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August 21, 2015

Via Hand Delivery

Mr. Jeff R. Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

Case No. 2015-00290

RECEIVED

AUG 21 2015

PUBLIC SERVICE
COMMISSION

Re: **BULLITT UTILITIES, INC.'S NOTICE OF SURRENDER
AND ABANDONMENT OF UTILITY PROPERTY**

Dear Mr. Derouen:

Bullitt Utilities, Inc., ("Bullitt Utilities"), hereby provides notice to the Public Service Commission ("Commission") that Bullitt Utilities is surrendering all of its property interests and rights in and to the property owned by Bullitt Utilities, which property is located in Bullitt County, Kentucky. Bullitt Utilities is surrendering this property to the Commission effective September 1, 2015, based on the following factors.

The Hunters Hollow Wastewater Treatment Plant ("WWTP") owned by Bullitt Utilities suffered, without warning, a catastrophic failure on March 29, 2014. This WWTP has been operated and maintained by Covered Bridge Utilities ("Covered Bridge"), which employs certified WWTP operators, for over 20 years. Covered Bridge's personnel have never detected any sign of possible failure of the WWTP on their daily inspections of the WWTP. Personnel from the Kentucky Division of Water ("DOW") and the Commission also inspected the WWTP, and made no reports of a possible failure of the WWTP. BlueStone Engineers, PLLC, and Trautwein Engineering inspected the Hunters Hollow WWTP after its failure and issued the enclosed report providing their opinion that the failure of the WWTP was due to a design flaw and not due to lack of maintenance.

Since the failure of the WWTP, Bullitt Utilities has spent a significant amount of time, resources and money in meeting with officials from the Department of Environmental Protection's Division of Water and Division of Enforcement, the Commission, the Louisville and Jefferson County Metropolitan Sewer District, Bullitt County, the Bullitt County Sanitation District ("BCSD"), the City of Hillview and the City of Hunters Hollow in attempting to arrive at a short term and long term solution to the catastrophic failure of the WWTP.

Since March 29, 2014, Bullitt Utilities has incurred extraordinary expenses in responding to the initial failure of the WWTP and in providing temporary treatment of the wastewater generated by the customers of the Hunters Hollow collection system through the Pecco temporary WWTP and

Mr. Jeff R. Derouen
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the Veolia temporary WWTP. As reflected in the Post-Hearing Brief filed on behalf of Bullitt Utilities in PSC Case No. 2014-00255, these expenses exceed the amount of Three Million Four Hundred Thousand Dollars (\$3,400,000.00).

Bullitt Utilities is a small company that provides sanitary sewage treatment for approximately 709 customers located in Bullitt County, Kentucky. These customers pay a monthly fee of \$26.83 for sanitary sewage treatment for a total monthly revenue to Bullitt Utilities of \$19,022.72, and a total annual revenue of \$228,269.64.

In April of 2014, BCSD agreed to accept 60,000 gallons per day of wastewater and Bullitt Utilities contracted and paid almost \$14,000 for the engineering and piping work to connect the two systems. BCSD then reneged on the agreement and refused to accept this partial flow. On November 10, 2014, Bullitt Utilities entered into a written contract with BCSD whereby BCSD agreed to make any and all reasonable efforts to accept the wastewater flow from the Hunters Hollow collection system within sixty (60) days of the execution of the agreement. Despite the language of the agreement, BCSD did not accept the wastewater flow from the Hunters Hollow collection system until May 27, 2015. These decisions have caused Bullitt Utilities to incur over Two Million Dollars (\$2,000,000.00) in additional expenses to continue to treat the wastewater generated by the customers of the Hunters Hollow collection system.

On May 27, 2015, BCSD began to accept approximately 180,000 gallons per day of wastewater from the Hunters Hollow collection system. During wet weather events, the flow from the Hunters Hollow collection system exceeds the amount of flow accepted for treatment by BCSD, and bypasses have occurred, which are reported to the Kentucky Division of Water.

