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PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF TROUBLESOME)
CREEK ENVIRONMENTAL AUTHORITY, INC.) CASE NO. _____
FOR AN ORDER APPROVING A TRANSFER OF)
OWNERSHIP AND CONTROL OF A)
JURISDICTIONAL ASSET TO KNOTT COUNTY)
WATER AND SEWER, INC.)

JOINT APPLICATION

Joint Applicants Troublesome Creek Environmental Authority, Inc. ("TEA") and Knott County Water and Sewer, Inc. ("KCW&S") hereby applies to the Kentucky Public Service Commission ("Commission") for (a) approval pursuant to KRS 278.020(4) of a transfer of ownership and of a controlled jurisdictional asset (b) any other approval necessary relating to a proposed transaction with the KCW&S. In support of its request, the Joint Applicants state as follows:

I. The Transferor Applicant TEA

1. TEA is a Kentucky corporation incorporated and existing under KRS Chapter 273 with a postal address of: 917 Perry Park Road, Hazard, Kentucky 41701. The current Chairperson is Don Gibson.

2. TEA was created on August 8, 2006 by a three county consortium including Knott, Perry and Breathitt. The Troublesome Creek watershed falls mainly within their political boundaries. TEA's purpose and mission is to improve the water quality of Troublesome Creek watershed. To this end, TEA intends on building a waste water treatment plant in all three consortium counties.

3. TEA is a public utility subject to the commission authority under KRS Chapter 278, et seq.

4. TEA is authorized by the Commission to provide treatment of sewage for the public for compensation within the Commonwealth. See Order dated February 16, 2010. Case No. 2010-00017. TEA currently owns and operates a wastewater facility plant and appurtenant collection and transmission system located in Knott County, Kentucky. Specifically, TEA treats wastewater in an unincorporated area of Knott County at plant facilities also known as Ball Creek Waste Water Treatment Plant located at Knob Bottom Road, Knott County, Kentucky (“the Facility”).

5. A certified copy of TEA’s certificate of organization is attached as *Exhibit A*.

6. Copies of all orders, pleadings, and other communications regarding the transferor should be directed to:

Don Gibson, Chairman
Troublesome Creek Environmental Authority
917 Perry Park Road
Hazard, KY 41701
606-436-3158

II. The Transferee Applicant KCW&S

1. KCW&S is a special district formed under KRS Chapter 74 et. seq., and regulated by the Kentucky Public Service Commission pursuant to KRS Chapter 278. A certified copy of KCW&S’s Certificate of Organization is attached as *Exhibit B*.

2. KCW&S’s main office is located at the Carrs Fork Water Treatment Plant, 7777 Big Branch Road, Vicco, Knott County, Kentucky.

3. KCW&S has the statutory power pursuant to KRS 74.407 to “acquire, develop, maintain and operate sewage disposal systems”.

4. KCW&S was created in 2003 as a public corporate body and subdivision of the Commonwealth of Kentucky. It has complete control, possession, and supervision of the sewer

subscribed and use the sewer utility.

4. Moreover, the Chestnut Mountain Development has been put on hold due to the lack of demand spurred by the precipitous decline in the local economy in and around Knott County.

5. This lack of current public participation and the fading chance for future customers has placed TEA in an untenable position.

6. TEA does not have any management or operational personnel. As such, TEA decided to hire and contract out certain operating tasks:

A. TEA has an agreement with KCW&S to collect and process sewer customer's payments. KCW&S charges \$1.00 per account to collect and process the customer payments.

B. TEA had a Operations Maintenance Management Service Agreement with Utility Management Group LLC to operate and staff the facility but that Agreement expired on September 13, 2013.

C. TEA is now operating under a Memorandum of Understanding with KCW&S. Whereby, KCW&S has assumed operational responsibility until final transfer as contemplated by this Joint application can be completed. Said Memorandum of Understanding is attached hereto as *Exhibit E*.

7. The customer base and monthly income is as follows:

21 Customers – including single and multiple users such as Knott County Sportsplex and two apartment buildings.

\$844.58 Monthly Income (based on a three month average)

8. TEA has the following monthly operational cost:

\$1,115.25 Electricity (AEP)

\$ 349.42 Insurance (yearly \$4,193.00)

\$ 22.00 KCW&S Collection Fee

\$ 7.72 Gas (Equitable)

\$ 33.56 Telephone (TG)

\$ 79.95 Internet (TG)

\$1,607.90 Total Cost

Since the operational cost exceeds the income, TEA has been operating at a deficit.

9. TEA does not have the ability to borrow funds nor acquire grants for operational costs.

As a result, normal and routine maintenance at the plant and the ability to service current customers are at risk.

