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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

August 19, 2014

## PARTIES OF RECORD

Re: Case No. 2014-00163  
An Investigation of Existing and Future Service of Bullitt Utilities, Inc.

Attached is a copy of a letter from the Louisville and Jefferson County Metropolitan Sewer District that has been filed in the record of the above-referenced case. Any comments regarding this letter should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this letter should be directed to Ann Ramser, Staff Attorney, at (502) 782-2585.

Sincerely,



Jeff Derouen  
Executive Director

Attachment

cc: Parties of Record



Louisville and Jefferson County Metropolitan Sewer District  
700 West Liberty Street  
Louisville Kentucky 40203-1911  
502-540-6000  
[www.msdlouky.org](http://www.msdlouky.org)

August 14, 2014

RECEIVED

AUG 18 2014

PUBLIC SERVICE  
COMMISSION

Honorable Robert C. Moore  
Hazelrigg & Cox, LLP  
415 West Main Street  
Frankfort, KY 40602

Subject: Hunters Hollow

Dear Mr. Moore:

I am writing on behalf of the Louisville and Jefferson County Metropolitan Sewer District (MSD) to advise that the MSD Board has been briefed on the failure of the Hunters Hollow, Kentucky wastewater treatment plant in Bullitt County operated by Bullitt Utilities. MSD is willing to assist in an interim solution to the on-going environmental emergency as well as a long term solution to transport wastewater from northern Bullitt County to MSD's treatment facilities in Jefferson County.

Accordingly, this letter will outline the proposed steps and elements of an agreement that MSD is willing to consider:

- 1) MSD is willing to accept and treat the wastewater flow from the Hunters Hollow wastewater treatment plant and if needed, the Bullitt County Sanitation District's (BCSD) Prairie Village wastewater treatment plant, both located in Northern Bullitt County,
- 2) An Interlocal Agreement (subject to approval by the Kentucky Attorney General and MSD Board) must be executed between MSD and the BCSD (or other eligible public agency) that establishes respective long term duties, obligations and rights of the parties pertaining to the financing and construction of the wastewater facilities and the operation and maintenance of the system,
- 3) Upon execution of the Interlocal Agreement, MSD will begin the design and construction of the wastewater facilities necessary to extend MSD's current wastewater system in Jefferson County to the Jefferson/Bullitt County line. This includes acquisition of the necessary easements in Jefferson County. MSD shall be responsible to operate and maintain the Jefferson County wastewater facilities,
- 4) BCSD and/or Bullitt Utilities will be responsible for design, constructing and easement acquisition for the portion of the wastewater facilities in Bullitt County that are necessary to transport wastewater from the existing Hunters Hollow and Prairie Village (if needed) wastewater plants to the Jefferson/Bullitt County line. This includes acquisition of the necessary easements in Bullitt County. BCSD and/or Bullitt Utilities shall be responsible to operate the Bullitt County wastewater facilities,
- 5) All parties recognize this proposal involves the acquisition of easements and the design and construction of over two miles of sewer line, pump station and related wastewater facilities, and approval by the Kentucky Division of Water and other applicable agencies. From execution of the Interlocal Agreement, it is anticipated design and construction to take a minimum of two years, and due to easement acquisitions, the project may take longer. Therefore an interim solution to address the immediate wastewater needs of the Hunters Hollow plant must be developed prior to execution of an Interlocal Agreement.



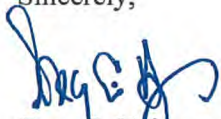
*Beneficial Use of Louisville's Biosolids*  
[www.louisvillegreen.com](http://www.louisvillegreen.com)

- 6) Prior to connection with the MSD sewer line at the Jefferson/Bullitt County line, BCSD and/or Bullitt Utilities shall make repairs and/or upgrades to the sewer collection system to reduce and/or minimize inflow and infiltration ("I & P") into the collection system.
- 7) BCSD and/or Bullitt Utilities will work with MSD to determine an appropriate allocation of the costs of the facilities to the respective customer rate base. MSD is willing to fund the basic cost of sewer facilities to provide service in Jefferson County. Bullitt Utilities and/or BCSD shall be responsible for the cost of upsizing sewer facilities in Jefferson County to accommodate the additional Bullitt County wastewater flow. BCSD and/or Bullitt Utilities shall be responsible for the cost of the sewer facilities in Bullitt County from the treatment plants to the Jefferson/Bullitt County line. Upon execution of the necessary Interlocal Agreements, MSD is willing to consider financing the Bullitt County sewer facilities if more economical financing cannot be obtained from the Kentucky Infrastructure Authority or other lenders.
- 8) All Bullitt County residents shall remain customers of BCSD and/or Bullitt Utilities and MSD service shall be provided on a wholesale basis at the Jefferson/Bullitt County line.
- 9) BCSD, Bullitt Utilities and MSD shall work together to establish an appropriate wholesale wastewater rate and fee to apply to the wastewater volumes transported from Bullitt County to Jefferson County, and treated by MSD. The sewer rate and fee will be based upon cost of service principles and a methodology mutually agreeable to all parties, prior to execution of the Interlocal agreement. The sewer rate and fee shall be adjusted periodically to reflect the cost of providing wholesale wastewater service to Bullitt County.

In the alternative to the above proposal, MSD is willing to enter into an Interlocal Agreement with BCSD or a contract arrangement with Bullitt Utilities to operate the Hunters Hollow wastewater plant and sewer system, similar to MSD's operation of the Crestwood, Kentucky sewer system. In this scenario, MSD operates and maintains the system and manages the retail customers, with billing through contract with Louisville Water Company. In this case, the term of the agreement would be a minimum of 20 years. Details of this alternative can be evaluated upon request by either BCSD or Bullitt Utilities.

During recent meetings with Kentucky Public Service Commission, Kentucky Division of Water, Bullitt Utilities, BCSD, Bullitt County Judge Executive and Mayors of Hillview and Hunters Hollow, MSD stated its willingness to assist with a solution to the failed Hunters Hollow wastewater plant. This letter confirms our intention and outlines a proposal to provide a reliable, cost effective solution for this area of northern Bullitt County. You may contact me with any questions regarding this proposal.

Sincerely,



Greg C. Heitzman  
Executive Director  
Louisville MSD

CC: Melanie Roberts, Bullitt County Judge Executive  
James H. Eadens, Mayor – City of Hillview  
Linda Parker, Mayor – City of Hunters Hollow  
Jeff Derouen, Kentucky Public Service Commission  
Bruce Scott, Kentucky Division of Water  
John Covington, Kentucky Infrastructure Authority  
Jerry Kennedy, Bullitt County Sanitation District