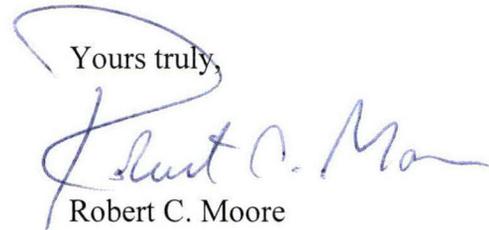
Bullitt Utilities' monthly expenses significantly exceed its monthly revenue, and it is no longer able to obtain financing from any sources in order to pay the cost of operating and maintaining the Hunters Hollow collection system.

Bullitt Utilities therefore surrenders and abandons all of its property interests and rights in and to the property owned by the utility to the Commission, said abandonment and surrender to be effective September 1, 2015. Please find enclosed a copy of a Notice of Entry of Appearance reflecting that I am representing Bullitt Utilities in the above-referenced case. I am filing this Notice of Entry of Appearance even though I have appeared on behalf of Bullitt Utilities at each of the Informal Conferences held in this matter and have also filed papers in this matter on behalf of Bullitt Utilities. I would appreciate it if, in the future, I could be listed as counsel for Bullitt Utilities on the orders issued by the PSC in this matter.

Mr. Jeff R. Derouen
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Page Three

Thank you for your attention to this matter and please contact me should you wish to discuss same.

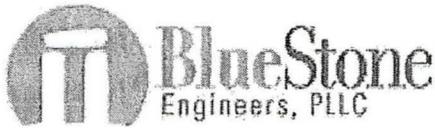
Yours truly,

A handwritten signature in blue ink that reads "Robert C. Moore". The signature is written in a cursive style with a large, looping initial "R".

Robert C. Moore

RCM/neb
Enclosure

cc: Jeff Cummins - via electronic mail
Daniel Cleveland - via electronic mail
Bullitt Utilities, Inc. - via electronic mail



Mr. Robert C. Moore
Hazelrigg & Cox, LLP
415 West Main Street
P. O. Box 676
Frankfort, KY 40602-0676

April 30, 2014

**SUBJECT: Hunters Hollow Treatment Plant
Field Inspection for Steel Tank
Bullitt County, Kentucky**

Dear Mr. Moore:

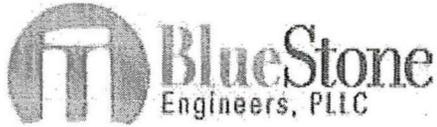
This letter serves as a summary of a structural field inspection and review of site conditions for the recent tank failure at the Hunters Hollow Treatment Plant in Bullitt County, Kentucky.

The field review noted that multiple sections of the steel aeration tank separated from both the concrete foundation and clarifier tankage spilling contents of the treatment facility across the site and parking area. A temporary treatment system has been installed on-site to currently handle treatment of as much flow as possible. Sections of the steel aeration tank were observed laying at different locations just outside the tank's original perimeter with some sections intact while others had been cut to allow sections to be stacked near each other.

Inspection of the existing welds did not identify that structural tank failure occurred at these weld joints, as can be seen in the attached photographs. The steel tank pieces were welded to a piece of 8" channel to join the tank that was originally set in a concrete foundation about 4" deep (on the channel). These steel tank pieces and channel were observed to have been ripped out of the concrete foundation of the tank. Additionally, large chunks of concrete foundation were scattered about the site and around the steel tank pieces that had been stacked.

Since the lower portion of the tank receives a higher structural load and based on review of the channel pulled from the concrete foundation, we have estimated that separation must have occurred at the bottom of the tank and from a possible rupture or failure directly at the concrete foundation level. This could have been caused from concrete cracking, or insufficient sub-surface conditions that allows differential settlement. It was noted from talking with the treatment plant operator that this site has typically been identified as a wet "swampy" area adjacent to this existing stream.

We were unable to inspect the tank concrete foundation in detail due to the great amount of sludge that was covering the entire foundation section. Once this material has been cleared from the site additional inspection of the concrete foundation slab is recommended. Additionally, testing by a geotechnical engineer to determine concrete foundation thickness, soil testing beneath the slab, and depth to rock is also



recommended. This could also determine if any groundwater is present underneath the slab. Additionally, once the sludge has been removed specific areas of the concrete foundation can be further inspected to identify if the exact location of the failure can be determined.

