Commission regulations ultimately rests with Martin District and its Board, not counsel.¹⁰

The Commission reminds Martin District that the final Order in Case No. 2025-00249 also ordered Martin District to file, on or before August 31, 2026, an application for a general rate adjustment pursuant to 807 KAR 5:001, Section 16, or an application for an alternative rate adjustment pursuant to 807 KAR 5:076, or in the alternative, to file a formal motion with a detailed analysis of its rates and revenues and a statement explaining the reasons why no modifications are necessary.¹¹

The Commission finds that the administrative record of Case No. 2025-00249 should be incorporated by reference into the record of this proceeding. The Commission further finds that based upon the administrative record of Case No. 2025-00249 establishes a *prima facie* case that Martin District and its individual commissioners, Timothy Thoma, Greg Crum, Nina McCoy, Vernon Robinson, John Hensley, and Colby Kirk, and its Manager, Todd Adams, acting in their respective individual capacities, willfully aided and abetted in one or more violations of KRS 278.300.

IT IS THEREFORE ORDERED that:

1. Martin District, and each individually named Board member as well as the Manager, shall submit to the Commission a written response within 20 days of the date of service of this Order.

¹⁰ Case No. 2025-00249, Oct. 2, 2025 Order at 6.

¹¹ Case No. 2025-00249, Oct. 2, 2025 Order at 7, ordering paragraph 3.

2. Counsel for each party shall enter an appearance or appearances within 20 days of the date of service of this Order.

3. The Commission directs Martin District to the Commission's July 22, 2021 Order in Case No. 2020-00085¹² regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

4. Each response shall include the name of the witness responsible for responding to the questions related to the information provided. 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, 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.

5. A party filing a paper containing personal information shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

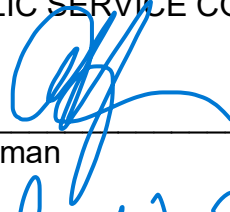
6. Martin County Judge Executive, Lon Lafferty, shall be served with a copy of this Order.

¹² 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).

7. The following parties: Timothy Thoma, Greg Crum, Nina McCoy, Vernon Robinson, John Hensley, Colby Kirk, and Todd Adams shall be served via certified USPS mail: 387 East Main Street, Suite 140, Inez, Kentucky 41224.

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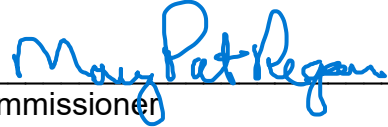
PUBLIC SERVICE COMMISSION



Chairman



Commissioner



Commissioner

ATTEST:



Executive Director



Service List for 2026-00065

* Martin County Water District
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Inez, KY 41224

* Martin County Water District
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Inez, KY 41224

* Brian Cumbo
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* Dustin C. Haley
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* Lon E Lafferty
Judge Executive
Martin County Judge Executive
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Inez, KY 41224

* Todd Adams
Martin County Water District
c/o Alliance Water Resources, Inc.
1402 East Main Street
Inez, KY 41224

* Timothy Thoma
Martin County Water District
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1402 East Main Street
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