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Linda Breathitt
Commissioner

July 9, 2014

PARTIES OF RECORD

RE: Case No. 2014-00163
An Investigation of Existing and Future Service of Bullitt Utilities, Inc.

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter. If you have any questions, please contact Ann Ramser, Staff Attorney, at (502) 782-2585.

Sincerely,

A handwritten signature in black ink that reads "Jeff Derouen".

Jeff Derouen
Executive Director

ALR/kar
Attachment

INTRA-AGENCY MEMORANDUM
KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2014-00163
FROM: Ann Ramser, Staff Attorney
DATE: July 9, 2014
RE: Informal Conference of July 2, 2014

Pursuant to Commission Staff's June 25, 2014 Notice, an informal conference was held in this matter on July 2, 2014. Attached is a copy of the attendance roster. Chris Cogan with Bullitt Utilities participated via phone.

The purpose of the meeting was to discuss the provision of permanent wastewater service to the approximately 700 customers of Bullitt Utilities, Inc. ("Bullitt Utilities"). The customers reside in the cities of Hillview and Hunters Hollow.

Mr. Moore summarized the current status of the PECCO and Veolia temporary wastewater treatment plants ("TWWTP"). The PECCO TWWTP is currently operating but does not have the capacity to process the flow when it rains. Even during the dry flow, the results for Ecoli fail to meet the Division of Water's ("DOW") regulations. The electrical hook-up for the Veolia TWWTP should be completed before the end of the week. The Veolia TWWTP can process a million gallons per day. The PECCO TWWTP will remain in place to accumulate the flow in tanks and approximately 6 times per day, the flow will be transferred to the Veolia TWWTP for treatment.

A lease is currently in place allowing the TWWTP to remain on the property of Bullitt Utilities' neighbor until December 31, 2014 with a right to renew the lease.

Bullitt Utilities has expended over \$600,000 due to the failure of the Bullitt Utilities' wastewater treatment plant. The monthly cost to operate the PECCO TWWTP is \$120,000. Once the Veolia TWWTP is functioning, the cost to operate the Veolia TWWTP and rent the PECCO tanks will cost \$150,000 per month.

Bullitt Utilities is working towards a long term solution. Bullitt Utilities and Bullitt County Sanitation District ("BCSD") are discussing building a new waste water treatment plant. BCSD is asking for a larger amount of funding than Bullitt Utilities has offered. In addition, Bullitt Utilities' funding offer is contingent on the Commission allowing Bullitt Utilities to recover the full funding amount from its customers through a surcharge. Mr. Moore provided a copy of BCSD's June 23, 2014 response to Bullitt Utilities' June 20, 2014 offer. A copy of the June 23, 2014 response is attached.

Mr. Kennedy indicated that BCSD could immediately take 60,000 gallons in waste water per day from Bullitt Utilities. Within two to three months, BCSD could treat all of the dry flow from Bullitt Utilities. This would stretch BCSD's treatment plants to the maximum capacity but would eliminate the need for the TWWTP. BCSD could not treat Bullitt Utilities' wet flow. According to Mr. Kennedy, once BCSD accepts any flow, they become responsible for the treatment of that flow and cannot turn off the spigot. BCSD will not take any of the flow from Bullitt Utilities until receipt of the requested funding. BCSD has not attempted to contact KIA about any grants, low interest loans, or forgivable loans.

Bullitt Utilities and Louisville and Jefferson County Metropolitan Sewer District ("MSD") have also discussed MSD permanently treating the waste water of Bullitt Utilities' customers. MSD does not have jurisdiction to operate in Bullitt County. Operating inside Bullitt County would require the execution of an interlocal agreement between MSD and a quasi-governmental agency. Upon execution of an interlocal agreement MSD could operate a treatment facility within Bullitt County.