10. TEA, realizing its predicament, has decided it is time to transfer the ownership, maintenance and operation of the facility to someone who could. KCW&S has the necessary infrastructure, personnel and financial capacity to accomplish those tasks. Currently, KCW&S operates a sewer service in the Pippa Passes area of Knott County. Moreover, KCW&S already does the collection of TEA sewer customers so the customer transition would go smooth.

11. Both the TEA Board and KCW&S Board agree that this is the best solution to ensure proper maintenance of the facility and un-interrupted service to customers.

V. Third Party Consents

1. The three sponsoring counties of Knott, Perry and Breathitt have likewise recognized TEA's predicament and have approved the transfer solution.

2. Each affected county has passed a resolution supporting this transfer. Knott County Fiscal Court resolution is attached as *Exhibit F*; Breathitt County Fiscal Court resolution is attached as *Exhibit G*; Perry County Fiscal Court resolution is attached as *Exhibit H*.

3. TEA does not have any agreement or loan covenants that require it to acquire consents from financial sources.

4. Finally, TEA and KCW&S require only a consent from the Public Service Commission to allow the transfer.

VI. The Proposed Transaction

1. TEA proposes to transfer to KCW&S, and KCW&S proposes to acquire, all the utility assets and future liabilities of TEA pursuant to a series of agreements between TEA and KCW&S (hereinafter, "the Proposed Transaction"). The Proposed Transaction is a transfer within the meaning of KRS 278.020(5).

2. TEA and KCW&S have agreed in principle to the transfer of the Ball Creek Water Plant through a series of two agreements. The first agreement is the Memorandum of Understanding signed by the respective Chairpersons, setting out the main elements of the agreement (attached hereto as *Exhibit E*). Once the Commission approves the transfer then the parties will enter a second agreement which shall be a more formal and detailed contractual agreement setting out the actual transfer of assets and other contractual terms normally associated with a transaction of this nature.

3. The first agreement which the parties are operating under is the Memorandum of Understanding (attached hereto as *Exhibit E*, which has the following components which make up the transfer plan:

A) “**Article 1**. The Authority will transfer debt free all assets real and personal which make up the Ball Creek Wastewater Treatment plan[t].”

The properties owned and operated by TEA that are used in the operation of the TEA Ball Creek wastewater collection and treatment system located at Knob Bottom Road, include the wastewater treatment plant and all sewer pipes, lines, man holes, force mains, treatment plants, pumping and lift stations, easements, rights-of-ways, licenses, privileges,

improvement and appurtenances necessary to the operation of the wastewater treatment plant and the attendant system.

1) The plant and appurtenants are described as:

“... a 100,000 gallon-per-day sequential batch reactor wastewater treatment plant; 4,520 linear feet of 12-inch polyvinylchloride gravity sewer main; 27,580 linear feet of 6-inch high-density polyethylene (“HDPE”) force main; 6,450 linear feet of HDPE force main; a 200 gallon-per-minute regional life station; and approximately 50 residential grinder pump stations.”

2) The real property consist of 1.34 acres with plant access easement.

3) The easements consist of 20 pipeline easements.

4) The personalty consists of tools, supplies, records and customer list.

The parties contemplate executing a Deed of Conveyance and Assignment of Easements and a Bill of Sale to transfer all assets which make up the Ball Creek Waste Water Treatment Plant as a part of the Final Agreement. The transfer will be encumbrance free, as TEA does not have any assets that are pledged or encumbered.

“**Article 2.** The transfer will occur within thirty (30) days of final consents by third parties.

This sets out the time for closing and contemplates thirty (30) days after Public Service Commission’s approval.

“**Article 3.** The District will assume operational cost for the facility starting September 15, 2013. The District will retain customer payments for this purpose.”

Given TEA’s current inability to pay cost of operation, KCW&S agreed to assume certain operational cost during the interim approval process. KCW&S is paying all operational cost except insurance. As consideration for this assumption of operating cost of TEA has assigned 100% of the sewer fees to KCW&S.

“Article 4. The Authority will continue to use its best efforts to fund, design and build the Highway 80 Corridor project in Knott/Perry County.”

This is a commitment required by KCW&S for TEA to continue a project referred to as Highway 80 Corridor. This future project has the potential to bring many new customers into the facility. TEA has agreed to diligently prosecute this project.

“Article 5. The District will pay a stipend to the Authority not to exceed \$7,500.00 per year starting in September 2013 for a period of one (1) year. After that time, the parties will review progress of Highway 80 Corridor project and the District’s obligation.”

