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NEWS RELEASE

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PSC Approves Transfer of Troublesome Creek Sewer System *Sale to Knott County District will not affect Highway 80 sewer project*

FRANKFORT, Ky. (Dec. 23, 2015) – The Kentucky Public Service Commission (PSC) has approved, with conditions, the acquisition of the Troublesome Creek Environmental Authority's sewer system by the Knott County Water and Sewer District.

The PSC order issued today also provides for completion of a sewer line extension that will serve about 120 customers along the Kentucky Highway 80 corridor.

Troublesome Creek Environmental Authority was formed in 2006 by Breathitt, Knott and Perry counties to address water quality problems in the watershed. It owns the Ball Creek wastewater treatment plant, which serves about 30 customers near Vest in Knott County.

Knott County Water and Sewer District serves 131 residential sewer customers in the city of Pippa Passes. It has more than 2,600 retail water customers and sells water to four wholesale customers.

Originally created to serve a development that never materialized, the Ball Creek system has operated at a loss for some time, according to the application filed with the PSC by the two utilities. Since September 2013, Knott County Water and Sewer has been managing and operating the Ball Creek plant and the sewer system on a temporary basis.

Troublesome Creek will continue to exist following the sale of the Ball Creek plant. It stated in the application that it will work to complete the Highway 80 sewer line, which will extend into the Jamestown Village area of Perry County.

Once the Highway 80 project is completed, Troublesome Creek will transfer the system to Knott County Water and Sewer. That should improve the financial viability of the Ball Creek system, the applicants stated.

The Highway 80 project, which will cost nearly \$2.7 million, is to be funded by various grants. It has not yet been fully designed and is due to be completed in 2017.

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Knott County Water and Sewer will support the Highway 80 project through annual payments to Troublesome Creek. As a condition of the PSC approval of the sale of the Ball Creek system, the payments are limited to no more than \$7,500 in each of the next two years or until the new sewer is complete, whichever comes first.

The 30 or so customers served by the Ball Creek plant will see their sewer rates decline after completion of the transfer. They will begin paying the same rates as Knott County Water and Sewer's other customers.

The PSC approval of the transaction also comes with a recommendation that Knott Creek Water and Sewer District, which has been losing money, file a rate adjustment application with the PSC.

In approving the transfer, the PSC found that the transaction serves the public interest and that Knott County Water and Sewer has the financial, technical and managerial abilities to provide reasonable service, as required by Kentucky law.

Today's order and other records in the case are available on the PSC website, psc.ky.gov. The case number is 2015-00301.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky and has approximately 85 employees.

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