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PUBLIC SERVICE
COMMISSION

Via Hand Delivery

June 8, 2015

Jeff R. Derouen
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602-0615

Re: *In The Matter Of: Application Of Bullitt Utilities, Inc., For A Certificate Of Convenience And Necessity, And Surcharge For Same, Case No. 2014-00255*

Dear Mr. Derouen:

Veolia Water Technologies, Inc. provides these Public Comments to support the Application filed by Bullitt Utilities requesting a Surcharge to pay for the emergency costs incurred by Bullitt Utilities in responding to the catastrophic failure of the Hunters Hollow wastewater treatment plant (WWTP) on March 29, 2014. Veolia Water Technologies, Inc. is the successor to Veolia Water Solutions & Technologies North America, Inc. (collectively, "Veolia"). Veolia filed a Motion for Full Intervention which was denied by the Commission's April 16, 2015 Order. In its April 16, 2015 Order, the Commission invited Public Comments from Veolia. Veolia requests that these Public Comments be entered into the Record of this proceeding. Veolia has supplied water treatment equipment, chemicals and services to Bullitt Utilities for nearly a year now in responding to the catastrophic failure of the Hunters Hollow WWTP.

I. MOBILE WATER SERVICE AGREEMENT

Bullitt Utilities contacted Veolia in May of 2014. Bullitt Utilities advised Veolia that on March 29, 2014, the Hunters Hollow WWTP and collection system which it owned and operated suffered a catastrophic tank failure and discharged more than 250,000 gallons of raw and undertreated sewage into a public waterway. The discharge of untreated wastewater continued unabated for approximately five days at which time Bullitt Utilities engaged another vendor named PECCO, Inc. to supply a temporary wastewater treatment system.

The PECCO temporary treatment system had the capacity to treat the wastewater during dry weather flow conditions but was unable to handle the increased demands during wet flow conditions thus resulting in bypasses of the PECCO system and further discharges of sewage into the public waterway. As a result of the inability of the PECCO temporary treatment system to handle the wet weather flow of wastewater, Bullitt Utilities contracted with Veolia in May of 2014 for the supply of additional temporary wastewater treatment equipment capable of treating the wet weather flow thereby eliminating the bypasses of raw sewage into the public stream caused by wet weather flow conditions. The Mobile Water Service Agreement executed by Bullitt Utilities and Veolia is attached as Exhibit A.

Under the Agreement, Veolia rented Bullitt Utilities an ACTIFLO Turbo mobile equipment trailer and certain auxiliary equipment including a forwarding pump, filter press, sludge thickening tank and related equipment. An ACTIFLO Turbo mobile equipment trailer is a proprietary Veolia technology. Veolia also agreed to supply Bullitt Utilities with certain labor and services associated with the operation of its temporary wastewater treatment plant for hourly and daily rates as appropriate and to supply certain chemicals, spare parts and miscellaneous consumables required to operate the temporary equipment.

Bullitt Utilities is in material breach of its payment obligations to Veolia. To date, Veolia has only received a security deposit from Bullitt Utilities of \$54,250 plus two payments from Bullitt Utilities totaling \$70,000. As of June 4, 2015, Bullitt Utilities' open account balance is \$1,871,612. The Accounts Receivable Aging Report providing the balance owed to Veolia by Bullitt Utilities as of June 4, 2015 is attached as Exhibit B. That is not a final balance as it does not include the equipment, labor, and chemicals charges for May. Additionally, late payment fees and legal and collections costs continue to accrue.

Veolia is a business that honors its obligations and expects its customers and business partners to do so as well. Veolia has been paying its vendors throughout the course of this emergency response even as payments from Bullitt Utilities have not been forthcoming.

Due to Bullitt Utilities' material breach of contract, Veolia issued to Bullitt Utilities on May 4, 2015, a Notice of Termination for the Mobile Water Service Agreement, attached as Exhibit C. Bullitt Utilities was given 30 days' Notice before removal of Veolia's equipment on or about June 3, 2015, which provided Bullitt Utilities an opportunity to connect its collection system to the treatment systems of the Bullitt County Sanitation District (BCSD) or execute an alternative solution. The Notice of Termination further invited Bullitt Utilities to email or call Veolia to discuss this matter.

On May 7, 2015, citing Veolia's termination notice, the Commission issued an Order for Bullitt Utilities and the BCSD to contract to connect their systems and for the BCSD to accept the flow of wastewater from Bullitt Utilities. Bullitt Utilities' Hunters Hollow collection system was connected to the BCSD system on May 27, 2015 and the BCSD began accepting the flow of wastewater from the Hunters Hollow facility that day.

On May 28, 2015, Veolia sent Bullitt Utilities a Reminder Notice of Termination, attached as Exhibit D, to confirm the termination of the Mobile Water Service Agreement between the parties on June 3, 2015 and the removal of Veolia's equipment from the Hunters Hollow facility as soon as practical thereafter. Veolia also advised that it had not been contacted by Bullitt Utilities since its May 4, 2015 Notice of Termination and still had not received any payment from Bullitt Utilities since January of 2015. On June 4, 2015, Veolia terminated treatment and began preparations to remove its equipment from the Hunters Hollow site.

II. BULLITT UTILITIES' REQUEST FOR A SURCHARGE

Veolia strongly believes that Bullitt Utilities' response to the failure of the Hunters Hollow WWTP through its deployment of the temporary mobile treatment systems supplied by PECCO and Veolia was the most technologically efficient and cost-effective solution to protect the environment and the health, safety and welfare of Bullitt Utilities' customers in an emergency response situation.

Veolia has reviewed the March 25, 2015 Answers of Bullitt Utilities to the Commission Staff's First Information Requests, in particular, its Answer to Information Request No. 3, and Veolia agrees with Bullitt Utilities, based on the information provided, that the Mobile Water Service Agreement executed by Veolia and Bullitt Utilities was the best and most cost-effective solution to address the sudden failure of the Hunters Hollow WWTP.

