

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

MAR 26 2015

In the Matter of:

APPLICATION OF BULLITT UTILITIES, INC.)
FOR A CERTIFICATE OF CONVENIENCE AND)
NECESSITY AND SURCHARGE FOR SAME)

PUBLIC SERVICE
COMMISSION

CASE NO 2014-00255

**ANSWERS OF BULLITT UTILITIES, INC., TO ATTORNEY GENERAL'S FIRST
INFORMATION REQUESTS**

Comes Bullitt Utilities, Inc. ("Bullitt Utilities"), and for its Answers to the Attorney General's First Information Requests, states as follows:

Request for Information No. 1: Reference the Application generally. Explain how Bullitt Utilities determined the monthly surcharge amount of \$32.19 per month. Please provide all worksheets in native format with calculations and cells intact.

Answer: As set forth in the Amended Application for Surcharge of Bullitt Utilities, the total amount of costs incurred by Bullitt Utilities due to the catastrophic failure of the Hunters Hollow Wastewater Treatment Plant ("WWTP") is estimated to be \$1,881,956.10. The surcharge was determined by dividing these estimated total costs of \$1,881,956.10 by seven (7), which is the number of years the surcharge is requested so that the amount to be paid by the customer would not be unduly burdensome, and then dividing that number by the number of customers of Bullitt Utilities (696). This number was then divided by twelve to arrive at a requested monthly surcharge of \$32.19.

Bullitt Utilities has continued to incur expenses from the date of the filing of the Amended Application on December 10, 2014.

Witness: Chris Cogan.

Bullitt Utilities objects to the instructions set forth in Attorney General's First Information Requests to the extent that they impose requirements or duties in addition to those imposed by PSC regulations.

Request for Information No. 2: Reference Exhibit A to Bullitt Utilities Notice of Filing dated February 23, 2015. Please explain the "Agency Collection Fee" totaling \$9,029.

Answer: Objection. Bullitt Utilities objects to this information request, as it concerns information that is irrelevant to the issue to be addressed in this case - whether Bullitt Utilities is to be granted a surcharge to enable it to pay the extraordinary costs incurred in responding to the catastrophic failure of the Hunters Hollow WWTP. However, without waiving this objection, Bullitt Utilities states that the Agency Collection is the amount paid to the Louisville Water Company for billing and collection services.

Witness: Chris Cogan.

Request for Information No. 3. Reference Exhibit C to Bullitt Utilities' Notice of Filing dated February 23, 2015. Please confirm that the customer accounts listed in two schedules total 711 total customers. Please reconcile this to Bullitt Utilities' assertion in its application that it currently serves 696 customers.

Answer: Bullitt Utilities has requested Louisville Water Company to provide information concerning this difference.

Request for Information No. 4. Regarding the catastrophic failure of the wastewater treatment plant ("WWTP"), please answer the following regarding the plant prior to the date of failure:

a. Was the WWTP or any components or appurtenances thereof subject to warranty?

Answer: Objection. Bullitt Utilities objects to this information request, as it concerns information that is irrelevant to the issue to be addressed in this case - whether Bullitt Utilities is to be granted a surcharge to enable it to pay the extraordinary costs incurred in responding to the catastrophic failure of the Hunters Hollow WWTP. However, without waiving this objection, Bullitt Utilities states that it has no information indicating that the WWTP or any of its components or appurtenances were subject to warranty.

b. If the answer to a. is yes, please provide a copy of the warranty:

Answer: Not applicable.

c. If the answer to a. is yes, please advise whether Bullitt Utilities has or intends to recover under the warranty.

Answer: Not applicable.

d. If the answer is no, why was neither the plant nor any components or appurtenances subject to warranty. Explain fully.

Answer: Objection. Bullitt Utilities objects to this information request, as it concerns information that is irrelevant to the issue to be addressed in this case - whether Bullitt Utilities is to be granted a surcharge to enable it to pay the extraordinary costs incurred in responding to the catastrophic failure of the Hunters Hollow WWTP. However, without waiving this objection, Bullitt Utilities states that the WWTP was built in approximately 1975, prior to its ownership of the WWTP, and it has no information concerning warranties that may have applied to the WWTP.