As can be expected, the portion of the exterior wall of the main aeration tank still standing was more heavily reinforced in the area connected to the digester tank and interior clarifier tank, as well as being supported by the stairs and connecting catwalks at this location. This section is still standing and pieces of the steel tank separated from this section at the welds due to the force of the wall being pulled out of the concrete foundation.

Again, we recommend that additional inspection and testing be performed in order to identify more details of the failure.

If you have questions please do not hesitate to give me a call at (502) 292-9288.

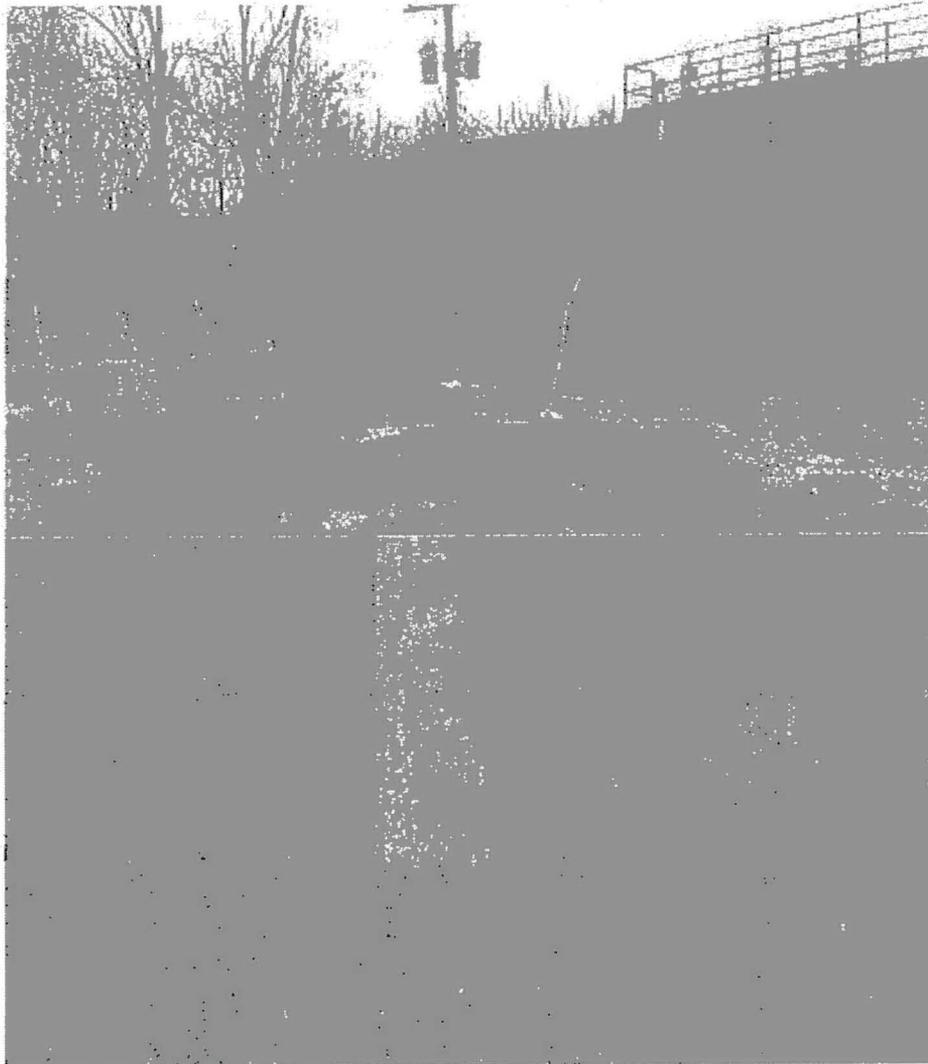
Sincerely,

A handwritten signature in cursive script, appearing to read 'Chris Crumpton'.

