

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

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COMMISSION

In the Matter of:

APPLICATION OF BULLITT UTILITIES, INC. )  
FOR A CERTIFICATE OF CONVENIENCE AND ) CASE NO 2014-00255  
NECESSITY AND SURCHARGE FOR SAME )

**ANSWERS TO COMMISSION STAFF'S  
SUPPLEMENTAL REQUEST FOR INFORMATION TO BULLITT UTILITIES**

Comes Bullitt Utilities, Inc. ("Bullitt Utilities"), and for its Answers to Commission Staff's Supplemental Request for Information, states as follows:

Bullitt Utilities objects to the Commission Staff's Supplemental Request for Information to the extent that they seek to impose requirements in addition to the requirements of the applicable rules and/or regulations.

**Information Request No. 1:** In its response to Commission Staffs First Request for Information to Bullitt Utilities (Staffs First Request"), Item 1.a., Bullitt Utilities states that "it would take approximately six (6) months to locate and install a used WWTP capable of treating the flow from the Hunters Hollow collection system."

a. Indicate what activity would need to occur during the six-month period.

**ANSWER:** The following is a listing of the steps that would need to be performed to locate and install a used WWTP capable of treating the flow from the Hunters Hollow collection system: 1) There is no store that sells used WWTPs. Accordingly, a region-wide search would need to be conducted to attempt to locate a used WWTP with a capacity of at least 300,000 gpd. This search would be conducted by persons with industry-wide knowledge gained by working in

the WWTP field for over thirty (30) years. <sup>1</sup> (30 to 60 days); 2) If a used WWTP with at least 300,000 gpd capacity is located, the used WWTP would need to be inspected to determine its condition, to determine if has all of the necessary parts, including but not limited to blowers, pumps, etc, and to see if it is possible to transport it to the Hunters Hollow site located in Bullitt County, Kentucky (30 to 45 days); 3) If the used WWTP is in acceptable condition, a Contract including price and other relevant terms, would need to be negotiated, finalized and signed. The price would then need to be paid, and financing by a third party may need to be obtained, (30 to 60 days); 4) Arrangements would need to be made to transport the used WWTP to the Hunters Hollow site and then the WWTP would need to be transported to Kentucky (30 days); 5) An engineer would need to be hired to inspect the Hunters Hollow site and to determine the soil and rock conditions at the site. A geotech firm would also need to be hired to perform tests to determine the actual conditions at the site. (60 days); 6) The engineer would need to design and prepare the plans for the foundation for the WWTP and the connection(s) to the Hunters Hollow collection system. (30 to 60 days); 7) The engineer would also need to review and or modify the design and plans of the used WWTP as it would be installed. These plans would need to be submitted to the Kentucky Division of Water (“DOW”) for review and approval. (30 to 60 days); 8) The DOW may have questions or comments concerning the proposed plans and responses to these questions and/or comments would need to be provided to the Cabinet. (30 days); 9) If the plans for the installation of the used WWTP have been reviewed and approved by

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<sup>1</sup>Because the demand for used WWTPs has diminished in the last few years, and not as many used WWTPs are being offered for sale, the search to locate an acceptable used WWTP could take longer than the estimated time period. In this case a 300,00 gpd used WWTP could not be located prior to Bullitt Utilities entering into an Agreement with the Bullitt County Sanitation District to treat the wastewater from the Hunters Hollow collection system through December 31, 2016.

the DOW, a bid package would need to be prepared by the engineer and then advertised for bids on the site work, construction of the foundation and the installation/construction of the WWTP. (30 to 45 days); 10) Bids responding to the advertisement for bids would then be reviewed by the engineer. (15 days); 11) After the engineer has determined if responsive bids have been received, the engineer may recommend the award of the bid to the most responsive bidder or can recommend that the job be rebid. (15 days); 12) Once a successful bidder is identified, the contract with the successful bidder can be signed and a Notice to Proceed can be issued. (15 days); and, 13) The site work, construction of the foundation and the WWTP would then be completed. (90 to 120 days)

The above description does not include the steps and time needed to obtain Public Service Commission approval of the construction of the used WWTP. This description also does not include the steps and time needed to negotiate an agreement to provide treatment for the wastewater generated by the Hunters Hollow collection system during the location and installation of the used WWTP.