MSD could also contract directly with Bullitt Utilities, but Bullitt Utilities would be responsible for providing transportation of the waste water to the Bullitt/Jefferson County line, approximately 3,000 feet. If MSD agreed to receive the waste water, piping from MSD's nearest facility to the Bullitt/Jefferson County line, approximately 4,000 feet, would be required. MSD indicated that within 30 days, they would provide a ballpark figure for the construction of the 7,000 feet and any necessary pumping facilities.

Both MSD and BCSD indicate that any permanent solution is one year to eighteen months away.

Bullitt Utilities has not spoken with the Mayors of Hillview and Hunters Hollow. Telephone calls to the Bullitt County Fiscal Court and Bullitt County Attorney have not been returned.

Bullitt Utilities, BCSD, MSD, and the Division of Water agreed to meet again in two weeks. The Bullitt County Judge Executive and the Mayors of Hillview and Hunters Hollow will be invited to the next meeting.

The informal conference then ended.

Attachments

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

AN INVESTIGATION OF EXISTING AND FUTURE) CASE NO.
SERVICE OF BULLITT UTILITIES, INC.) 2014-00163

Please sign in:

NAME

REPRESENTING

JAMES RICE

PSC

Shafiq Amanu

KY DOW

DANIEL CLEVELAND

KY DOW

Gregory Dutton

OAG

Chris Stewart

-

Greg Heitzman

Louisville MSD

KEB Moore

HAZELRIGG & COX

CHRIS COGAN

BULLITT UTILITIES

RICHARD RAFF

PSC-LEGAL

CHUCK CALLAHAN

BCSD

JERAS KENNEDY

BCSD

SCOTT POTTER

MSD

BRIAN BINGHAM

Louisville MSD

Ave Emly

Louisville MSD

Jeff Cummins

KY DOW

Ann Ramser

PSC

George Wakim

PSC

David Spenard

PSC

BULLITT COUNTY SANITATION DISTRICT

June 23, 2014

Commissioners
Donald Watkins
Chuck Callahan
Lynn Spencer

Mr. Rob Moore
Hazelrigg & Cox, LLP
415 West Main Street
Suite One
Post Office Box 676
Frankfort, Kentucky 40602-0676

JUN 26 2014

REF: Hunters Hollow WWTP Proposal Letter of June 20, 2014

Dear Mr. Moore:

The District appreciates the time you took to explain the latest proposal from Bullitt Utilities relative to the District assuming the failed facility and making it apart of the existing District's facilities.

In response to the latest offer received on June 23, 2014, the District's response is noted below:

- First, the District is unable to have any contracts signed by the required dates as all of the Parties representing the District are not available.
- Second, the District is seeking \$1,300,000 as originally proposed and the amount shall not be conditioned upon the approval of the Kentucky Public Service Commission to allow recovery of the money by Bullitt Utilities. In addition, Bullitt Utilities shall contribute one-half of the cost to complete the sewer interconnection between Hunters Hollow and our Pioneer Village WWTP. The proposed \$15,000 contribution for engineering is acceptable.
- Third, the District agrees to the \$1.00 sale price and the Louisville Water shall be the billing agency.

- Fourth, should the above terms not be acceptable, the District recommends that Bullitt Utilities seek remedy thru other parties such as MSD. The proposed Interlocal Agreement shall be between the City of Hunters Hollow and MSD.

Thank you once again for the follow-up presentation at our last Board Meeting.

Should you have need of additional information or clarification, please advise.

P.O. Box 818♦Hillview, Kentucky♦40129
Phone: 502-957-6140♦Fax: 52-957-0224
bullittsanitation@windstream.net

Respectfully



Jerry Kennedy
District Manager

CC: Monica Robinson, District Attorney
Chuck Callahan, District Chairman
Lynn Spencer, District Commissioner
Dave Derrick, District Engineer
Melanie Roberts, Bullitt County Judge Executive
Linda Parker, Mayor Hunters Hollow
Shafiq Amawi, KDOW
Jeffrey Cummins, KDOW
Greg Heitzman, MSD