Christopher T. Crumpton/Civil Engineer

A handwritten signature in cursive script, appearing to read 'Robert T. Trautwein'.

Robert T. Trautwein/Structural Engineer









Mr. Robert C. Moore
Hazelrigg & Cox, LLP
415 West Main Street
P. O. Box 676
Frankfort, KY 40602-0676

July 22, 2014

**SUBJECT: Hunters Hollow Treatment Plant
Field Inspection & Analysis for Structural Slab/Foundation
Bullitt County, Kentucky**

Dear Mr. Moore:

Background:

This letter serves as a summary of an additional structural field inspection to review the concrete foundation and slab for the subject treatment plant, after the sludge was vacuumed out to clean the area. The purpose of the inspection was to check the remaining concrete slab under the original tank, and to inspect the foundation area where the steel tank sides (and channel) were pulled away from the foundation during the failure. Reference Exhibit "A" to identify location of pictures taken during the review process (Exhibit "A" is an aerial view of the site prior to the failure looking east towards Blue Lick Road).

The field review noted that the "interior" concrete slab was actually in very good condition and did not show signs cracking or settlement (Exhibit "B"). A concrete scan was not performed, but the interior slab should have steel reinforcement that held the slab in place during the failure of the tank. While not all of the slab was visible due to some portions still remaining covered with sludge material and/or the remaining section of reinforced mixing tank/stairs and clarifier, Exhibit "C" shows the areas that were cleared and visible, mostly on the west side to the south and southeast (a majority of the slab that existed under the area of the aeration tank that failed).

Interior Slab Review:

The concrete slab "edge" where the concrete abutted the steel tank channel on the interior side is in good condition as shown in Exhibit "D". Only a couple damaged locations are shown along this interior edge, from where the temporary welded steel reinforcement bars were installed in the foundation at the time of the initial concrete pour to provide a connection for the tankage while the steel channel was installed and the second concrete pour for the foundation was completed. Exhibit "D" additionally shows various locations along the exterior foundation slab indicating the variable width of concrete slab on the "exterior" portion of the foundation. These widths range from only 4 or 5 inches, all the way up to 2 feet.



The most notable area of damage is shown in the southeast quadrant of the tankage -- this area looks to have received the most damage along the exterior foundation as compared to rest of the perimeter foundation -- this can be seen in Exhibit "E".

Most important to note is that none of the exterior portion of the concrete foundation that held the steel channel in place includes structural steel reinforcement. Upon failure of the tank and foundation, when the steel channel was pulled from the foundation, these exterior pieces of concrete slab separated into typical 3' and smaller sections that are scattered around the site. Examples of some of these exterior foundation slab pieces are shown in Exhibit "F". These exterior slab pieces were found as far as 100 feet away from the tank foundation site.

Note from our initial inspection letter dated April 30, 2014:

"Inspection of the existing welds did not identify that structural tank failure occurred at these weld joints, as can be seen in the attached photographs. The steel tank pieces were welded to a piece of 8" channel to join the tank that was originally set in a concrete foundation about 4" deep (on the channel). These steel tank pieces and channel were observed to have been ripped out of the concrete foundation of the tank. Additionally, large chunks of concrete foundation were scattered about the site and around the steel tank pieces that had been stacked."

Conclusion:

From inspection of the interior slab condition (very good), as well as inspection of the exterior of the foundation section (pieces that have broken off from the foundation and are scattered about the site) this is indicative of a shear failure of the concrete foundation between the interior and exterior sections of the foundation where the steel channel was installed, see Exhibit "G" for typical detail. Since the exterior portion of the concrete foundation did not include any additional steel reinforcement, the section of foundation from the steel channel outward separated along the shear plane and pulled free from the interior foundation and slab during the failure of the plant. Most likely this occurred at the exterior foundation's weakest point along the perimeter, which from the review of the perimeter damage seems to be at location "X" as seen in Exhibit "A" and "B", and as shown on Exhibit "E". Pictures of the exterior foundation pieces showing the shear plane are shown on Exhibit "F".