**b.** Identify the amount of time required for each activity listed in Item 1.a of this request.

**ANSWER:** See Answer to Request 1.a. Because some of the steps set forth in the Answer to Request 1.a. can be performed at the same time, the total amount of time to complete the construction/installation of the used WWTP is estimated to be 6-9 months. This does not include delays due to weather, unavailability of supplies and other unforeseen circumstances.

**Witnesses:** Chris Cogan, Chris Crumpton and Lawrence W. Smither.

**Information Request No. 2.** While using the Pecco, Inc. ("PECCO") wastewater treatment plant ("WWTP") during dry weather, did the water discharged from the PECCO



WWTP meet:

a. The Kentucky Division of Water's regulations for levels of pollutants? If not, please explain how it failed to meet the regulations.

**ANSWER:** The DOW Wastewater Inspection Report ("Report") issued for the May 8, 2014, inspection alleged a violation of 401 KAR 5:5005, Section 11, as the PECCO temporary Wastewater Treatment Plant ("PECCO Plant") provides for chlorination and dechlorination, but alleged that the E.coli sample results showed values above the limits set forth in the permit, and also alleged a violation of 401 KAR 10:031, Section 2, as the receiving stream waters were allegedly aesthetically degraded.

**Witnesses:** Chris Cogan and Lawrence W. Smither.

b. The Kentucky Pollutant Discharge Elimination System ("KPDES") permit for Bullitt Utilities? If not, please explain how it failed to meet the permit requirements.

**ANSWER:** See Answer to Information Request 2a.

**Information Request No. 3.** Refer to Bullitt Utilities' response to Staffs First Request, Item 3, alternative 3, and Exhibit 17 to Bullitt Utilities' original Application filed on July 17, 2014. Exhibit 17 to Bullitt Utilities' original Application is a quote for a 300,000-gallon-per-day permanent WWTP. On page 8 of that exhibit, the quote indicates that the manufacture of the permanent WWTP will be 10 to 12 weeks. Bullitt Utilities' response to Staffs FirstRequest, Item 3, indicates that "it would take more than 6 months to purchase, transport and install such a WWTP, including the completion of the necessary engineering and site work."

a. Indicate what activity would need to occur during the six-month period.

**ANSWER:** The quote provided by RWL Water attached as Exhibit 17 to the original

Application of Bullitt Utilities dated July 17, 2014, states that a significant amount of equipment and services required to construct a new 300,000 gpd WWTP were not provided as a part of the proposal, including but not limited to the foundation pad, design of foundation pad, and construction of the foundation pad, the installation of ancillary components such as the blowers, control panels, pumps, the electrical power connection to the plant and field wiring to the control panels, all interconnecting piping outside of the WWTP walls and all of the other items listed in paragraph 3.1 of the RWL proposal. Accordingly, the steps that would need to occur to attempt to install/construct a new WWTP during the estimated six month period include:

- 1) An engineer's review of the plans for the RWL WWTP to ensure that the WWTP will comply with the requirements of the DOW. Comments would then be submitted to RWL and a final design of the WWTP would be negotiated (30 days);
- 2) In the event the design of the RWL WWTP is modified, the price for the plant would need to be re-negotiated (15 days);
- 3) An engineer would need to be engaged to design and prepare the plans for the parts of the WWTP that are not being provided by RWL which include but are not limited to the items listed above (See also Paragraph 3.1 of the RWL proposal) (30 to 60 days);
- 4) An engineer would need to be hired to inspect the Hunters Hollow site and to determine the soil and rock conditions at the site. A geotech firm would also need to be hired to perform tests to determine the actual conditions at the site. (60 days).
- 5) Arrangements would need to be made to transport the WWTP to the Hunters Hollow site and the RWL WWTP would need to be transported to the site (15 days);
- 6) The engineer would need to design and prepare the plans for the foundation for the WWTP and the connection(s) to the Hunters Hollow collection system. (30 to 60 days);
- 7) The engineer would need to submit the plans for review and approval by the DOW. The DOW may have

questions or comments concerning the proposed plans and responses to these questions and/or comments would need to be provided to the Cabinet. (30 days); 8) After the plans for the installation/construction of the WWTP have been reviewed and approved, a bid package for the site work, construction of the foundation and construction/installation of the WWTP would need to be prepared by the engineer and then advertised. (30 days); 9) Bids responding to the advertisement for bids would then be reviewed by the engineer. (15 days); 10) After the engineer has determined that responsive bids have been received, the engineer may recommend the award of the bid to the most responsive bidder or can recommend that the job be rebid. (15 days); 11) Once a successful bidder is identified, the contract with the successful bidder can be signed and a Notice to Proceed can be issued. (15 days); 12) The site work, construction/installation of the foundation and the WWTP would then be performed. (30 to 60 days)