KCW&S has agreed to pay up to \$7,500.00 per year organization cost required to keep TEA as a valid operating entity so that it can continue seeking funding for the Highway 80 Corridor project and others planned for Perry and Breathitt County. This obligation is only for one year, but may be extended as agreed by both Parties.

4. There are no debt assumption provisions because TEA has retired all loans prior to construction of the facility. There is however, an obligation KCW&S has agreed to assume and recognize after the transfer. That being a \$40,000.00 prepaid tap on fee held by Western Pocahontas the developers of the above mentioned Chestnut Mountain Development a project which is now on hold. This obligation would only arise should the moribund project revive.

5. The final terms and conditions of the Proposed Transaction will be set out in the Final Agreement which will contain more detail along with transfer documents.

6. If all necessary regulatory approvals are secured, the Final Agreement will be executed on behalf of TEA and KCW&S within 30 days. TEA will provide a fully-executed copy of the Final Agreement to the Commission within 30 days after its signing.

KRS 278.020(4) Transfer Requirements

1. The Commission should approve the transfer by TEA pursuant to KRS 278.020(4), because KCW&S has the financial, technical, and managerial abilities to continue to provide reasonable service following the Proposed Transfer.

2. The Proposed Transfer will serve the public interest by enabling the continued expansion of the KCW&S system and ensuring continued provision of quality sewer treatment services to existing Knott County customers and to future customers in the existing Knott County service area.

3. Before the execution of the Final Agreement, the TEA customers will be charged in accordance with the rates, classifications, and administrative regulations in the tariff currently on file with the Commission by TEA. A rate change is not part of the Proposed Transfer and TEA does not propose any change in its tariff due to the Memorandum of Understanding or the Proposed Transfer. The TEA rates and charges approved by the Commission is attached as ***Exhibit I***. For service on and after the execution of the Final Agreement, customers will be subject to all applicable KCW&S rules and regulations, including its regular schedule of rates, rentals, and charges. There are no security deposits or other such customer funds which TEA holds for the benefit, use, or credit of the customers. The KCW&S rates and charges approved by the Commission is attached as ***Exhibit J***. A comparison of the two rates reveals that minimum rate will drop to \$26.25 a month under KCW&S rate.

4. TEA acknowledges that, until the Proposed Transfer takes place, the Commission retains jurisdiction over TEA and the TEA facilities, and agrees to continue to comply with all Commission regulations, including those which require the timely filing of any information, notice, or reports.

5. As demonstrated by its operation of the Pippa Passes Sewer Facility, KCW&S has established that it has the financial technical and managerial ability to assume operational responsibility over this facility and continue to provide reasonable service to the customers using the facility.

VII. Other Requirements

1. The Proposed Transaction does include an acquisition within the meaning of KRS 278.020(4) or an acquisition of control as defined by KRS 278.020(5), because both entities are subject to the jurisdiction of the Commission.

2. If the Commission nonetheless applies KRS 278.020(5) to the Proposed Transaction, the Commission should approve the acquisition by KCW&S of control of the utility assets of TEA. As demonstrated by this Application, the Proposed Transaction is in accordance with law, for a proper purpose, and is consistent with the public interest. Therefore, the Commission should approve the acquisition by KCW&S of the utility assets of TEA.

3. TEA proposes to transfer all of its utility assets in the Proposed Transaction and to cease providing utility service upon the execution of the Final Agreement. However, it is not abandoning the utility or its assets within the meaning of KRS 278.020(4), because the transfer is to KCW&S, an entity with the capability to provide reasonable service and which is agreeing to take on the responsibility of providing service to customers in the TEA service area.

CONCLUSION

WHEREFORE, Joint Applicant TEA/KCW&S requests an Order of the Commission within 60 days of the filing of the Application which:

a) Grants approval pursuant to KRS 278.020(4) for TEA to transfer to KCW&S all ownership and control of the TEA utility assets described in the Proposed Transaction; and

b) Declares that KRS 278.020(5) is inapplicable or, in the alternative, grants approval pursuant to KRS 278.020(5) for the acquisition by KCW&S of control of the TEA utility assets in the Proposed Transaction; and

c) Declares that no other Commission approvals are necessary for the Proposed Transaction or, in the alternative, grants any other approvals necessary.

Respectfully submitted,



VERIFICATION

I, Don R. Gibson, Chairman of Joint Applicant Troublesome Creek Environmental Authority, Inc. do hereby swear or affirm that the contents of the foregoing Application are true and accurate to the best of my knowledge.



COMMONWEALTH OF KENTUCKY)

COUNTY OF Perry)

Signed and sworn to before me on the 8th of April, 2014, by Don Gibson as Chairman of Troublesome Creek Environmental Authority, Inc.