Veolia further agrees with Bullitt Utilities that the purchase and use of either a new or used permanent wastewater treatment plant would be impractical, subject to a lengthy delay and cost-prohibitive. The description by Bullitt Utilities of the unavailability of any alternatives offered by any nearby sewer districts in its Answer to Information Request No. 3 is consistent with the information provided by Bullitt Utilities to Veolia at or about the time the parties executed the Mobile Water Service Agreement.

The additional charges incurred by Bullitt Utilities from PECCO and other vendors and suppliers appear fair and reasonable based on Veolia's experience in the industry, including responses in other similar emergencies. The monthly Surcharge requested by Bullitt Utilities is a fair and reasonable approach to recover the costs incurred by Bullitt Utilities to respond to the catastrophic tank failure.

The amount and duration of surcharge initially requested in 2014 of \$32.19 per month for seven years would generate total revenues of about \$1,890,000 from the nearly 700 customers. While this may have been sufficient at the date of the request, the extended response to the emergency situation, now in excess of a year, has substantially increased the term required to pay for the extraordinary costs incurred in response to the tank failure. Total costs incurred over the past year and funds required for a permanent solution should be considered and provided for in the amount and duration of the surcharge.

III. PUBLIC POLICY CONSIDERATIONS

The denial by the Commission of the request for a Surcharge in the Application of Bullitt Utilities or approval of a Surcharge insufficient to pay the full costs incurred by the businesses, such as Veolia and PECCO, who responded in good faith to mitigate the environmental emergency caused by the catastrophic failure of the Hunters Hollow WWTP, would certainly have a detrimental effect on the willingness and ability of companies to respond to any similar situations in the future and could place at risk the well-being of Kentucky's residents.

Jeff R. Derouen
June 8, 2015
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Veolia thanks the Commission for the opportunity to submit these Public Comments and is available to provide any additional information requested by the Commission.

Sincerely,

A handwritten signature in blue ink that reads "Darrin Casper". The signature is written in a cursive, flowing style.

Darrin Casper
Chief Financial Officer, Industrial Solutions
Veolia Water Technologies

DC/jh

cc: Ann Ramser
Gregory T. Dutton
Robert C. Moore
Holland N. McTyeire, V

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Solutions & Technologies

Veolia Water Solutions & Technologies North America, Inc.
Vandalia, Ohio

MOBILE WATER SERVICE AGREEMENT

This agreement ("Agreement") is entered into and is effective as of **01 June 2014 – 31 July 2014** between **Veolia Water Solutions & Technologies North America, Inc., Vandalia, Ohio, North America** (hereinafter called "Provider") and **Bullitt Utilities, Inc.** (hereinafter called "Customer").

AGREEMENT

NOW, THEREFORE, in exchange for mutual promises and good valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1 TERM

1.1 Provider shall provide to Customer water treatment services (as such term is defined in Section 3.1) at Customer's facility located at **169 Octagon Ave, Hunters Hollow, KY 40229** from **19 May 2014** (the "Initial Term") and thereafter for successive three (3) month periods ("Renewal"), unless and until terminated by either party at the end of the Initial Term or any Renewal upon not less than twenty eight (28) days prior written notice. The agreement pricing terms are as follows:

- **\$35,000 per month for Actiflo™ Turbo mobile equipment rental**
- **\$19,250 per month for Ancillary equipment, forwarding pump, filter press, sludge thickener tank, air diaphragm transfer pumps**
- **\$35,000 one-time fee for mobilization/demobilization**
- **\$54,250 refundable security deposit at termination of rental period and upon 3rd party damage assessment after return of trailer to Veolia Water**
- **\$60.00/hr. for labor for eight (8) hour shift, five (5) days per week**
- **\$90.00/hr. for labor for time and one half on Saturday's**
- **\$120.00/hr. for labor for double time on Sunday's and holidays**
- **\$1,600/per day + expenses +15% for engineering, supervision, management consulting**
- **HYDREX chemistries are purchased price per lb. but separate from mobile contract.**

In the event this Agreement is cancelled prior to the expiration of the Initial Term either 1) by Provider as a result of Customer's incurred material default or 2) by Customer for any reason, except for a material incurred default by Provider, then Customer shall pay to Provider, as liquidated damages for such cancellation and not as a penalty; with the remaining period of the Initial Term being prorated as follows: 60% at 2 weeks, 40% at 4 weeks and 20% at 8 weeks or 30 days notice given to Provider of cancellation to avoid liquidated damages.

In the event of cancellation and / or if stated specifically elsewhere in this agreement, all freight and logistics charges will be billed to the customer at cost plus 15%.



- 1.2 In the event of any cancellation or other termination of this Agreement, Customer shall permit Provider to remove its Mobiles (as such term is hereinafter defined in Section 1.6 from the Delivery Area (as such term is hereinafter defined in Section 2) as provided for in this Agreement.
- 1.3 Treated water ("Treated Water") shall mean water which has been purified to a high degree by the substantial removal of minerals, organic compounds, or other suspended or dissolved matter. Unless specifically stated elsewhere in this agreement Treated Water is not intended for consumption.
- 1.4 Mobile water treatment equipment systems ("Mobiles") are herein defined to mean one or more of the following: water de-mineralizing systems, reverse osmosis systems, clarification or filtration systems capable of easy transport. Mobiles may be skid mounted or on a mobile platform.



