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David L. Armstrong
Chairman

James W. Gardner
Vice Chairman

February 9, 2015

PARTIES OF RECORD

Re: Case No. 2014-00255

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 blue ink, appearing to read "Jeff Derouen".

Jeff Derouen
Executive Director

ALR/ph

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2014-00255
FROM: Ann Ramser, Staff Attorney
DATE: January 26, 2015
RE: Informal Conference of January 21, 2015

Pursuant to the Commission's Order dated January 20, 2015, an informal conference was held in this matter on January 21, 2015. Attached is a copy of the attendance roster. Gregory Dutton, on behalf of the Attorney General's office, and Pat Logsdon, on behalf of Bullitt Utilities, participated via phone.

The purpose of the meeting was to discuss the information that Bullitt Utilities needs to provide in order to cure filing deficiencies in its application for a surcharge.

Mr. Logsdon questioned the need for Bullitt Utilities to provide information from a test year. Ann Ramser explained that the Commission needs to review Bullitt Utilities' revenues and expenses to determine if Bullitt Utilities could absorb any of the costs incurred as a result of the tank failure.

Informal Conference participants discussed whether to use a 2013 calendar test year or a 2014 calendar test year. Ms. Ramser advised that if Bullitt Utilities wants to use the 2013 calendar year for the test year, the deficiencies would need to be cured prior to March 31, 2015 when the 2014 annual report is due pursuant to 807 KAR 5:006, Section 4(2).

Participants also discussed whether to expense the costs incurred as a result of the tank failure or to treat the costs as a regulatory asset. Bullitt Utilities was instructed to include the anticipated costs of operation after the connection to Bullitt County Sanitation District in the Pro Forma income statement.

Robert Moore advised that Bullitt Utilities has secured short term loans to pay for some of the debt incurred as a result of the tank failure. Mr. Moore further advised that not all of costs incurred have been paid.

Mr. Moore advised that all deficiencies should be cured by the middle of February 2015.

Mr. Moore indicated that the owners of Bullitt Utilities intend to transfer ownership of Bullitt Utilities to another entity, possibly Bullitt County Sanitation District, at the end of 2016. Ms. Ramser advised that the Commission does not regulate Bullitt County Sanitation District and would have no authority over the rates or surcharges charged and collected by Bullitt County Sanitation District.

The informal conference then ended.