Notary Public

My Commission expires: Nov-18, 2017

(SEAL)

VERIFICATION

I, Dale Hamilton, Vice Chairperson of Joint Applicant of KNOTT COUNTY WATER AND SEWER, INC do hereby swear or affirm that the contents of the foregoing Application are true and accurate to the best of my knowledge.

Dale Hamilton

COMMONWEALTH OF KENTUCKY)
COUNTY OF Knott)

Signed and sworn to before me on the 9th of April, 2014, by DALE HAMILTON as Vice Chairman of Knott County Water and Sewer, Inc.

[Signature]
Notary Public
My Commission expires: 10/12/16

(SEAL)

CERTIFICATE OF FILING AND MAILING

I hereby certify that on the 10th day of APRIL, 2014, the original and ten (10) copies of this Application sent, via U.S. Mail, to Jeff R. Derouen, Executive Director, Public Service Commission, P. O. Box 215, 211 Sower Blvd., Frankfort, KY 40602 and that a copy was sent, via U.S. Mail, to:

Assistant Attorney General
Office of Rate Intervention
1024 Capital Center Drive, Suite 200
Frankfort, KY 40601

[Signature]
Attorney for Joint Applicant, KCW&S
Calvin R. Tackett
Attorney at Law
40 Main Street
Whitesburg, Kentucky, 41858
606-633-0126
crtackett@setel.com

TABLE OF EXHIBITS
TO APPLICATION

Exhibit	Description
A	Certified Copy of TEA Certificate of Existence
B	Certified Copy of KCW&S Certificate Existence
C	TEA Board Resolution
D	KCW&S Resolution contained in the KCW&S Board Minutes
E	KCW&S Memorandum of Understanding
F	Knott County Fiscal Court
G	Breathitt County Fiscal Court
H	Perry County Fiscal Court
I	TEA Tariff
J	KCW&S Tariff

Commonwealth of Kentucky
Alison Lundergan Grimes, Secretary of State

Alison Lundergan Grimes
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 144263
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 273, whose date of incorporation is August 11, 2006 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 18th day of October, 2013, in the 222nd year of the Commonwealth.



Alison Lundergan Grimes
Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
144263/0644756

Commonwealth of Kentucky
Alison Lundergan Grimes, Secretary of State

Alison Lundergan Grimes
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 148895
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

KNOTT COUNTY WATER AND SEWER, INC.

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 273, whose date of incorporation is April 16, 2003 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 17th day of March, 2014, in the 222nd year of the Commonwealth.



Alison Lundergan Grimes
Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
148895/0558283

RESOLUTION # 11-12-13
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY

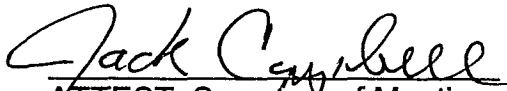
WHEREAS Troublesome Creek Environmental Authority (TEA) has passed a Resolution allowing Knott County Water and Sewer District (KCWSD) to operate and maintain the existing plant located at Knob Bottom, and


WHEREAS in furtherance of the Agreement, TEA desires to transfer ownership to KCWSD.

NOW THEREFORE, TEA resolves to transfer ownership of the Ball Creek Waste Water Treatment Facility and Collection System, subject to the following:

- 1) The transfer shall occur as per any written agreement with KCWSD.
- 2) The transfer shall occur after receiving all appropriate third party or regulatory approvals.
- 3) TEA authorizes its Chairman to negotiate and execute all appropriate documents necessary to carry out this Resolution, and this Authority hereby ratifies his acts.

All members voting 'Aye', the Resolution passes unanimously.


ATTEST, Secretary of Meeting
Date: 11/12/13


CHAIRMAN

KNOTT COUNTY WATER AND SEWER DISTRICT

MINUTES OF MEETING

Wednesday, September 11, 2013 at 6:00 p.m.

Call to Order: Alice G. Ritchie, Chair, called the meeting to order at 6:00 p.m. and recognized that all Board Members were present – Delores Allen, James Childers, Dale Hamilton, David Smith, and herself.

Recognize Media: Ms. Ritchie welcomed Sharon and Tommy Hall from the Troublesome Creek Times Newspaper.

Recognize Audience: Ms. Ritchie welcomed Magistrate Barry Watts, Annette Napier, Ron Johnson, Jennifer McIntosh, Deputy Judge Executive Larry King, Don Gibson, Randall Tackett, and Randall Gibson.

Approval of Minutes: Minutes of the previous meeting were read. James Childers made a motion to approve the minutes as read and Dale Hamilton seconded. Motion carried to approve the minutes as read.