As discussed previously, additional testing may be performed by a geotechnical engineer to excavate the existing slab at specified locations to compare depth and thicknesses of the concrete slab and foundation, however this may not be needed since it is apparent that:

1. Along the exterior of the concrete foundation that the slab and foundation thickness varies.



2. The exterior portion of the concrete foundation did not include steel reinforcement to account for "tension" force created by the channel pulling out of the foundation. Thus, the many pieces of concrete foundation that separated from the tank foundation demonstrate this smooth "shear plane" on their interior side.
3. The interior slab looks to be in excellent condition

If you have questions please do not hesitate to give me a call at (502) 292-9288.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Chris Crumpton'.

Christopher T. Crumpton/Civil Engineer

A handwritten signature in cursive script, appearing to read 'Robert T. Trautwein'.

Robert T. Trautwein/Structural Engineer



Exhibit "A" – Hunters Hollow WWTP
(looking East)



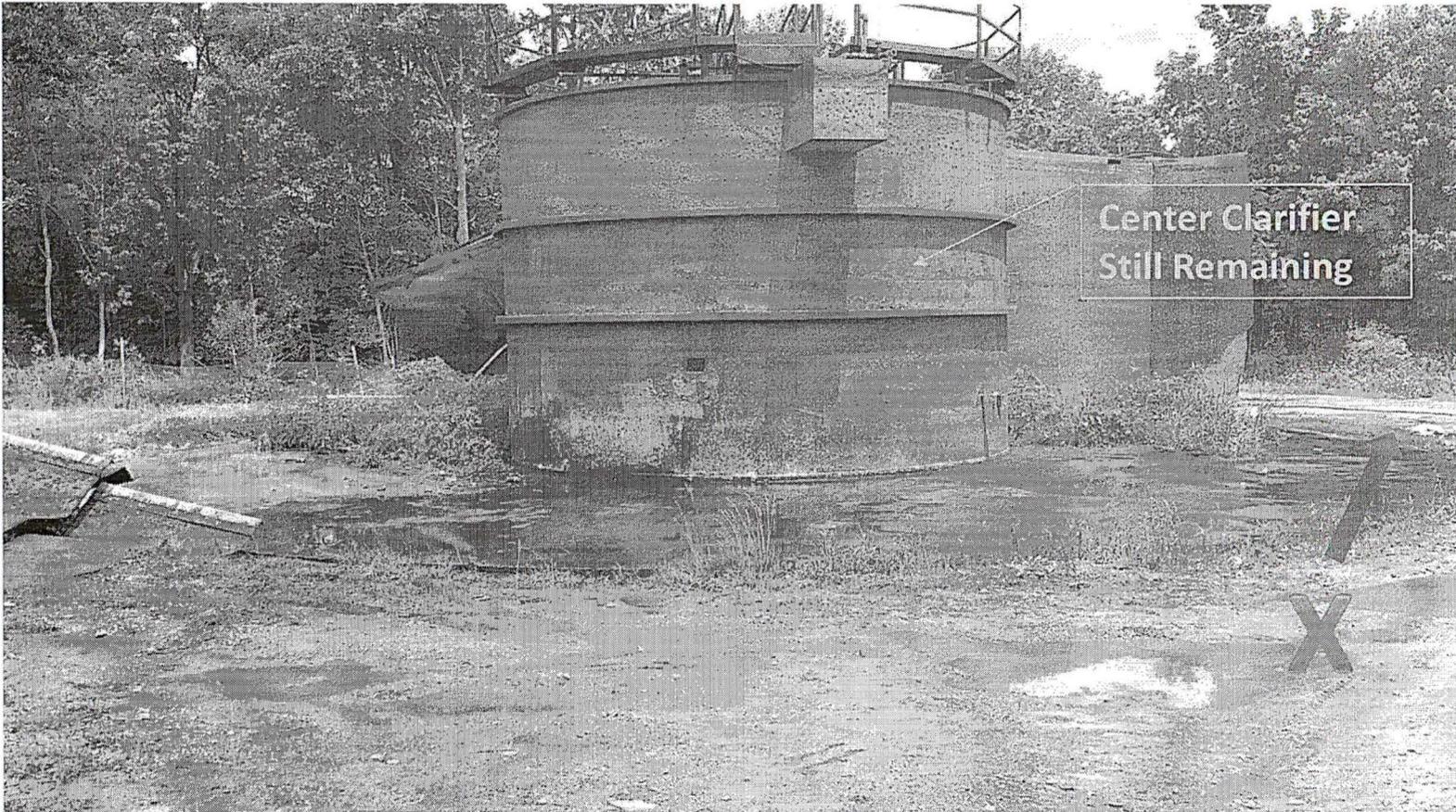


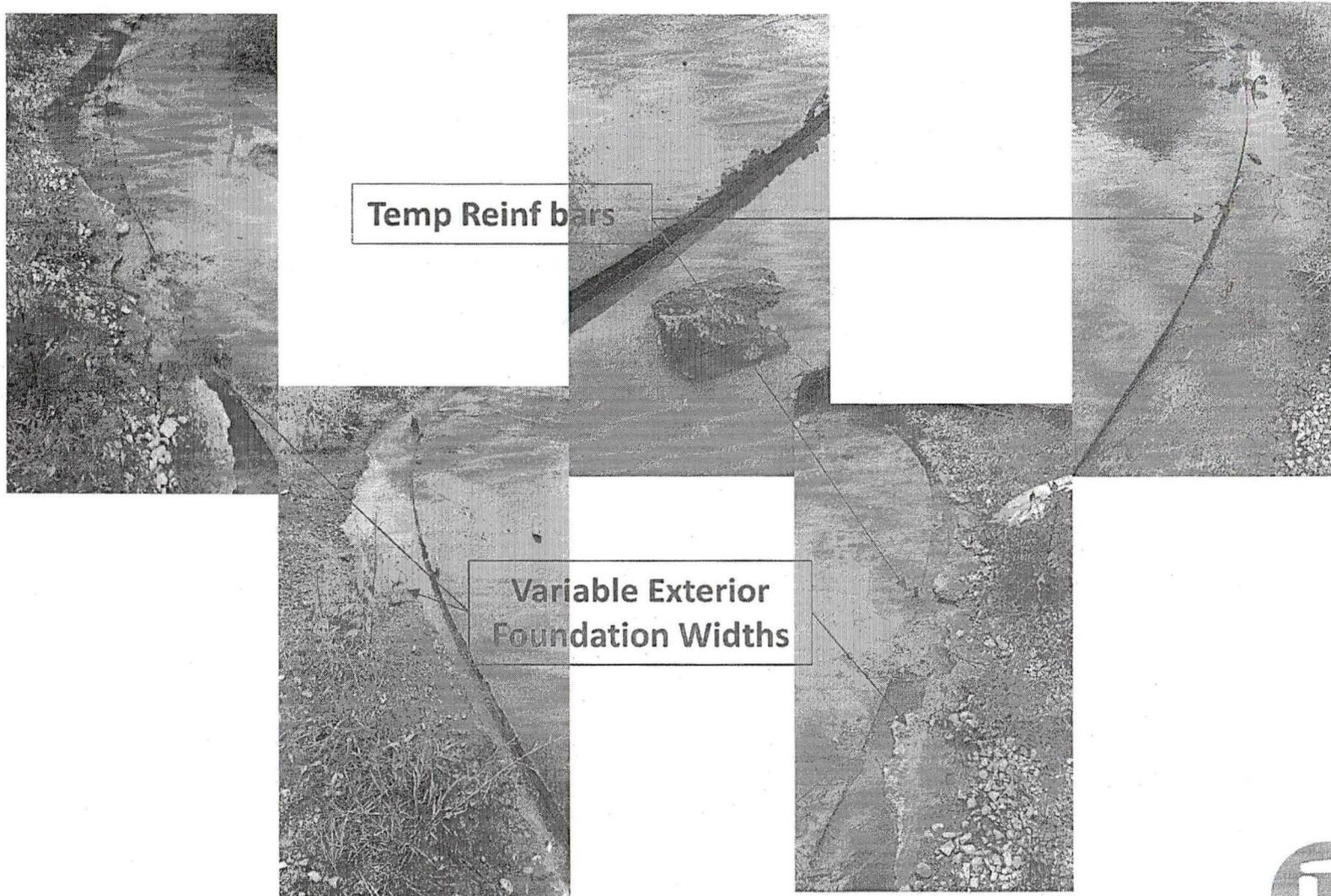
Exhibit "B" – Interior Concrete Slab
(looking East)