**b.** Identify the amount of time required for each activity listed in Item 3.a.

**ANSWER:** See Answer to 3.a. Because some of the steps set forth in the Answer to Request 3.a. can be performed at the same time, the total amount of time to complete the construction/installation of the WWTP is estimated to be 6 to 12 months. This does not include delays due to weather, unavailability of supplies and other unforeseen circumstances.

**Information Request No. 4.** Refer to Bullitt Utilities' response to Staffs First Request, Item 3, Alternative No. 6. Confirm that the WTTP located in the city of Hillview is owned by Bullitt County Sanitation District, not the city of Hillview.

**ANSWER:** The WWTP located in the City of Hillview is owned by the City of Hillview. It is referred to as the ProLogis WWTP. BCSD is believed to operate this WWTP.

**Witnesses:** Chris Cogan and Lawrence W. Smither.



**Information Request No. 5.** Identify the total cost of work to be performed by or on behalf of Bullitt Utilities at the Hunters Hollow WWTP site, including but not limited to the installation of two wetwells, a valve vault, magnetic flow meters, electric control panels, pumps, guiderails, floats, alarms, manholes, piping, and any other work improvements, repairs, or reconditioning that is a part of the construction plan for the Hunters Hollow Pump Station. For this request, please provide the following information.

a. Estimates of property and construction expense arranged according to the Uniform System of Accounts.

**ANSWER:** Objection. Bullitt Utilities objects to this request as it is ambiguous and requires speculation as to its meaning. However, without waiving this request, Bullitt Utilities states that the cost to construct the pump station and wet wells and other equipment to be used to pump the wastewater generated by the Hunters Hollow collection system to the Bullitt County Sanitation District ("BCSD") sanitary sewer system is as follows: 1) cost to construct the pump station and wet well - \$216,000 (50 years); 2) Control panel - \$58,329 (15 to 20 years); 3) Three (3) ESSCO model pumps - \$46,390 (10+ years); 4) Inter guide-rail and float brackets, guide rails and lifting chains (15 to 20 years); 5) Two (2) certified, hydraulic performance tests - \$5,655; 6) 4" Ultra-Max 06 flow meter - \$5,780 (15 to 20 years); 7) 6" Ultra Max 06 flow meter - \$5,940 (15 to 20 years); 8) piping to connect the two systems - \$125,000 paid by Bullitt Utilities (50 years); 9) Flow meter on the bypass pump - \$5,780 (estimated)(15 to 20 years); 10) Cost of electrical work to install the equipment so that it can be operated (quote not yet obtained); and 11) Engineering of the pump station and wet wells - \$35,650.

b. Estimates of the service lives for the components of the project.

**ANSWER:** The estimated service life of the components is based upon proper use and maintenance of the components. See Answer to Information Request No. 5.a.

**Information Request No. 6.** Refer to Bullitt Utilities' supplemental response to Staffs First Request, Item 5.a. There are ten separate promissory notes that are either in favor of Tigers and Rockets, LLC or CFA Sunnyvlew, LLC

**a.** Has Bullitt Utilities repaid in whole or in part any of the ten promissory notes? If so, state the date(s) and amount(s) of payments.

**ANSWER:** Bullitt Utilities has not repaid in whole or in part any of the ten promissory notes.

**b.** If the promissory notes have not been paid, state the outstanding balance(s) due as of the date of the response and the anticipated date(s) of payment.

**ANSWER:** See First Supplement to Answers of Bullitt Utilities, Inc., to Commission Staff's First Information Requests, Answer to 5a. The anticipated date of payment is unknown and is dependent upon the surcharge request by Bullitt Utilities.