Public Comments: Deputy Judge Executive Larry King expressed a concern regarding running water in the head of Beaver and Bill Dee Mountain. Reva Campbell asked for permission to address this concern. Partially opening these two hydrants is necessary to increase the Chlorine levels in this area due to the distance from the plant. We have contacted C.I. Thornburg regarding a cost for Chlorine booster pumps for this area and as of this date we do not have a cost. Ms. Campbell will get with the Distribution Supervisor to explore alternatives to this.

Project Updates: Ron Johnson gave an update on the various projects. The Various Waterline Project was closed out today. The WTP Upgrade is underway. Shop drawings have been approved and materials should be onsite by the end of November. The Pippa Passes Rehab Project – Kentucky Rural Water is doing the camera work, smoke testing, and manhole inspections. A report for this phase of the project should be in by September 30. Once this phase is completed we will bid for the actual rehab of sewer lines. Phase V of the Hwy 582, Phase I of Red Fox, and Big Smith Branch will be advertised in the Lexington Herald Leader on Friday September 13. John Hall Road – the AML study has been completed and this area is AML eligible and should be included in the AML funds in 2014.

City of Hindman: Randall Tackett, Attorney, reported on the meeting we had with Mayor Jarrell, CPA Kevin Jacobs, and Attorney Jeremy Morgan on September 10 to try to get some understanding on plans for payment. The City of Hindman has offered to keep current and pay \$1,000 for the arrearage for two months. The City indicated they should be better financially and would know more what the City could commit to pay on the arrearage. They did ask that they be given until the 20th to pay each month. This is just until November. David Smith made a motion that it will be conditional for the next two months and then we will revisit. Dale Hamilton seconded. Motion carried.

Ball Branch Sewer Plant: Ron Johnson reported that the Troublesome Creek Environmental Authority is no longer financially able to operate this plant. The Utility Management Group, that has been managing the plant, is ready to resign without any payment for the arrearages. Troublesome Creek cannot pay the bills for another month. The Plant was built to support Chestnut Ridge Development; however, the development fell through. TCEA is a multi-county corporation to clean up streams due to septic tank failures, etc. in the Troublesome Creek watershed. Don Gibson, Chairman of TCEA, stated that TCEA is better with obtaining funding and needs to get out of the operations side. Randall Tackett stated he understands it will be a Deed of Ownership for the board. Alice G. Ritchie explained it will be a liability for now. The total utility cost is approximately \$1,500 per month and revenue generated is approximately \$800 per month. TCEA could still be operational if we pay a stipend of approximately \$500 per month, not to exceed \$7500 per year, so they can work on obtaining funding for additional lines to feed to the Ball Branch Sewer Plant that would enable it to carry itself financially. Randall Tackett explained this transition would be in phases – Phase I would be the deed, easements, etc. Phase 2 would be when additional lines are funded and constructed they would be turned over to the Knott County Water and Sewer District. Mr. Tackett asked if there could be a commitment from TCEA that they will not abandon getting these lines done to turn over to KCWSD. David Smith asked about PSC concerns regarding this transition? Ron Johnson stated that Roger Rectenwald is working with PSC regarding this transition. Additionally, this transition can only happen pending the approval of the Knott, Breathitt, and Perry County Fiscal Courts.

Adjourn for Closed Session: David Smith made a motion to adjourn the meeting for a closed session and Delores Allen seconded. Motion carried and the meeting adjourned for closed session at 7:05 p.m.

Call Back to Order: Alice G. Ritchie, Chair, called the meeting back to order at 7:30 p.m. David Smith made a motion, pending review and approval of proposed agreement between KCWSD and TCEA, that we (KCWSD) would assume this asset and associated liability pending approval by all appropriate agencies. Pending approval of these agencies, KCWSD will pay those fixed costs associated with the Ball Branch Wastewater Treatment Plant. Dale Hamilton seconded. James Childers abstained because of his affiliation with TCEA. Motion carried.

Pay Requests: Annette Napier presented the pay requests for the various projects for review and approval.

Claims List: Reva Campbell explained that a copy of the claims list is in each Board Member's packet for review and approval.

James Childers made a motion to approve the Pay Requests/Claims List as presented and Delores Allen seconded. Motion carried.

Adjourn: Dale Hamilton made a motion to adjourn the meeting and Delores Allen seconded. Motion carried. The meeting adjourned at 7:35 p.m.

