



Steven L. Beshear
Governor

Leonard K. Peters
Secretary
Energy and Environment Cabinet

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

David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

Linda Breathitt
Commissioner

September 26, 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 the correspondence that has been filed in the record of the above-referenced case. Any comments regarding this correspondence contents should be submitted to the Commission within five days of receipt of this letter. Any questions regarding this memorandum should be directed to Ann Ramser, Commission Staff Attorney, at (502) 782-2585.

Sincerely,



Jeff Derouen
Executive Director

AR/ch
Attachments

HAZELRIGG & COX, LLP

ATTORNEYS AT LAW

415 WEST MAIN STREET, SUITE 1

P.O. Box 676

FRANKFORT, KENTUCKY 40602-0676

JOHN B. BAUGHMAN
ROBERT C. MOORE
MARK R. BRENGELMAN

DYKE L. HAZELRIGG (1881-1970)
LOUIS COX (1907-1971)

FAX: (502) 875-7158
TELEPHONE: (502) 227-2271

September 22, 2014

Via Electronic Mail: Bruce Scott@ky.gov

Mr. Bruce Scott, Director
Department of Environmental Protection
Division of Water
300 Fair Oaks Lane
Frankfort, KY 40601

Via Electronic Mail: Jeff.Derouen@ky.gov

Mr. Jeff R. Derouen, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
P. O. Box 615
Frankfort, Kentucky 40602-0615

Re: Bullitt Utilities, Inc. ("Bullitt Utilities")
Hunters Hollow Wastewater Treatment Plant and Collection System ("Hunters
Hollow WWTP")

Dear Mr. Scott and Mr. Derouen:

As you are aware, my client, Bullitt Utilities, responded promptly to the catastrophic failure of the Hunters Hollow WWTP, and has since gone above and beyond the call of duty to mitigate damage resulting therefrom. However, I am writing to inform you that Bullitt Utilities now requires immediate and coordinated assistance from your agencies in order to address this crisis, and avoid the premature removal of the temporary WWTP at the site. If the temporary WWTP is removed at this time, Bullitt Utilities simply does not have the resources to address the matter.

Bullitt Utilities has made tremendous efforts to develop short and long term solutions to the disaster and has been fully transparent with your agencies in seeking guidance and assistance throughout that process. And, although your agencies have been helpful and accommodating, after nearly six months and tremendous cost to my client, no short term and long term resolutions have been achieved.

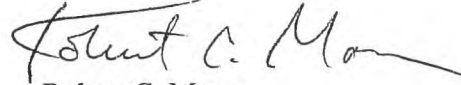
Despite Bullitt Utilities' many discussions, at your direction, with well-intended parties including MSD and BCSD, we are at an impasse relative to reaching a short term and/or long term solution. Attached hereto you will find the most recent communication from me, on behalf of Bullitt Utilities, stating Bullitt Utilities' best and final offer to BCSD to facilitate a solution and avoid a further crisis.

Mr. Bruce Scott
Mr. Jeff R. Derouen
September 22, 2014
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Please be advised that Bullitt Utilities has been informed by both Pecco and Veolia that the temporary WWTP may be removed from the Hunters Hollow site at any time if short term and long term solutions are not reached and a mechanism for payment of these entities is not included. I suggest an emergency meeting be arranged promptly between the parties to find a solution to this potential disaster.

I will be contacting you on September 23, 2014, to arrange a meeting to discuss this matter as soon as possible. Thank you for your attention to this important matter.

Yours truly,



Robert C. Moore

RCM/neb
Enclosure

cc: Daniel Cleveland -Via Electronic Mail
Jeff Cummins - Via Electronic Mail
Ann Ramser - Via Electronic Mail
Scott Porter - Via Electronic Mail
Scott Stutler, Esquire - Via Electronic Mail
County Judge/Executive Melanie J. Roberts - Via Electronic Mail
Mark Edison, Esquire - Via Electronic Mail
Mayor Linda Parker - Via Electronic Mail
Mayor Jim Eadens - Via Electronic Mail
Douglas Scott Porter, Esquire - Via Electronic Mail
Bullitt Utilities - Via Electronic Mail
Ronald R. VanStockum II - Via Electronic Mail

HAZELRIGG & COX, LLP
ATTORNEYS AT LAW
415 West Main Street, Suite 1
P. O. Box 676
Frankfort, Kentucky 40602-0676

John B. Baughman
Robert C. Moore
Mark R. Brengelman

Dyke L. Hazelrigg (1881-1970)
Louis Cox (1907-1971)

