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February 11, 2013

John West, Esq.  
Environmental Protection Legal Division  
300 Fair Oaks Lane  
Frankfort, Kentucky 40601-1135

A. David Blankenship, Esq.  
Kinner and Patton  
328 East Court Street  
Prestonsburg, Kentucky 41653

John B Baughman, Esq.  
Hazelrigg & Cox, LLP  
415 West Main Street  
P.O. Box 676  
Frankfort, Kentucky 40602

Michael S Endicott, Esq.  
225 Court Street  
P.O. Box 181  
Paintsville, Kentucky 41240

Re: Appalachian Waste Control, Inc.  
Case No. 2012-00035

Gentlemen:

The enclosed memorandum has been filed in the record of the above-referenced case. Any comments regarding this memorandum's contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Gerald Wuetcher, Executive Advisor/Attorney, at (502) 782-2590.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

gw  
Enclosure

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File No. 2012-00035

**FROM:** Gerald Wuetcher **GEW**  
Executive Advisor/Attorney

**DATE:** February 11, 2013

**RE:** Conference Call of January 23, 2013

Pursuant to the Commission's Order of November 27, 2012, Commission Staff conducted a telephone conference call on January 23, 2013. Participating in the conference call were:

John Baughman	- Appalachian Waste Control
Michael Endicott	- Thelma Waste Control
David Blankenship	- Paintsville Utilities Commission
Eric Ratliff	- Paintsville Utilities Commission
John West	- Energy and Environment Cabinet
Gerald Wuetcher	- Commission Staff

Beginning the conference, Mr. Wuetcher also stated that Commission Staff would prepare minutes of the conference call for the case record, that a copy of the minutes would be provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes.

Mr. Baughman stated that an arrangement with Paintsville Utilities Commission has been reached. Paintsville Utilities Commission has agreed to assume control and responsibility for the Neal Price Estates and Thelma Waste Control wastewater systems. Mr. Ratliff confirmed these statements. Mr. Blankenship stated that agreements with the owners of the two facilities must still be drafted and Public Service Commission approval of the transfers must still be obtained.

Mr. Ratliff stated that Paintsville Utilities Commission assumed responsibility for operating both wastewater systems on January 3, 2013. He stated that the municipal utility's first action would be to connect the Neal Price Estates collection system to Thelma Waste Control's treatment facility. Paintsville Utilities Commission has been advised that the cost of removing the Neal Price Estates wastewater facility, constructing a lift station on that site, and installing force main to connect the Neal Price Estates collection system to Thelma Waste Control is approximately \$58,000. The cost to connect both systems to Paintsville Utilities Commission's facilities is estimated to be

in excess of \$2.5 million. Mr. Ratliff noted that such a connection is a long term goal and would not immediately be accomplished.

Mr. Baughman estimated that a contract between Appalachian Waste Control and Paintsville Utilities Commission could be reached within 30 days and that an application could be filed with the Public Service Commission within 45 days. In response to Mr. Baughman's inquiry, Mr. Wuetcher stated that the Public Service Commission would act promptly on any application for approval of the transfer of the facilities to Paintsville Utilities Commission. He estimated that approval could be obtained within 30 days of the filing of the application. Mr. Wuetcher also noted that the transfer of both Appalachian Waste Control and Thelma Waste Control required Commission approval and recommended that Paintsville Utilities Commission be a party to any application. He offered to provide a sample application to the parties' counsel and to make himself available to answer any inquiries regarding the Commission's procedures. Mr. Baughman, Mr. Endicott and Mr. Blankenship agreed to coordinate their efforts to obtain and prepare the formal documents to transfer ownership of the two facilities to Paintsville Utilities Commission and to obtain Commission approval of the proposed acquisition.

The conference call then concluded.