APPROVAL OF MINUTES:

Alice G. Ritchie

Alice G. Ritchie, Chair

10-9-13

Date

Dale Hamilton

Dale Hamilton, Vice Chair

10-9-13

Date

Delores Allen

Delores Allen, Secretary/Treasurer

10-9-13

Date

James O. Childers

Board Member

10-9-13

Date

D. K. Smith

Board Member

10/9/13

Date

KNOTT COUNTY WATER AND SEWER DISTRICT

7777 BIG BRANCH ROAD

VICCO, KY 41773

PHONE: 606-642-3582

FAX: 606-642-3770

EMAIL: service@kcwsd.com

September 16, 2013

Chairman Don Gibson
Troublesome Creek
Environmental Authority
917 Perry Park Road
Hazard, KY 41701


RE: T.E.A. TRANSFER TO KNOTT COUNTY WATER AND SEWER DISTRICT
OF BALL CREEK WASTE TREATMENT PLANT

Dear Chairman Gibson:

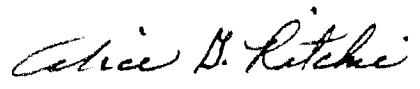
*TUESDAY
SEPT 10
DAG*
As was discussed by the parties at T.E.A.'s regular board meeting which occurred Wednesday, September 11, 2013, the District and the Authority have agreed in principle, subject to a full agreement, county approval and PSC approval if necessary, along with final board approval to the following:

- 1) The Authority will transfer debt free all assets real and personal which make up the Ball Creek Wastewater Treatment plan.
- 2) The transfer will occur within thirty (30) days of final consents by third parties.
- 3) The District will assume operational cost for the facility starting September 15, 2013. The District will retain customer payments for this purpose.
- 4) The Authority will continue to use its best efforts to fund, design and build the Highway 80 Corridor project in Knott/Perry County.
- 5) The District will pay a stipend to the Authority not to exceed \$7,500.00 per year starting in September 2013 for a period of one (1) year. After that time, the parties will review progress of Highway 80 Corridor project and the District's obligation.

SEEN AND AGREED:


DON GIBSON, CHAIRMAN
TROUBLESOME CREEK
ENVIRONMENTAL AUTHORITY

SEEN AND AGREED:


ALICE RITCHIE, CHAIRMAN
KNOTT COUNTY WATER AND
SEWER DISTRICT

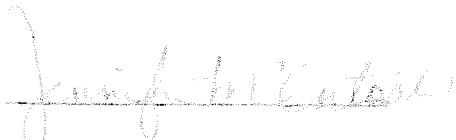
Resolution
Troublesome Creek Environmental Authority Transfer of Operations and
Maintenance to Knott County Water & Sewer District

WHEREAS, Troublesome Creek Environmental Authority (TEA) has entered into an agreement with Knott County Water and Sewer District to operate and maintain the existing plant located at Knob Bottom, and

NOW THEREFORE, Troublesome Creek Environmental Authority hereby authorizes Knott County Water and Sewer District to operate and manage the Ball Creek Wastewater Treatment Facility and Collection System as of October 7, 2013 with full authority to maintain and operate in compliance with all state and federal regulations.

Done this 8th day of October, 2013.

MOTION CARRIED,



ATTEST



Chairman

Resolution

**Troublesome Creek Environmental Authority transfer of assets to Knott County
Water & Sewer District**

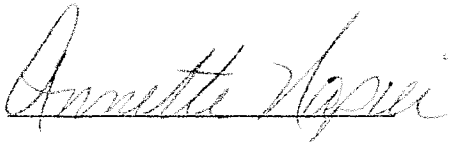
WHEREAS, Troublesome Creek Environmental Authority (TEA) constructed a wastewater plant in 2012 located on Ball Creek in Knott County to allow for expansion/development of Chestnut Mountain, and

WHEREAS, development of Chestnut Mountain has not occurred and the customer base is not financially adequate to allow the Authority to continue the operations,

NOW THEREFORE, The KNOTT County Fiscal Court hereby approves the transfer of sanitary sewer assets, the Ball Creek WWTP and Collection System, from the Troublesome Creek Environmental Authority to the Knott County Water and Sewer District to own and operate henceforth.

Done this 16th day of September, 2013.

MOTION CARRIED,



ATTEST


County Judge Executive

**Resolution
of the
Breathitt County Fiscal Court**

**A RESOLUTION ALLOWING TROUBLESOME CREEK ENVIRONMENTAL
AUTHORITY TO TRANSFER OWNERSHIP AND CONTROL OF THE BALL
CREEK WASTE WATER TREATMENT PLANT AND ALL OF EQUIPMENT
AND APPURTENANCES TO KNOTT COUNTY WATER & SEWER DISTRICT**

WHEREAS, Troublesome Creek Environmental Authority was formed as a municipal public corporation by the Judge Executives of Breathitt County, Knott County, and Perry County on August 11, 2006, and

WHEREAS, Troublesome Creek Environmental Authority was organized for the purpose of improving water quality of the Troublesome Creek watershed by constructing and operating waste water management facilities on the Troublesome Creek, and