Witness: Chris Cogan and Lawrence W. Smither.

Request for Information No. 5. Regarding the catastrophic failure of the wastewater

treatment plant ("WWTP"), please answer the following regarding the plant prior to the date of failure:

a. Was the WWTP or any components or appurtenances therefor insured against catastrophic failure:

Answer: Objection. Bullitt Utilities objects to this information request, as it concerns information that is irrelevant to the issue to be addressed in this case - whether Bullitt Utilities is to be granted a surcharge to enable it to pay the extraordinary costs incurred in responding to the catastrophic failure of the Hunters Hollow WWTP. However, without waiving this objection, Bullitt Utilities states that the WWTP and/or its components or appurtenances were not insured against catastrophic failure. Such insurance is not routinely available for WWTPs and, if available, is only available at an exorbitant premium.

b. If the answer to a. is yes, please provide a copy of the insurance policy.

Answer: Not applicable.

c. If the answer to a. is yes, please advise whether Bullitt Utilities has or intends to file a claim under the insurance policy:

Answer: Not applicable.

d. If the answer to a. is no, why was neither the plant nor any components or appurtenances insured. Explain fully.

Answer: Bullitt Utilities did not insure the WWTP and/or its components against catastrophic failure as such insurance is not routinely available for WWTPs, and if available, is only available at an exorbitant premium.

Witness: Chris Cogan.

Request for Information No. 6. On an ongoing basis provide any (SIC) the amount of any penalties paid to DOW as a result of the facility failure.

Answer: Objection. Bullitt Utilities objects to this information request, as it concerns information that is irrelevant to the issue to be addressed in this case - whether Bullitt Utilities is to be granted a surcharge to enable it to pay the extraordinary costs incurred in responding to the catastrophic failure of the Hunters Hollow WWTP. However, without waiving this objection, Bullitt Utilities states that it has not been required to pay any penalty to the DOW as a result of the catastrophic failure of the Hunters Hollow WWTP. It has agreed to complete two Supplemental Environmental Projects in lieu of paying penalties to the DOW, as set forth in Paragraphs 25 and 27 of the Agreed Order entered into between the Energy and Environment Cabinet and Bullitt Utilities. It also paid a stipulated penalty in the amount of \$500 for failing to submit its Sanitary Sewer Evaluation Study to the DOW on or before December 1, 2014, as provided by Paragraph 16 (a) of the Agreed Order.

Witness: Chris Cogan.

Request for Information No. 7. Reference the Application, paragraph 29, line n Itemize the attorney fees by costs associated with PSC regulatory matters and costs associated with DOW regulatory matters.

Answer: Objection. Bullitt Utilities objects to this information request, as it concerns information that is irrelevant to the issue to be addressed in this case - whether Bullitt Utilities is to be granted a surcharge to enable it to pay the extraordinary costs incurred in responding to the catastrophic failure of the Hunters Hollow WWTP. The legal fees incurred by Bullitt Utilities reflected in paragraph 29, line n, were incurred due to the failure of the WWTP. Had the WWTP

not failed, the legal fees would not have incurred. Furthermore, the PSC regulatory matters and the DOW regulator matters are intertwined, so that the legal work performed for Bullitt Utilities apply to both matters.

Witness: Chris Cogan.

Request for Information No. 8. Provide a list and description of each service Bullitt Utilities intends to provide over the 7 years during which is has proposed to collect the surcharge.

Answer: Bullitt Utilities intends to provide sewer treatment services for the customers of Bullitt Utilities over the 7 years during which is has proposed to collect the surcharge.

Request for Information No. 9. On an ongoing basis provide any correspondence between Bullitt Utilities and DOW regarding the Hunters Hollow WWTP.