2 CUSTOMER'S OBLIGATIONS

- 2.1 Prior to and as a condition of Provider's obligations hereunder, Customer shall, without cost to Provider, and throughout the Initial Term and any applicable Renewal, furnish and maintain in good condition, an area at or adjacent to each plant covered by this Agreement, suitable for the ingress/egress and full utilization of Mobiles (herein defined as the "Delivery Area").
- 2.2 In order for a Delivery Area to be suitable for Mobiles, Customer must:
- (i) Prepare and/or provide a foundation sufficient to safely hold the weight of the largest Mobiles Provider anticipates may be placed in the Delivery Area,
 - (ii) Provide incoming water meeting the specifications stated in Exhibit A ("Feed Water"),
 - (iii) Provide all tankage, transfer pumps and appropriate water conduits (unless provided by Veolia Water Solutions & Technologies) ("Distribution Equipment") to deliver feed water to the Mobiles,
 - (iv) Provide Distribution Equipment to receive Treated Water from the Mobiles,
 - (v) Provide all utilities required by the Mobiles as set forth in Exhibit C,
 - (vi) Provide all security measures reasonably needed to protect the Mobiles and the Delivery Area, and
 - (vii) Obtain in writing all consents, licenses and permits required to establish and maintain the Delivery Area allowing Provider to provide the Services which are the subject of this Agreement.
- 2.3 Customer's failure to meet the feed water requirements set forth in Exhibit A may result in additional cleaning expenses which shall be the responsibility of Customer. Any changes in feed water pretreatment that is the responsibility of Customer shall be reviewed and approved by Provider prior to implementation of the change. Customer shall be responsible for damages that occur to the Mobiles due to changes in feed water that occur without the prior written authorization of Provider.
- 2.4 Customer is responsible for providing adequate disposal in accordance with all applicable laws and regulations for all effluent associated with normal operation of the Mobiles.
- 2.5 Offer Provider right of first refusal to meet Customer's requirements for additional Services under this Agreement. In the event Provider is unable to meet Customer's needs for additional Service, Customer may solicit Service from any alternative source at its sole discretion. Such event shall not constitute a breach of this Agreement on the part of Provider.
- 2.6 In the event equipment is damaged by Customer, the Customer accepts responsibility for cost of damages and to be recovered from the initial deposit. If repair costs exceed the deposit, the customer agrees to cover any overage and bears all costs associated with the damages.

3 PROVIDER'S OBLIGATIONS

- 3.1 Subject to Customer satisfying its obligations set forth in Sections 2.1 through 2.4, Provider shall:
- (i) Furnish and supervise installation of Mobiles at the Delivery Area,
 - (ii) Supervise connection of said Mobiles to the Distribution Equipment,
 - (iii) Process the feed water through the Mobiles, and
 - (iv) Deliver Treated Water meeting the specifications set forth in Exhibit A to the Distribution Equipment.
 - (v) Provide training to run and clean Mobiles.
- Sub-clauses (i) through (v) of this Section 3.1 are defined as (the "Services").



- 3.2 Provider may substitute other equipment, at its option and sole cost, to meet the specifications set forth in Exhibit A.
- 3.3 Upon request by Customer, provide a Certificate of Insurance listing coverages for General Liability, Automobile Liability and Workman's Compensation.
- 3.4 Provider shall provide Services subject to the exclusions set forth in Exhibit C.

4 ACCESS AND TITLE

Authorized representatives of Provider and Customer shall have access at all times to all Delivery Areas. Customer shall use all reasonable precautions to prevent all other persons from entering the Delivery Areas and shall not permit any persons other than authorized employees or representatives of Provider to operate, use, alter, repair, relocate, regenerate, adjust or tamper with any Mobiles or other equipment installed by Provider unless agreed to in writing by Provider. While the Mobiles are in the Delivery Area or anywhere on Customer's property, Customer shall defend Provider's right, title, and interest in said Mobiles and keep them free of all liens and encumbrances. Customer shall be liable for damage to or loss of any Mobiles or other equipment of Provider located in the Delivery Area or elsewhere on Customer's property, unless said damage or loss is caused solely by the negligent acts or omissions of Provider, its employees, agents or representatives.

Before any Mobiles are installed at any Delivery Areas, Customer will execute all documents and public filings as Provider may reasonably request to evidence Provider's ownership interest.

5 EQUIPMENT RELOCATION OR CHANGE

If Customer, for any reason, requests Provider to relocate the Mobile(s) from one Delivery Area to another, or if Provider after consultation with Customer and, in order to protect its Mobiles or improve the Service to be provided hereunder, replaces Mobiles or relocates Mobiles from one Delivery Area to another, Customer shall bear all costs in connection with said replacement or relocation and the subsequent connections to Customer's Distribution Equipment. . Notwithstanding the above, in the event that the mobiles or other equipment are defective or in need of repair, the Provider shall bear all costs in connection with said replacement or repair.

6 PRICE AND PAYMENT TERMS

The prices for the furnishing of Treated Water and Mobiles are set forth in Exhibit A. Payment terms are Net 30 days. In addition, Customer shall reimburse Provider for any supplemental costs incurred by Provider in the performance of any installation or other construction work required to make a given Delivery Area suitable. Customer shall also pay to Provider, or to the appropriate authorities, all governmental taxes, including sales or use taxes, related to the Services performed by Provider under this Agreement.

In the event payment is not made in accordance with the provisions of this Section 6, Customer shall pay Provider a monthly late charge equal to one percent (1%) per month of all unpaid balances or the maximum amount permitted by law, whichever is less.

The lease period starts on the day the unit is loaded and departs the location of the Provider for delivery to the Customer (or 10 days after Customer is notified that equipment is ready to ship) and terminates when the equipment arrives back at the Provider's location.

Veolia Water Solutions & Technologies' standard rate structure attached Exhibit B.



7 WATER QUALITY DISPUTES

Any Treated Water furnished hereunder by Provider and shown by recognized standard analysis to be of purity less than specified in Exhibit A may be rejected by Customer at its discretion, provided that said failure to meet such specification is caused by the negligent acts or omissions of Provider. Provider reserves the right to check the analysis on all Treated Water rejected. Purity of the Treated Water shall be measured at the outlet connection of the Mobles and prior to connection to Customer's Distribution Equipment.