**Witness:** Chris Cogan.

**Information Request No. 7.** Refer to Bullitt Utilities' supplemental response to Staffs First Request, Item 5.a. and 6.c. According to the response filed March 31, 2015, for Item 5.a., Bullitt Utilities has entered into 11 promissory notes totaling \$402,000. According to the response in 6.c., Bullitt Utilities indicates that an amount exceeding \$600,000 has been funded with loan proceeds.

**a.** Confirm that an amount exceeding \$402,000 has been funded with loan proceeds. If the \$402,000 amount is the total of loan proceeds, reconcile this amount with the statement that an



amount exceeding \$600,000 has been funded with loan proceeds. Specify in any reconciliation whether a vendor is providing financing.

**ANSWER:** To be provided.

**b.** If there are loan proceeds or other forms of financing in addition to the \$402,000 identified in response to Item 5.a. of Staffs First Request, provide the \$32,000 (CFA Sunnyview, LLC) + \$5,000 (CFA Sunnyview, LLC) + \$70,000 (Tigers and Rockets, LLC) +\$130,000 (Tigers and Rockets, LLC) +\$11,000 (CFA Sunnyview, LLC) +\$25,000 (CFA Sunnyview, LLC) + \$20,000 (CFA Sunnyview, LLC) + \$25,000 (CFA Sunnyview, LLC) +\$18,000 (CFA Sunnyview, LLC) +\$6,000 (CFA Sunnyview, LLC) +\$60,000 (Tigers and Rockets, LLC) =\$402,000. details regarding the debt, including the parties to the debt, the date of execution, the amount of debt, the interest rate, and the payment schedule.

**ANSWER:** To be provided.

**Information Request No. 8.** Refer to Bullitt Utilities' response to the Attorney General's First Request for Information, Item 8, which states, "Bullitt Utilities intends to provide sewer treatment services for the customers of Bullitt Utilities over the 7 years during which it has proposed to collect the surcharge." Indicate whether Bullitt Utilities will be providing collection services rather than treatment services. If Bullitt Utilities plans to provide treatment services, describe the services that will be offered and indicate whether Bullitt utilities will be required to hold a KPDES permit to provide the service.

**ANSWER:** Objection. Bullitt Utilities objects to this request as it is ambiguous and requires speculation as to its meaning. However, without waiving this objection, Bullitt Utilities states that it will be providing sewer treatment services for its customers, initially through its

agreement with BCSD by which BCSD has agreed to treat the wastewater generated by the Hunters Hollow Collection System through December 31, 2016. The manner in which Bullitt Utilities will provide treatment services after December 31, 2016 has not yet been determined. Paragraph 13 of the Agreement between Bullitt Utilities and BCSD provides that they shall work to develop a long term solution to the failure of the Hunters Hollow WWTP. Bullitt Utilities will also continue to provide collection services to its customers.

**Witness:** Chris Cogan.

**Information Request No. 9.** Refer to Bullitt Utilities' supplemental response to Staff's First Request, Items 8.a. and 8.b. In the calendar years 2011 through 2013, Bullitt Utilities reported that its chemical costs ranged from \$3,709 to \$12,753, but from August 14, 2014, through January 15, 2015, Bullitt Utilities was invoiced for \$95,691 in chemicals. Provide a detailed explanation for the drastic increase in Bullitt Utilities' chemical costs.

**ANSWER:** The increase in Bullitt Utilities' chemical costs is primarily due to the need to operate the Veolia temporary WWTP, which WWTP relies heavily on chemicals for treatment of the wastewater.

**Witnesses:** Chris Cogan, Chris Crumpton and Lawrence W. Smither.

**Certification:** The Responses of Bullitt Utilities set forth above are true and accurate to the best of my knowledge, information and belief.

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Chris Cogan

STATE OF KENTUCKY

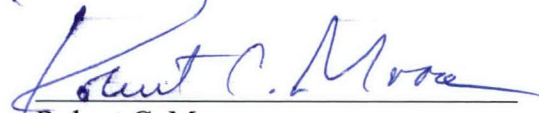
COUNTY OF FRANKLIN

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 April, 2015.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public


Respectfully submitted,



Robert C. Moore  
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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 first-class 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 27<sup>TH</sup> day of April, 2015.



Robert C. Moore