WHEREAS, Troublesome Creek Environmental Authority has diligently carried out that mission by constructing the Ball Creek Waste Water Treatment Plant located in Knott County, Kentucky, and

WHEREAS, Troublesome Creek Environmental Authority has determined and made findings to that effect that the economics and time constraints of managing and owning a waste water treatment plant is currently beyond the capacity of Troublesome Creek Environmental Authority to accomplish, and

WHEREAS, Troublesome Creek Environmental Authority has reached an Agreement with Knott County Water & Sewer District, a public non-profit entity, to assume responsibility for operation and management of the Ball Creek Waste Water Treatment Plant, and

WHEREAS, Troublesome Creek Environmental Authority feels this Agreement is in the best interest of Troublesome Creek Environmental Authority, the counties which formed it and the people it serves to enter into this Agreement, and

WHEREAS, it is necessary for Troublesome Creek Environmental Authority and the District to enter into a Letter Agreement first in order to secure third party approval before entering into a full contractual agreement.

NOW THEREFORE, BE IT RESOLVED that the following shall occur:

1) Troublesome Creek Environmental Authority is directed to enter into an Agreement with the Knott County Water and Sewer District to transfer ownership, operations and maintenance of the Ball Creek Waste Water facility, its equipment and appurtenances to the District, the details of which are left to the respective Authority and District.

2) That Breathitt County hereby consents, ratifies and condescends to such a transfer without any further action by this County.

Said Resolution being duly made, seconded and voted unanimously in the affirmative, it is hereby PASSED.

ATTEST:

Date: 9-24-13

Clerk: Kay Barrett


JUDGE EXECUTIVE

Resolution
of the
Perry **County Fiscal Court**

A RESOLUTION ALLOWING TROUBLESOME CREEK ENVIRONMENTAL
AUTHORITY TO TRANSFER OWNERSHIP AND CONTROL OF THE BALL
CREEK WASTE WATER TREATMENT PLANT AND ALL OF EQUIPMENT
AND APPURTENANCES TO KNOTT COUNTY WATER & SEWER DISTRICT

WHEREAS, Troublesome Creek Environmental Authority was formed as a municipal public corporation by the Judge Executives of Breathitt County, Knott County, and Perry County on August 11, 2006, and

WHEREAS, Troublesome Creek Environmental Authority was organized for the purpose of improving water quality of the Troublesome Creek watershed by constructing and operating waste water management facilities on the Troublesome Creek, and

WHEREAS, Troublesome Creek Environmental Authority has diligently carried out that mission by constructing the Ball Creek Waste Water Treatment Plant located in Knott County, Kentucky, and

WHEREAS, Troublesome Creek Environmental Authority has determined and made findings to that effect that the economics and time constraints of managing and owning a waste water treatment plant is currently beyond the capacity of Troublesome Creek Environmental Authority to accomplish, and

WHEREAS, Troublesome Creek Environmental Authority has reached an Agreement with Knott County Water & Sewer District, a public non-profit entity, to assume responsibility for operation and management of the Ball Creek Waste Water Treatment Plant, and

WHEREAS, Troublesome Creek Environmental Authority feels this Agreement is in the best interest of Troublesome Creek Environmental Authority, the counties which formed it and the people it serves to enter into this Agreement, and

WHEREAS, it is necessary for Troublesome Creek Environmental Authority and the District to enter into a Letter Agreement first in order to secure third party approval before entering into a full contractual agreement.

NOW THEREFORE, BE IT RESOLVED that the following shall occur:

1) Troublesome Creek Environmental Authority is directed to enter into an Agreement with the Knott County Water and Sewer District to transfer ownership, operations and maintenance of the Ball Creek Waste Water facility, its equipment and appurtenances to the District, the details of which are left to the respective Authority and District.

2) That Perry County hereby consents, ratifies and condescends to such a transfer without any further action by this County.

Said Resolution being duly made, seconded and voted unanimously in the affirmative, it is hereby PASSED.

ATTEST:

Date: 10-31-13

Clerk: Sharon Adams
Fiscal Court Clerk

Jimmy B. Hald
JUDGE EXECUTIVE

Steve L. Beshear
Governor



David L. Armstrong
Chairman

Leonard K. Peters
Secretary
Energy and Environment Cabinet

James Gardner
Vice Chairman

Commonwealth of Kentucky
Public Service Commission

211 Sower Blvd.
P.O. Box 615
Frankfort Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Linda Breathitt
Commissioner

January 18, 2013

Jennifer McIntosh
917 Perry Park Road
Hazard, KY 41701

RE: Filing No. **TFS2012-01183**
Filing to establish initial rates.