Fax: (502) 875-7158
Telephone: (502) 227-2271

September 22, 2014

Via Facsimile: 502-957-0224

Jerry Kennedy
Bullitt County Sanitation District
P.O. Box 818
Hillview, Kentucky 40129

Via Facsimile: 502-957-0224

Chuck Callahan, Chairman
Bullitt County Sanitation District
P.O. Box 818
Hillview, Kentucky 40129

Via Facsimile: 502-957-0224

Lynn Spencer, Commissioner
Bullitt County Sanitation District
P.O. Box 818
Hillview, Kentucky 40129

Re: Bullitt Utilities, Inc. ("Bullitt Utilities")
Hunters Hollow Wastewater Treatment Plant and Collection System ("Hunters
Hollow WWTP")

Dear Mr. Kennedy, Chairman Callahan and Commissioner Spencer,

Thank you very much for taking the time during the Thursday, September 18, 2014, meeting of the Bullitt County Sanitation District ("BCSD") to discuss the proposed agreement between Bullitt Utilities and the BCSD concerning the BCSD's short term treatment of the wastewater from the Hunters Hollow collection system. While we were discussing this short term agreement, Chris Cogan, on behalf of Bullitt Utilities, was engaged in discussions with the representatives of Veolia and Pecco, the companies that own the temporary wastewater treatment plant ("WWTP") equipment now being used to provide treatment for the wastewater from the Hunters Hollow collection system.

During these discussions, Mr. Cogan was advised that unless Bullitt Utilities' account with these entities is brought current, the temporary WWTP equipment now treating the wastewater from the Hunters Hollow collection system will be removed. To date, Bullitt Utilities has spent over \$400,000 in responding to the catastrophic failure of the Hunters Hollow WWTP. In addition to the amount previously spent, an amount in excess of \$700,000 is now due Veolia and Pecco.

Based on this recent development and Bullitt Utilities' precarious financial condition, Bullitt Utilities is unable to agree to the terms set forth in the proposed short term agreement with BCSD as discussed on September 18, 2014. The following are the terms that BCSD now has the ability to agree to, subject to Veolia's and Pecco's agreement to continue to provide treatment through December 1, 2014:

Mr. Kennedy, Chairman Callahan and Commissioner Spencer

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1) On or before October 1, 2014, Bullitt Utilities will pay the amount of One Hundred Twenty-Five Thousand Dollars (\$125,000.00) to BCSD to connect the Hunters Hollow collection system to the BCSD system. BCSD will then treat the wastewater from the Hunters Hollow collection system. This connection must be completed within sixty days of September 30, 2014.

2) Subject to BCSD's written agreement to continue to treat all of the flow from the Hunters Hollow collection system, Bullitt Utilities will not enter into an agreement with any third party for the treatment of said flow without BCSD's approval. Furthermore, Bullitt Utilities will grant BCSD an option to purchase the Hunters Hollow collection system for \$1.00 after the below-described surcharge has been fully collected, or sooner if assignment of the surcharge proceeds is allowed by the Kentucky Public Service Commission ("PSC").


3) Provided BCSD accepts and treats the wastewater, Bullitt Utilities will assign eighty percent (80%) of the receipts from the operation of the Hunters Hollow collection system to the BCSD, effective December 1, 2014, as payment for treatment of the wastewater. The remaining twenty percent (20%) of the receipts will be used to address costs to continue to operate the collection system and address inflow and infiltration issues.

4) Bullitt Utilities will formally request the PSC to authorize, on an emergency basis, a surcharge to pay the amount due Veolia and Pecco, as well as the emergency expenses incurred by Bullitt Utilities. Bullitt Utilities will assign the surcharge receipts to Veolia and Pecco in the amount due these entities. Thereafter, any surcharge amount received to reimburse Bullitt Utilities for its emergency expenses will be assigned to BCSD, including but not limited to the amount paid by Bullitt Utilities to BCSD to connect the Hunters Hollow collection system to the BCSD system.

To reiterate, the above-described actions constitute the best that Bullitt Utilities can do to address this situation. The implementation of these steps is needed to avoid further environmental emergency. Of course, this is subject to the agreement of the PSC and the Energy and Environment Cabinet and the resolution of any claims brought or to be brought against Bullitt Utilities.

Thank you for your attention to this important matter, and I look forward to discussing same with you.

Yours truly,



Robert C. Moore

RCM/neb

cc: Bullitt Utilities, Inc. - via Electronic Mail
Ronald R. VanStockum, Jr., Esquire - via Electronic Mail
Jeff Cummins - via Electronic Mail
Daniel Cleveland , Esquire - via Electronic Mail
Scott Stutler, Esquire - via Electronic Mail
County Judge/Executive Melanie J. Roberts - via Facsimile
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