8 WARRANTY

Provider warrants that the treated water furnished hereunder shall meet the specifications set forth in EXHIBIT B provided Customer supplies feed water meeting the specifications set forth in EXHIBIT A and meets its obligations under this agreement. The Provider makes no other warranties, expressed or implied, including without limitation, the warranties of merchantability or fitness for purpose intended. PROVIDER WARRANTS THAT THE TREATED WATER FURNISHED HEREUNDER SHALL MEET THE SPECIFICATIONS SET FORTH IN EXHIBIT B PROVIDED CUSTOMER SUPPLIES FEEDWATER MEETING THE SPECIFICATIONS SET FORTH IN EXHIBIT A AND MEETS ITS OBLIGATIONS UNDER THIS AGREEMENT. PROVIDER MAKES NO OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR PURPOSE INTENDED. Any Treated Water not meeting these specifications shall, at Provider's option, be replaced or reprocessed at no additional cost to Customer, unless the failure is caused by the acts or omissions of Customer.

9 LIMITATION OF LIABILITY

Neither party shall be liable to the other for any incidental, consequential, special or punitive damages, regardless of whether such damages arise under breach of contract, tort, strict liability, or other theory of law. Neither party's liability in connection with this Agreement, whether arising under breach of contract, tort, strict liability or other theory of law, will not exceed the amounts actually paid by Customer to Provider during the Initial Term. All claims relating to Treated Water shall be made within sixty (60) days of the date upon which the Treated Water in question was delivered.

10 INDEMNIFICATION

Provider agrees to defend, indemnify and hold harmless Customer, its successors and assigns, and their agents, servants, and employees from and against any and all claims, demands, damages, actions or causes of action at law or in equity, asserted by third parties for bodily injuries, death or physical property damage, to the extent caused by Provider's negligent acts or omissions or willful misconduct.

Customer agrees to defend, indemnify and hold harmless Provider, its successors and assigns, and their agents, servants, and employees from and against any and all claims, demands, damages, actions or causes of action at law or in equity, asserted by third parties for bodily injuries, death or physical property damage, to the extent caused by Customer's negligent acts or omissions or willful misconduct.

11 FORCE MAJEURE

Under no circumstances shall either party have any liability for any inability to perform hereunder as a result of floods, strikes or other labor disturbances, fires, accidents, wars, delays of carriers, inability to obtain raw materials, failure of normal sources of supply, restraints of government, or any other similar or dissimilar cause beyond Provider's reasonable control.

12 GOVERNING LAW/ATTORNEYS FEES

This Agreement shall be governed by and construed in accordance with the laws of the state in which the Services contemplated hereby are to be performed. The parties irrevocably waive their right to a request trial by jury. If any action at law or in equity is necessary to enforce the terms of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees, costs and necessary disbursements, in addition to any other relief to which such party may be entitled.



13 PARTIAL INVALIDITY

If any provision of this Agreement is held by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions shall nevertheless continue in full force without being impaired or invalidated in any way and the provision at issue shall be modified by the court to the extent necessary to be in compliance and match, as closely as possible, with the original intention. Notwithstanding the preceding sentence, if the modified provision is contrary to the original intention of the parties, Provider shall have the right to terminate this Agreement.

14 NO HIRES

Customer shall not solicit for employment any of Provider's employees during the term of this Agreement and for a period of twenty-four (24) months after the termination of this Agreement without the written consent of Provider.

15 NOTICES

Any notices to be given hereunder by either party to the other may be effected either by personal delivery in writing, overnight courier or by mail (registered or certified postage prepaid with return receipt requested). Mailed notices shall be addressed to the parties at the addresses first set forth in this Agreement, but each party may change its address by written notice in accordance with this Section. Notices delivered personally shall be deemed communicated as of actual receipt; all other notices shall be deemed communicated as of documented receipt.

16 GENERAL TERMS

This Agreement shall not be binding upon Provider until accepted by a duly authorized representative of Provider. The provisions of this Agreement constitute the entire Agreement between Provider and Customer relating to the matters covered by this Agreement and supersede any and all agreements, either oral or in writing between the parties hereto. No modifications or waivers of any provision herein shall be binding upon Provider unless set forth in writing and accepted by Provider. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party or anyone acting on behalf of any party, which are not embodied herein.

17 ENTIRE AGREEMENT

The parties intend this Agreement, with the attached Exhibits, as a final expression of their agreement and a complete and exclusive statement of its terms. No course of previous dealings between the parties and no usage of trade shall be relevant or admissible to supplement, explain or vary any of its terms. No representations, understandings or agreements have been made or relied on in making this Agreement other than those expressly set forth. This Agreement may be modified only by a writing signed by the parties or their duly authorized agents.



IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the Effective Date. For purposes of this Agreement, signed facsimiles shall be considered the same as originally signed agreements.

**Veolia Water Solutions & Technologies
North America, Inc.
Vandalia, Ohio USA**

**Bullitt Utilities, Inc.
Louisville, Kentucky USA**

By: _____
Title: _____
Date: _____

By: _____
Title: _____
Date: _____



[Handwritten signature]

By: CHRISTOPHER G. COGAN,

AS: POWER OF ATTORNEY
FOR: CARROLL F. COGAN,

Title: PRESIDENT, BULLITT UTILITIES, INC.
Date: MAY 15, 2014

[Handwritten signature]

THOMAS A. SWEFFER

ANNUAL SYSTEM MANAGER

MAY 16, 2014



EXHIBIT A

Proposal

**Mobile Water
Actiflo Turbo Clarification Mobile Trailer
and Ancillary Equipment
For
Bullitt County, KY – Hunters Hollow
169 Octagon Ave.
Hunters Hollow, KY. 40229**

Dated

May 12, 2014

Specifically for Equipment as follows:

Aquamove Actiflo™ Turbo Trailer Equipment Rental

One (1) Aquamove Actiflo™ Turbo Trailer with:

- o One (1) Aquamove Actiflo™ Turbo clarifier trailer rated for a nominal flow of 1,100 GPM and a peak flow of 1,500 GPM.
- o One (1) Dry polymer feed system
- o Various instruments and controls as detailed elsewhere in this document or proposal
- o Rise rate 30-60 gpm/ft² nominal
- o 480V/3pH/60Hz, 100 amp
- o Shipping weight 44,000 lbs. Operating weight 155,000 lbs.