Dear Jennifer McIntosh:

The above referenced filing has been received and reviewed. An accepted copy is enclosed for your files. You may also use the following link to access documents related to this filing.

<http://psc.ky.gov/trf/TRFListFilings.aspx?ID=TFS2012-01183>

Sincerely,

A handwritten signature in cursive script that reads "Dennis Brent Kirtley".

Dennis Brent Kirtley
Tariff Review Branch Manager

FOR THIS STUB FOR YOUR RECORDS

EXHIBIT 9

ACCOUNT NUMBER	DATE BILL MAILED
[REDACTED]	10/29/2012
PRESENT READING	SERVICE FROM
KC 127000	9/28/2012
PREVIOUS READING	SERVICE TO
KC 109000	10/29/2012
UNITS USED	DAYS USED
18000	31
DESCRIPTION	AMOUNT
KC/WATER	108.33
KC/UTILITY TAX	3.25
KC/BUSINESS TAX	6.50
CURRENT BILL DUE DATE	AMOUNT DUE BY DUE DATE
11/10/2012	118.08
	128.91

RETURN THIS STUB WITH PAYMENT TO:
 KNOTT COUNTY WATER & SEWER DISTRICT
 7777 BIG BRANCH ROAD
 VICCO, KY 41773
 (606) 642-3582

PRESORTED
 FIRST CLASS MAIL
 US POSTAGE PAID
 VICCO, KY
 PERMIT #2

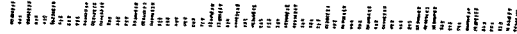
ACCOUNT NUMBER	DUE DATE	AMOUNT DUE AFTER DUE DATE	AMOUNT DUE BY DUE DATE
[REDACTED]	11/10/2012	128.91	118.08

RETURN SERVICE REQUESTED

Troublesome Creek Environmental Aut
 917 Perry Park Road
 Hazard, Ky 41701

SERVICE ADDRESS:

1880 West HWY 11
 KEEP THIS STUB
 FOR YOUR RECORDS
 Troublesome Creel



KENTUCKY
 PUBLIC SERVICE COMMISSION
 JEFF R. DEROUEN
 EXECUTIVE DIRECTOR
 TARIFF BRANCH
Brent Hartley
 EFFECTIVE
 1/17/2013

FOR _____

PSC KY NO. _____

SHEET NO.1 _____

Troublesome Creek Environmental Authority
(NAME OF UTILITY)

CANCELLING PSC KY NO. _____

SHEET NO. _____

Sewer Rates

Monthly Rates

First 2,000 Gallons

\$28.00 Minimum Bill

Over 2,000 Gallons

\$6.00 Per 1,000 Gallons

DATE OF ISSUE _____

MONTH / DATE / YEAR

DATE EFFECTIVE _____

January, 17, 2013

MONTH / DATE / YEAR

ISSUED BY _____

SIGNATURE OF OFFICER

TITLE Chairman

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. _____ DATED _____

**KENTUCKY
PUBLIC SERVICE COMMISSION**

**JEFF R. DEROUEN
EXECUTIVE DIRECTOR**

TARIFF BRANCH

Brent Kirtley

EFFECTIVE

1/17/2013

PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

606-642-3770

03:46:21 p.m. 03-17-2014

1/18/11

FOR Knott County, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

SHEET NO. _____

Knott County Water and Sewer District
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

SHEET NO. _____

MONTHLY SEWER RATES

3/4" Meter

First 2,000 Gallons
Next 8,000 Gallons
Over 10,000 Gallons

Rates

\$13.80 Minimum Bill
4.38 Per 1,000 Gallons
3.42 Per 1,000 Gallons

1" Meter

First 5,000 Gallons
Next 5,000 Gallons
Over 10,000 Gallons

\$26.94 Minimum Bill
4.38 Per 1,000 Gallons
3.42 Per 1,000 Gallons

2" Meter

First 15,000 Gallons
Over 15,000 Gallons

\$65.94 Minimum Bill
3.42 Per 1,000 Gallons

Sewer Only Customers

Residential Monthly Flat Rate

\$26.25 Minimum Bill

DATE OF ISSUE March 8 2011
Month / Date / Year
DATE EFFECTIVE March 8, 2011
Month / Date / Year
ISSUED BY Wesley A. Ritchie
(Signature of Officer)
TITLE Chairperson
BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

KENTUCKY PUBLIC SERVICE COMMISSION
JEFF R. DEROUEN EXECUTIVE DIRECTOR
TARIFF BRANCH <u>Burt Hixley</u>
EFFECTIVE 7/18/2011
PURSUANT TO 807 KAR 8-011 SECTION 9 (1)