Exhibit "C" – Interior Concrete Slab





**Exhibit "D" – Concrete Slab Edge &
Variable Exterior Foundation Widths**



Damage

Exterior G
Imp

Exhibit "E" - Area of Foundation Damage

(southeast perimeter marked with X)



BlueStone
Engineers, PLLC

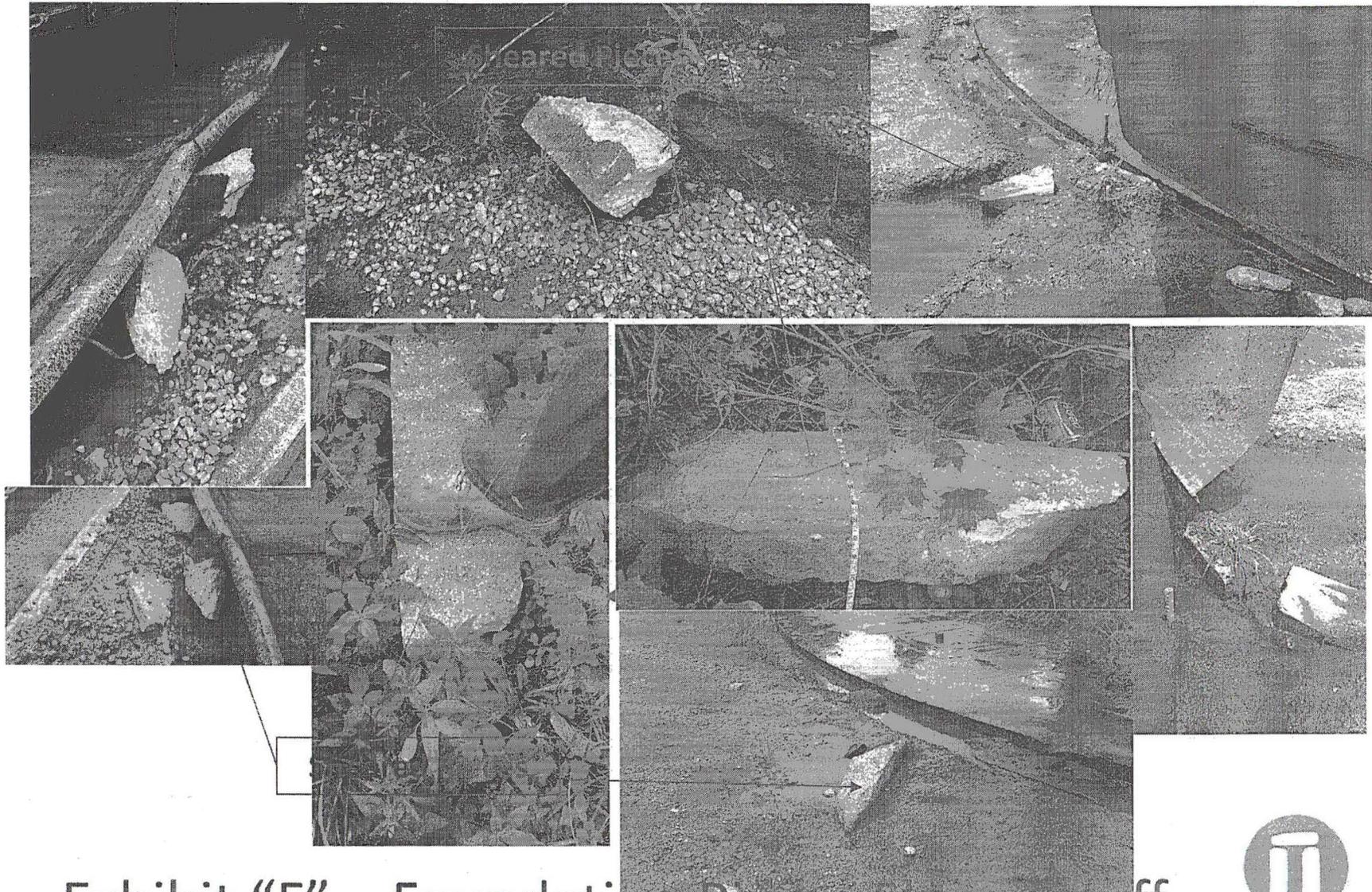
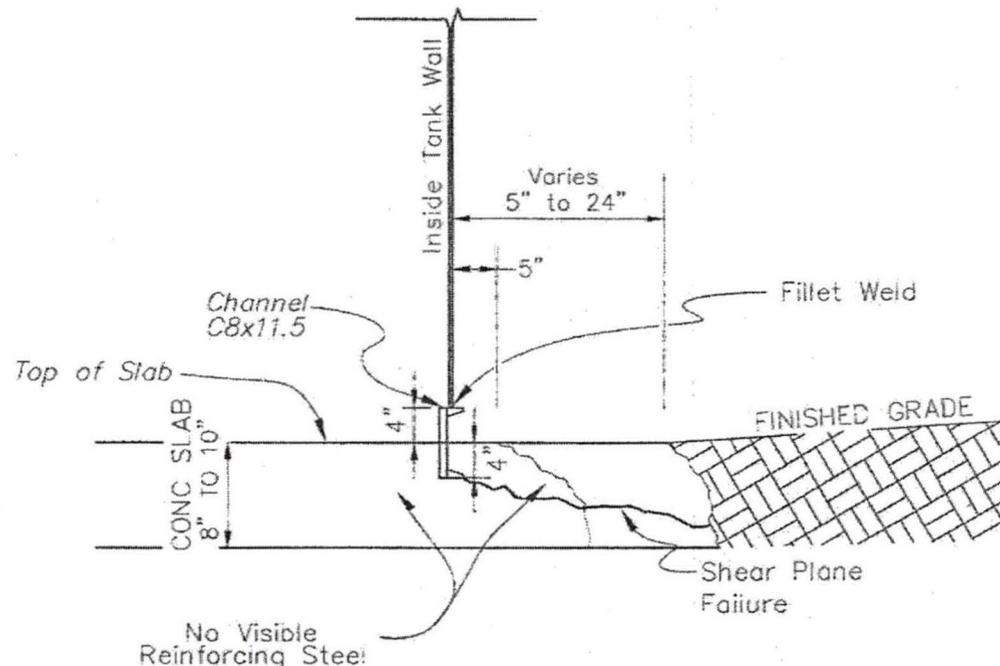


Exhibit "F" – Foundation Pieces Sheared off
(no steel reinforcement)



FOUNDATION DETAIL
Not to Scale

Exhibit "G" – Foundation Section

(shear plane failure)





Mr. Robert C. Moore
Hazelrigg & Cox, LLP
415 West Main Street
P. O. Box 676
Frankfort, KY 40602-0676

May 20, 2015

**SUBJECT: Hunters Hollow Treatment Plant
Addendum for Field Inspection & Analysis for
Structural Slab/Foundation
Bullitt County, Kentucky**

Dear Mr. Moore:

As discussed in our follow-up summary letter dated June 22, 2014 for structural inspections of the Hunters Hollow Wastewater Treatment Facility, and based on the review of the concrete foundation, the lack of reinforcing steel in the outer foundation section would not have been identified from normal inspection or maintenance activities. Therefore, lack of maintenance of the facility does not appear to be a cause or contributing factor of the failure of the Hunters Hollow WWTP.

If you have questions please do not hesitate to give me a call at (502) 292-9288.

Sincerely,

A handwritten signature in black ink, appearing to read 'Chris Crumpton'.

Christopher T. Crumpton
Project Engineer