Ancillary Support Equipment

- o One (1) 1,250 GPM Dual Forwarding Pump Skid rated @ 30 hp
- o One (1) 30 cu.ft.³ Sludge Filter Press
- o One (1) 600 gallon, cone bottom, poly sludge settling tank
- o Two (2) 170 GPM air operated diaphragm transfer pumps

This agreement is for the specific equipment portal to portal, Veolia Water Solutions & Technologies, Vandalia, Ohio, USA. All freight, taxes, clearances and logistical costs associated with transporting the equipment and its return is the responsibility of the Customer.

Notes

- ¹Flow rates and pressure are as measured at the inlet connection of the Mobile.
- Temperatures of feed water of less than 40°F and / or in excess of 100°F may damage the Mobiles and requires specific written approval by Provider before delivery by Customer to the Mobiles.
- Turbidity (ntu) based on chemical jar tests, flow rate, and total suspended solids loading
- The temporary, mobile trailer and ancillary equipment requires a flat, secure surface



EXHIBIT A

Note* No water analysis was provided in order to project effluent quality, sludge generation volumes, and the projected consumption of HYDREX waste water treatment chemistries.



EXHIBIT B

Field Service Policy (Optional Service Contract)

The current straight time service rate for a Veolia Water Solutions & Technologies Field Representative is **\$60.00/hr for an eight hour shift, five days per week**. The rate becomes **\$90.00/hr for time and one half on Saturdays**, and **\$120.00/hr for double time on Sunday's and holiday's**. In addition, if a field engineer/supervisor is required for oversight, system engineering, consulting, etc... that rate is **\$1,600 per day + expenses @ 15% mark up**. This rate applies to Veolia Water Solutions & Technologies management and engineering personnel.

The straight time rate applies to work performed for a standard 8-hour work day between the hours of 7 AM and 4 PM local time and during a normal work week. Work performed in excess of 8 hours shall be billed hourly at 1.5 times the straight time rate. Work performed on a Saturday shall be billed at 1.5 times the straight daily rate. Work performed on a Sunday or a Veolia Water Solutions & Technologies designated holiday shall be billed at 2 times the straight daily rate. Performance of overtime work shall be at the sole discretion of Veolia Water Solutions & Technologies and the Field Representative.

The above rates are daily rates, with the exception of the overtime hourly rate for normal work days, and are not subject to pro-rating, and includes up to a maximum of 10 hours per day for days worked between Monday and Saturday. In the event that Veolia Water Solutions & Technologies chooses to remove an employee from the jobsite prior to working 8 hours in a day, Veolia Water Solutions & Technologies will charge an hourly rate for that day. If through no fault of Veolia Water Solutions & Technologies, the customer removes the Veolia Water Solutions & Technologies employee from the jobsite prior to working 8 hours in a day; a full daily rate will be charged.

The Field Service Representative will submit daily time sheets for approval by the Customer. The Customer approved time sheets will be submitted with invoices and will be final and approved for payment.

The rates quoted are current as of the date of this proposal and are subject to change without notice. Except in cases where Field Services have been quoted in this proposal, all Field Services provided will be invoiced at the rates in affect when the services are performed.

The customer is billed for all travel and living expenses at cost plus 15%. In addition, the customer is billed for travel time at the straight time service rate; however, travel time excesses due to airline delays, etc will not be charged to the customer (maximum of 10 hours per day).

Where a set amount of time for field service has been quoted in the proposal, the quoted price includes the service time, travel time, travel and living expenses. If additional time beyond the quoted amount of time is required due to no fault or delay by Veolia Water Solutions & Technologies then the customer shall be billed for the additional service time, travel, and living expenses.

All equipment must be completely installed in accordance with the written instructions to be provided by Veolia Water Solutions & Technologies and ready for start up and commissioning prior to the scheduled arrival of the Field Representative. If upon arrival, the Field Representative determines that the equipment is not ready for start up and commissioning, then the customer will be billed for the on-site time, travel time, travel and living expenses and the service work will have to be rescheduled through the Start Up/Commissioning Service Manager.



The Field Representative will be equipped with their own hard hat, safety glasses, and safety shoes/boots. Any additional safety equipment required for work on site shall be provided by the customer to the Field Representative at no charge. Mandatory, site specific safety training of the Field Representative shall be billed to the customer at the straight time service rate. The Field Representative has the right to refuse to work under any conditions or in any environment that the Field Representative deems to be unsafe. The Field Representative will be supplied with their own standard hand tools. Heavy machinery, where required, is to be provided by the customer at no charge.

Veolia Water Solutions & Technologies is a non-union company and its field personnel will be non-union. These personnel must be allowed to perform minor, incidental tasks that would otherwise be performed by trades (electrician, millwrights, pipe fitters, etc.). Delays due to strict adherence to union work rules on site, beyond the set amount of time quoted, where applicable, may result in a price adjustment.