Answer: Objection. Bullitt Utilities objects to this information request on the basis that it is ambiguous and requires speculation as to its meaning, and arguably requires Bullitt Utilities to agree to provide information even after the above-styled proceeding is concluded. However, without waiving this objection, Bullitt Utilities will agree to provide any correspondence between Bullitt Utilities and DOW regarding the Hunters Hollow WWTP over a reasonably defined time period. Additionally, Bullitt Utilities's Answer to Information Request No. 7 of the Public Service Commission filed on or about June 18, 2014, provide copies of correspondence between the DOW and Bullitt Utilities concerning its KPDES permit for a 24 month period.

Witness: Chris Cogan.

Request for Information No. 10. For the years 2005 through March 29, 2014, provide an itemized list of maintenance and expenses associated with maintenance on the Hunters Hollow WWTP aeration tank prior to its failure.

Answer: Objection. Bullitt Utilities objects to this information request on the basis that it is over broad and unduly burdensome, as it requires Bullitt Utilities to attempt to separate out expenses for maintenance related to the aeration tank from its other maintenance expenses. However, without waiving this objection, Bullitt Utilities states that it incurred maintenance expenses in the amount of \$17,390.00 in 2005, \$18,570.00 in 2006, \$19,200.00 in 2007, \$20,160.00 in 2008, \$19,200 in 2009, \$19,200.00 in 2010, \$19,200.00 in 2011, \$20,453.000 in 2012 and \$21,348 in 2013.

Witness: Chris Cogan and Lawrence W. Smither.

Request for Information No. 11. For the years 2005 through March 29, 2014, provide any maintenance or inspection documents associated with the aeration tank prior to its failure.

Answer: Objection. Bullitt Utilities objects to this information request on the basis that it is over broad and unduly burdensome, as it requires Bullitt Utilities to attempt to separate out expenses for maintenance related to the aeration tank from its other maintenance expenses. However, without waiving this objection, Bullitt Utilities states that it incurred maintenance expenses in the amount of \$17,390.00 in 2005, \$18,570.00 in 2006, \$19,200.00 in 2007, \$20,160.00 in 2008, \$19,200 in 2009, \$19,200.00 in 2010, \$19,200.00 in 2011, \$20,453.000 in 2012 and \$21,348 in 2013, as reflected in the annual reports filed with the PSC available on the PSC website. Additionally, Bullitt Utilities' Answer to Information Request No. 3 of the Public Service Commission filed on or about June 18, 2014, provided copies of Bullitt Utilities' log books for the Hunters Hollow WWTP and collection system since January of 2008 until the failure of the WWTP reflecting multiple inspections of the WWTP each week during that time frame. The log book for 2013 was lost due to the catastrophic failure of the WWTP. The PSC

and the DOW also conducted inspections of the WWTP.

Witness: Chris Cogan and Lawrence W. Smither.

Chris Cogan

STATE OF KENTUCKY

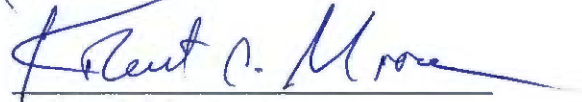
COUNTY OF FRANKLIN

The above answers are true and accurate to the best of my knowledge and belief. Subscribed and sworn to before me by Christopher G. Cogan, as Attorney-in-Fact for Carroll F. Cogan, President, Bullitt Utilities, Inc., this _____ day of March, 2015.

My commission expires: _____

Notary Public

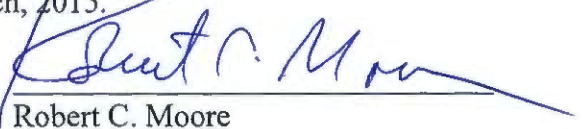
Respectfully submitted,



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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served by hand delivery on Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Blvd., P.O. Box 615, Frankfort, Kentucky 40602 and by United States Mail on Gregory T. Dutton and Jennifer Black Hans, Assistant Attorney General, 1024 Capital Center Drive, Suite 200, Frankfort, Kentucky 40601-8204, on this the 26th day of March, 2015.


Robert C. Moore