

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO BULLITT UTILITIES, INC.

Bullitt Utilities, Inc. ("Bullitt Utilities"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due on or before March 23, 2015. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Bullitt Utilities shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Bullitt Utilities fails or refuses to furnish all or part of the requested information, Bullitt

Utilities shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure its legibility. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When filing a paper containing personal information, Bullitt Utilities shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. At pages 2-3 of the Amended Application, Bullitt Utilities explains that in accordance with the requirements of the Kentucky Pollutant Discharge Elimination System permit, it was required to take immediate action, and that Bullitt Utilities therefore entered into a contract with Pecco, Inc. ("Pecco") to install a mobile wastewater treatment plant ("Temporary Plant").

a. Describe the process that Bullitt Utilities used in evaluating the alternatives that were initially considered and explain how it ultimately chose the Pecco mobile wastewater treatment plant alternative. The response should include the following:

(1) A description of each alternative that was considered, with a list of the pros and cons of each alternative.

(2) A breakdown of the installation and operational costs of each alternative.

(3) The reason(s) each alternative was rejected and the reason(s) the Pecco alternative was chosen.

b. Describe in detail the Kentucky Division of Water's ("DOW") involvement in Bullitt Utilities' evaluation and its decision to enter into the contract with Pecco for the installation of the Temporary Plant.

2. At page 3 of the Amended Application, Bullitt Utilities states that the Pecco Temporary Plant was originally designed to treat approximately 160,000 gallons per day ("gpd") of wastewater, but was modified to increase its treatment capacity to 200,000 gpd.

a. Given that the Hunters Hollow wastewater treatment plant's treatment capacity was 250,000 gpd of wastewater,<sup>1</sup> explain why Bullitt Utilities decided to use the 200,000-gpd Pecco Temporary Plant.

b. Explain whether the DOW was consulted and whether the DOW approved of Bullitt Utilities' decision to install the 200,000-gpd Pecco Temporary Plant.

c. At page 2 of the Amended Application, Bullitt Utilities explains that the average daily flow of the Hunters Hollow treatment plant (dry weather) was between 160,000 gpd and 200,000 gpd. Explain whether Bullitt Utilities was aware that during wet weather, the daily flow of Hunters Hollow would exceed the capacity of the 200,000-gpd Pecco Temporary Plant.

3. At page 3 of the Amended Application, Bullitt Utilities explains that the Pecco Temporary Plant was unable to treat the flow from the Hunters Hollow collection system during wet weather and meet its DOW permit requirements. For that reason, Bullitt Utilities states, Bullitt Utilities entered into a contract on June 1, 2014, with Veolia

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<sup>1</sup> Amended Application at 2.

Water Solutions and Technologies, North America, Inc. ("Veolia") to install a second Temporary Plant.

a. Describe the process that Bullitt Utilities used in evaluating the alternatives that were initially considered and explain how it ultimately chose to enter into the contract with Veolia for the second Temporary Plant. The response should include the following:

(1) A description of each alternative that was considered with a list of the pros and cons of each alternative.

(2) A breakdown of the installation and operational costs of each alternative.

(3) The reason(s) each alternative was rejected and the reason(s) the Veolia alternative was chosen.

b. Describe in detail the DOW's involvement in Bullitt Utilities evaluation and Bullitt Utilities' decision to enter into the contract with Veolia for the installation of the second Temporary Plant.

c. Identify the gpd wastewater capacity of the Veolia Temporary Plant.

4. At pages 3-4 of the Amended Application, Bullitt Utilities explains that the Veolia temporary Treatment Plant requires the use of the equipment provided by Pecco. Explain in detail why the Pecco equipment is required to operate the Veolia Temporary Plant.

5. At pages 9-10 of the Amended Application, Bullitt Utilities explains that it has obtained loans to pay the extraordinary cost incurred to respond to the failure of the Hunters Hollow treatment plant and that it will be required to borrow additional funds.

a. Provide a copy of the loan agreement, and include a copy of the amortization schedule that includes the entire life of the loan. The amortization schedule should include the payment amounts, principal retirements, interest payments, interest rates, and outstanding annual balances.

b. Provide an estimate of the additional loan Bullitt Utilities expects to obtain and include the date that Bullitt Utilities will obtain the loan.

6. At pages 10-11 of the Amended Application, Bullitt Utilities provides an itemized breakdown of the \$1,614,731 in costs it had incurred as a result of the failure of the Hunters Hollow treatment plant. Bullitt Utilities estimates that the total cost will be \$1,881,956, which is \$267,225 above the expenditures as of the date of the application.

a. Provide an itemized breakdown of the estimated additional costs of \$267,225.

b. Provide an itemized breakdown of the total actual costs that have been incurred by Bullitt Utilities as of February 28, 2015. Include copies of any supporting invoices that were not included in the Amended Application.

c. Identify the itemized costs provided by Bullitt Utilities in its response to 6.b. as: (1) funded with operating revenues; (2) funded with loan proceeds; or (3) unpaid.

7. At page 8 of its Amended Application, Bullitt Utilities explains that: (1) the \$30,000 DOW penalty will be abated upon development and implementation of a corrective action plan to eliminate sources of inflow and infiltration within the customers' sewer lines; and (2) the \$125,000 DOW penalty will be abated upon Bullitt Utilities'

connection to the Bullitt County Sanitation District's ("BCSD") sewer system, which includes a \$125,000 payment to BCSD.

a. Confirm that Bullitt Utilities is proposing to recover the cost of the inflow and infiltration corrective action plan of \$30,000 through the \$32.19 monthly surcharge.

b. Confirm that Bullitt Utilities is proposing to recover the cost of the payment of \$125,000 to BCSD through the \$32.19 monthly surcharge.

c. If the responses to 7.a. and/or 7.b. are no, explain how the payments are being funded.

d. If the responses to 7.a. and/or 7.b. are yes, given the Commission's longstanding practice not to allow a utility to recover penalties that are paid for the violation of a regulatory guideline, explain why the \$30,000 and \$125,000 should not be viewed as penalties and excluded from the proposed monthly surcharge.

8. a. Provide an itemized schedule listing the monthly chemical costs paid by Bullitt Utilities for the calendar years 2012 and 2013.

b. Provide an itemized schedule listing the monthly chemical costs paid to Pecco and Veolia since each began operating the Temporary Plant.

9. Bullitt Utilities' Amended Application requests the proposed surcharge to be in effect for seven years.

a. What is the basis for the seven-year period?

b. Did Bullitt Utilities consider a period longer than seven years?

c. Did Bullitt Utilities consider a period shorter than seven years?

d. Explain in detail Bullitt Utilities' position concerning the use of a shorter or longer effective time frame for the surcharge.



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Jeff Derouen  
Executive Director  
Public Service Commission  
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DATED **MAR 13 2015**

cc: Parties of Record

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