EXHIBIT C

SERVICE EXCLUSIONS

1. Utilization of union labor subject to prevailing wage determinations.
2. Soil borings, or other environmental sampling, for geotechnical evaluation.
3. Installation and equipment design beyond Seismic-0/1 zone standards.
4. Remote interface directly to Customer PLC, DCS or CAMM systems via hardwired contacts.
5. Painting and/or coating of any piping and conduit materials.
6. All environmental and/or discharge-related applications, permits, surcharges, inspections, and associated fees.
7. All building and/or installation-related applications, permits, surcharges, inspections, and associated fees.
8. Delays and/or incurred costs due to inclement weather.
9. Weekend or nationally recognized holiday work.
10. Off-site (outside Provider's battery limits) disposal of clearing grubbing spoil and surplus soils.
11. Development of temporary and/or permanent access roadways to and from Provider's battery limits.
12. Dewatering due to surface run-on and/or groundwater intrusion.
13. Hard excavation and/or blasting due to rock, boulders, or man-made obstructions.
14. Soil remediation (such as handling, testing, removal or disposal) due to hazardous waste and/or archaeological content.
15. Supply and installation of synthetic liners and/or geo-textile materials under building structures and/or tanks.
16. Supply and installation of double-wall contained piping systems.
17. Supply of installation of permanent stand-by electrical power generator system(s).
18. Supply and erection of temporary or permanent building/awning components.
19. Coating of concrete surfaces, other than for application of curing compounds.
20. Finish painting and/or coating of primed building structural components.
21. Supply of spare parts to Customer.
22. Provisions for complying with ADA (Americans with Disability Act), as Provider's facility will not be open to the public.
23. Installation requiring cold-weather materials and methods.
24. Construction and/or operational delays due to design changes during the installation phase.
25. Operational delay due to equipment malfunctions/delays during start-up.

Note: Provider excludes all other items not specifically listed in "Provider Supplied" category.

R03B4201B
ANS0007

VEOLIA
A/R Details with Aging

06/05/2015 16:17:01
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Aging Date 06/04/2015

Company: 05500 VWS DAYTON

Document	Invoice	Due Date	Original Amount	Open Amount	Current	1 - 30	31 - 60	61 - 90	91 - 180	Over 180
Customer: 819436 BULLITT UTILITIES INC					Phone Number: (502) 239-0796		Credit Limit 9,999,999,999.00		Insured Credit Limit	
RU 1400062	05500 001	12/02/2014	50,000.00-	50,000.00-						50,000.00-
US 14002308	05500 001	06/19/2014	11,229.91	11,229.91						11,229.91
US 14002391	05500 001	06/19/2014	57,505.00	57,505.00						57,505.00
US 14002782	05500 001	07/17/2014	2,227.65	2,227.65						2,227.65
US 14002783	05500 001	07/17/2014	35,000.00	35,000.00						35,000.00
US 14002960	05500 001	08/07/2014	1,138.02	1,138.02						1,138.02
US 14003020	05500 001	08/07/2014	599.13	599.13						599.13
US 14003021	05500 001	08/07/2014	2,850.33	2,850.33						2,850.33
US 14003023	05500 001	08/07/2014	51,675.00	51,675.00						51,675.00
US 14003024	05500 001	08/07/2014	2,683.75	2,683.75						2,683.75
US 14003025	05500 001	08/07/2014	566.05	566.05						566.05
US 14003026	05500 001	08/07/2014	5,691.22	5,691.22						5,691.22
US 14003027	05500 001	08/07/2014	2,956.56	2,956.56						2,956.56
US 14003028	05500 001	08/07/2014	49,600.06	49,600.06						49,600.06
US 14003029	05500 001	08/07/2014	41,996.91	41,996.91						41,996.91
US 14003033	05500 001	08/14/2014	3,950.13	3,950.13						3,950.13

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.....Document.....		Invoice		Due Date/		Original Amount	Open Amount	Current	1 - 30	31 - 60	61 - 90	91 - 180	Over 180
Ty	Number	Company	Item	Date	Check Date								
US	14003097	05500	001	08/14/2014	09/13/2014	2,635.22	2,635.22						2,635.22
US	14003102	05500	001	08/14/2014	09/13/2014	1,976.38	1,976.38						1,976.38
US	14003133	05500	001	08/20/2014	09/19/2014	3,646.20	3,646.20						3,646.20
US	14003134	05500	001	08/20/2014	09/19/2014	3,223.46	3,223.46						3,223.46
US	14003283	05500	001	08/28/2014	09/27/2014	1,891.76	1,891.76						1,891.76
US	14003361	05500	001	09/04/2014	10/04/2014	3,561.60	3,561.60						3,561.60
US	14003368	05500	001	09/04/2014	10/04/2014	4,174.29	4,174.29						4,174.29
US	14003369	05500	001	09/04/2014	10/04/2014	2,035.20	2,035.20						2,035.20
US	14003424	05500	001	09/12/2014	10/12/2014	68,637.20	68,637.20						68,637.20
US	14003425	05500	001	09/12/2014	10/12/2014	54,933.33	54,933.33						54,933.33
US	14003427	05500	001	09/12/2014	10/12/2014	54,855.00	54,855.00						54,855.00
US	14003466	05500	001	09/12/2014	10/12/2014	5,191.81	5,191.81						5,191.81
US	14003490	05500	001	09/12/2014	10/12/2014	2,349.81	2,349.81						2,349.81
US	14003593	05500	001	09/18/2014	10/18/2014	183.79	183.79						183.79
US	14003647	05500	001	09/18/2014	10/18/2014	3,052.37	3,052.37						3,052.37
US	14003777	05500	001	09/25/2014	10/25/2014	218.99	218.99						218.99
US	14003778	05500	001	09/25/2014	10/25/2014	1,891.76	1,891.76						1,891.76

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.....Document.....		Invoice		Due Date		Original Amount	Open Amount	Current	1 - 30	31 - 60	61 - 90	91 - 180	Over 180
Ty	Number	Company	Item	Date	Check Date								
US	14003903	05500	001	10/10/2014	11/09/2014	4,070.40	4,070.40						4,070.40
US	14003931	05500	001	10/16/2014	11/15/2014	54,855.00	54,855.00						54,855.00
US	14003932	05500	001	10/16/2014	11/15/2014	2,952.94	2,952.94						2,952.94
US	14004100	05500	001	10/23/2014	11/22/2014	1,138.02	1,138.02						1,138.02
US	14004202	05500	001	10/30/2014	11/29/2014	3,757.18	3,757.18						3,757.18
US	14004233	05500	001	11/06/2014	12/06/2014	18,065.43	18,065.43					18,065.43	
US	14004246	05500	001	11/06/2014	12/06/2014	1,976.47	1,976.47					1,976.47	
US	14004318	05500	001	11/13/2014	12/13/2014	8,940.00	8,940.00					8,940.00	
US	14004319	05500	001	11/13/2014	12/13/2014	5,899.40	5,899.40					5,899.40	
US	14004321	05500	001	11/13/2014	12/13/2014	55,279.00	55,279.00					55,279.00	
US	14004405	05500	001	11/19/2014	12/19/2014	286.20	286.20					286.20	
US	14004469	05500	001	11/19/2014	12/19/2014	101,785.59	101,785.59					101,785.59	
US	14004472	05500	001	12/04/2014	01/03/2015	55,279.00	55,279.00					55,279.00	
US	14004473	05500	001	12/04/2014	01/03/2015	55,279.00	55,279.00					55,279.00	
US	14004670	05500	001	12/11/2014	01/10/2015	5,133.51	5,133.51					5,133.51	
US	14004675	05500	001	12/11/2014	01/10/2015	3,667.32	3,667.32					3,667.32	

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.....Document.....		Invoice	Due Date/										
Ty	Number	Company	Item	Date	Check Date	Original Amount	Open Amount	Current	1 - 30	31 - 60	61 - 90	91 - 180	Over-180
RU	15000006	05500	001	01/23/2015	01/23/2015	20,000.00-	20,000.00-					20,000.00-	
US	15000032	05500	001	01/15/2015	02/14/2015	6,987.31	6,987.31					6,987.31	
RI	15000035	05500	001	05/01/2015	05/31/2015	70,416.08	70,416.08		70,416.08				
US	15000047	05500	001	01/15/2015	02/14/2015	4,789.37	4,789.37					4,789.37	
RI	15000049	05500	001	06/02/2015	07/02/2015	17,440.39	17,440.39	17,440.39					
US	15000368	05500	001	01/22/2015	02/21/2015	4,060.29	4,060.29					4,060.29	
US	15000369	05500	001	01/22/2015	02/21/2015	5,453.07	5,453.07					5,453.07	
US	15000370	05500	001	01/22/2015	02/21/2015	558.24	558.24					558.24	
US	15000371	05500	001	01/22/2015	02/21/2015	191,625.54	191,625.54					191,625.54	
US	15000372	05500	001	01/22/2015	02/21/2015	22,441.12	22,441.12					22,441.12	
US	15000374	05500	001	01/22/2015	02/21/2015	55,279.00	55,279.00					55,279.00	
US	15000415	05500	001	01/29/2015	02/28/2015	8,737.93	8,737.93					8,737.93	
US	15000544	05500	001	02/12/2015	03/14/2015	3,561.60	3,561.60				3,561.60		
US	15000546	05500	001	02/12/2015	03/14/2015	6,972.61	6,972.61				6,972.61		
US	15000548	05500	001	02/12/2015	03/14/2015	7,030.91	7,030.91				7,030.91		
US	15000620	05500	001	02/19/2015	03/21/2015	6,480.42	6,480.42				6,480.42		
US	15000723	05500	001	02/19/2015	03/21/2015	55,279.00	55,279.00				55,279.00		

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Document		Invoice	Due Date										
Ty	Number	Company	Item	Date	Check Date	Original Amount	Open Amount	Current	1 - 30	31 - 60	61 - 90	91 - 180	Over 180
US	15000724	05500	001	02/19/2015	03/21/2015	13,805.88	13,805.88				13,805.88		
US	15000725	05500	001	02/19/2015	03/21/2015	185,675.00	185,675.00				185,675.00		
US	15000726	05500	001	02/19/2015	03/21/2015	14,191.96	14,191.96				14,191.96		
US	15000963	05500	001	03/12/2015	04/11/2015	2,803.47	2,803.47			2,803.47			
US	15001085	05500	001	03/19/2015	04/18/2015	57,240.00	57,240.00			57,240.00			
US	15001086	05500	001	03/19/2015	04/18/2015	4,256.47	4,256.47			4,256.47			
US	15001087	05500	001	03/19/2015	04/18/2015	81,527.15	81,527.15			81,527.15			
US	15001088	05500	001	03/19/2015	04/18/2015	22,695.42	22,695.42			22,695.42			
US	15001089	05500	001	03/19/2015	04/18/2015	305.00	305.00			305.00			
US	15001195	05500	001	03/26/2015	04/25/2015	5,342.40	5,342.40			5,342.40			
US	15001369	05500	001	04/09/2015	05/09/2015	5,647.06	5,647.06		5,647.06				
US	15001414	05500	001	04/16/2015	05/16/2015	6,480.42	6,480.42		6,480.42				
US	15001415	05500	001	04/16/2015	05/16/2015	5,008.50	5,008.50		5,008.50				
US	15001418	05500	001	04/16/2015	05/16/2015	3,561.60	3,561.60		3,561.60				
US	15001486	05500	001	04/16/2015	05/16/2015	57,240.00	57,240.00		57,240.00				
US	15001487	05500	001	04/16/2015	05/16/2015	3,252.08	3,252.08		3,252.08				

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.....Document.....		Invoice	Due Date/										
Ty	Number	Company	Item	Date	Check Date	Original Amount	Open Amount	Current	1 - 30	31 - 60	61 - 90	91 - 180	Over 180
US	15001488	05500	001	04/16/2015	05/16/2015	96,226.72	96,226.72		96,226.72				
US	15001509	05500	001	04/23/2015	05/23/2015	7,030.91	7,030.91		7,030.91				
US	15001616	05500	001	05/01/2015	05/31/2015	9,186.53	9,186.53		9,186.53				
US	15001631	05500	001	05/01/2015	05/31/2015	19,702.59	19,702.59		19,702.59				
US	15001661	05500	001	05/07/2015	06/06/2015	4,545.21	4,545.21	4,545.21					
US	15002128	05500	001	06/04/2015	07/04/2015	6,282.41	6,282.41	6,282.41					
Customer:	819436	BULLITT, UTILITIES INC		USD		1,871,612.01	1,871,612.01	28,268.01	283,752.49	174,169.91	292,997.38	591,522.79	500,901.43
Company:	05500	VWS DAYTON		USD		1,871,612.01	1,871,612.01	28,268.01	283,752.49	174,169.91	292,997.38	591,522.79	500,901.43
Grand Total				USD		1,871,612.01	1,871,612.01	28,268.01	283,752.49	174,169.91	292,997.38	591,522.79	500,901.43



Via E-Mail and UPS

May 4, 2015

Christopher G. Cogan
As Power of Attorney for
Carroll F. Cogan
President

Bullitt Utilities, Inc.
P.O. Box 91588
Louisville, Kentucky 91588

Bullitt Utilities, Inc.
169 Octagon Ave.
Hunters Hollow, Kentucky 40229

Re: Mobile Water Service Agreement – Notice of Termination

Dear Mr. Cogan:

Bullitt Utilities, Inc. ("Bullitt") is in material breach of its payment obligations to Veolia Water Solutions & Technologies North America, Inc., the predecessor to Veolia Water Technologies, Inc. (collectively, "Veolia") under the Mobile Water Service Agreement (the "Agreement") executed by the parties in May of 2014. Bullitt owes Veolia \$1,843,344 as of May 1, 2015. To date, Bullitt has only paid Veolia \$70,000 plus a security deposit of \$54,250.

Veolia provides Bullitt with this Notice of Termination advising Bullitt that Veolia is terminating the Agreement effective Wednesday, June 3, 2015 or about 30 days from this Notice. Absent payment by Bullitt of its past due balance to Veolia, Veolia intends to remove its facilities from the Bullitt site as soon after June 3, 2015 as is practical.

By June 3, 2015 Veolia's facilities will have been at the Bullitt site for nearly a year with no payment by Bullitt since the \$20,000 received on or about January 23, 2015. The 30 days' Notice before Veolia removes its equipment gives Bullitt the opportunity to connect its facilities to the facilities of the Bullitt County Sanitation District or execute an alternative solution. Bullitt has repeatedly advised Veolia that an alternate solution is imminent and it is time for one of those alternate solutions to be implemented.

Please e-mail or call me if you would like to discuss this matter in more detail.

Sincerely,

A handwritten signature in blue ink that reads "Darrin Casper".

Darrin Casper
Chief Financial Officer, Industrial Solutions
Veolia Water Technologies, Inc.

cc: Robert C. Moore
Ann Ramser
Daniel Cleveland
John S. Talbott
Scott Stutler
Holland N. McTyeire, V

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Veolia Water Technologies
913 Industrial Park Dr.
Vandalia, OH 45377 USA
tel. +1 937-890-4075 • fax +1 937-890-9925
www.veoliawaterstna.com

Via E-Mail

May 28, 2015

Robert C. Moore
Hazelrigg & Cox, LLP
415 West Main Street
P.O. Box 676
Frankfort, Kentucky 40602-0676

Re: Mobile Water Service Agreement – Reminder Notice of Termination

Dear Rob:

Veolia Water Solutions & Technologies North America, Inc., the predecessor to Veolia Water Technologies, Inc. (collectively, "Veolia") provides this Reminder Notice of Termination to Bullitt Utilities, Inc. ("Bullitt") to reinforce Veolia's previous May 4, 2015 Notice of Termination. Veolia is terminating the Mobile Water Service Agreement effective June 3, 2015 because of Bullitt's material breach of the Agreement.

To date, Bullitt has not contacted Veolia to discuss the May 4, 2015 Notice of Termination and still has not made any payment to Veolia since January 2015.

Veolia read with interest the May 21, 2015 Answer filed by Bullitt in Response to the Commission's May 7, 2015 Order *In the Matter of: an Investigation of Existing and Future Service of Bullitt Utilities, Inc.*, Case No. 2014-00163, advising the Commission that the connection between Bullitt and the Bullitt County Sanitation District ("BCSD") "should be completed by Friday, May 22, 2015, and BCSD is anticipated to accept the flow from the Hunters Hollow collection system at that time." You provided similar information to me in a call we had earlier last week.

Veolia was advised that the connection between Bullitt and the BCSD was completed sometime on Wednesday afternoon, May 27, 2015 and BCSD began accepting some flow of wastewater from the Hunters Hollow collection system at about that time.

As Veolia advised on May 4, 2015, Veolia intends to remove its facilities from the Bullitt site as soon after June 3, 2015 as practical.

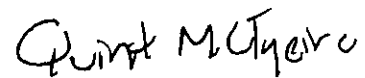
Please e-mail or call me if you would like to discuss this matter in more detail or Bullitt may contact Veolia directly.

BINGHAM GREENEBAUM DOLL LLP

Robert C. Moore
May 28, 2015
Page 2

Thank you for your prompt attention to this matter.

Sincerely,



Holland N. McTyeire V

HNM/jh

cc: Ann Ramser
Daniel Cleveland
Johns S. Talbott
Scott Stutler
Ken Kubrick

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