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PUBLIC SERVICE
COMMISSION

Via Hand Delivery

November 4, 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. learned of the October 22, 2015 Informal Conference the day after it occurred as the Commission Staff's Notice of Informal Conference was not filed in the Record until October 23, 2015. Veolia requests it be given prior Notice of any future Informal Conferences and the opportunity to attend.

The October 28, 2015 Informal Conference Memorandum states:

Staff and the parties discussed the records concerning the customers of the Hunters Hollow collection system and also the records concerning claims made by the vendors of Bullitt Utilities. Staff asked whether BCSD had any knowledge as to the validity of the claims, the claims that have been paid, and the amounts that have been paid.

Informal Conference Memorandum, October 28, 2015, p. 3.

As the largest creditor of Bullitt Utilities ("BU"), Veolia assumes it is one of the "vendors" discussed by the parties. The information outlined above is information Veolia could provide and is one reason it moved to intervene by Motion filed on March 18, 2015, which was denied by the Commission's April 16, 2015 Order.

Veolia filed Public Comments on June 8, 2015 and attended the June 9, 2015 Hearing during which it presented a summary of its Public Comments. As directed by the Commission near the conclusion of the Hearing, Veolia provided any outstanding Invoices to BU shortly thereafter and BU included Veolia's Invoices (and others) in its June 23, 2015 Response to the Commission's Post-Hearing Requests. If the Commission wants Veolia to submit any additional information about the services it provided to BU, Veolia will do so.

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I sent an October 21, 2015 letter to counsel for the BCSD, copy attached, addressing several issues. One of the issues raised was a request for the BCSD as the Receiver for BU to enter an Agreed Judgment for the amount owed to Veolia by BU, as the amount is not in dispute. It seems a waste of BU's limited resources for it to require Veolia to file a collection action which BU must defend. I have not received a response to my October 21, 2015 letter.

Veolia hopes to resolve these issues and will discuss them with any interested party.

Thank you.

Sincerely,



Holland N. McTyeire V

HNM/jh

Enclosure

cc: David E. Spenard
Jonathan Beyer
John B. Park
Jennifer Black Hans
Gregory T. Dutton
John W. Woolridge
Robert Flaherty

Via E-Mail

October 21, 2015

John W. Woolridge
Bullitt County Attorney
Courthouse
300 Buckman Street
P.O. Box 1446
Shepherdsville, Kentucky 40165-1446

Re: Bullitt Utilities

Dear John:

Veolia read with interest your September 29, 2015 letter to the Bullitt County Sanitation District summarizing the BCSD's September 28, 2015 Special Meeting to discuss the BCSD's appointment as the Receiver for Bullitt Utilities. Copies of the Minutes of the September 28, 2015 Special Meeting and your September 29, 2015 letter are attached for convenience.

Your letter says the BCSD may retain Scott Stutler as its private counsel and if I should direct this letter to Mr. Stutler please let me know. I know Mr. Stutler represented the BCSD before Bullitt County was a party to the Abandonment case.

Your understanding on how any Surcharge approved by the Commission may be dispersed is incorrect.

The November 11, 2014 Agreement between the BCSD and BU and May 15, 2015 First Amendment to Agreement between the BCSD and BU do not allow for the Surcharge to be retained by the BCSD. Paragraph 7 of the First Amendment excludes the Surcharge Receipts from any payments by BU to the BCSD, which contradicts the statement in your letter.

The Surcharge sought by BU is intended to pay vendors, such as Veolia, for providing facilities and services to BU to respond to the total failure of the Hunters Hollow WWTP. Most recently, in BU's July 21, 2015 Post-Hearing Brief BU lists about 20 entities to which it owes money for expenses incurred in responding to the Hunters Hollow WWTP failure. BU seeks over \$3,450,000 to pay its creditors. Veolia is owed about \$2,200,000 while the BCSD is listed as owed just under \$140,000 (or about 4% of the total amount sought by BU) for their work related to responding to the WWTP failure. There is no proof in the Record of the Surcharge case to justify the recovery of any prospective costs.

The BCSD is not entitled to disperse 80% of any Surcharge approved by the Commission as the Receiver for BU to itself whether analyzed under the Agreement between the BCSD and BU or the proof in the Surcharge case identifying those vendors BU needed to pay using the

BINGHAM GREENEBAUM DOLL LLP

John W. Woolridge
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Surcharge. I suggest we schedule a call or meeting when an Order is issued by the Commission to determine if we can agree on distributing the Surcharge and the possibility of any Appeal.

I also request we enter an Agreed Judgment for the amount due to Veolia by BU as there is no dispute about the amount owed, which BU has conceded. An Agreed Judgment benefits both parties as it will avoid the needless cost and expense of litigating a collection action when there is no dispute about the amount owed.

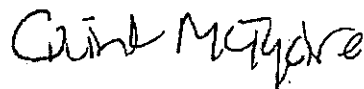
We have also reviewed the October 16, 2015 Orders entered in the Investigation, Surcharge and Abandonment cases. As for the Order in the Surcharge case, I am not sure Kentucky law dictates that the BCSD, as the Receiver for BU, is the proper Applicant for the Surcharge as it seems to make more logical sense for BU as the corporate entity to receive the Surcharge.

The Order in the Abandonment case requires BU to safeguard its books and records until they can be delivered to the BCSD. My impression from the discussion at the September 23, 2015 Hearing in the Franklin Circuit Court was BU was providing its books and records to the BCSD shortly thereafter. In any event, once the BCSD has access to the books and records of BU, Veolia asks for permission to review those documents to identify the revenues and expenses of BU. A review of the books and records of BU may help develop a solution for the payment of the debt owed by BU to Veolia and a plan for the ongoing operation of BU. A review of the books and records of BU by Veolia is useful to the BCSD.

Your letter also encourages BU to seek authority from the Franklin Circuit Court to file a bankruptcy proceeding for BU. Please advise me of any plans by the BCSD as Receiver for BU requesting authority to file a bankruptcy action for BU. From discussions with some of my colleagues who practice in the bankruptcy court, they wonder whether the BCSD has the proper corporate authority to file a bankruptcy petition for BU and we are happy to discuss that issue with you.

I look forward to discussing these issues with you.

Sincerely,



Holland N. McTyeire V

HNM/jh

Attachments

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MINUTES OF THE BCSD SEPTEMBER 28, 2015 SPECIAL MEETING

The Bullitt County Sanitation District (BCSD) special meeting was held on September 28, 2015 at 3:00 pm at the office of the Bullitt County Attorney, Shepherdsville, Kentucky.

The meeting was "semi" called to order by John Wooldridge at 3:15 pm.

Attendees were Jerry Kennedy, Chuck Callahan, Lynn Spencer, John Wooldridge, Rob Flaherty, Keith Griffiee

The meeting was called to discuss the Franklin Circuit Court Order appointing the Bullitt County Sanitation District as Receiver of the Bullitt Utilities, Inc. Hunters Hollow WWTP.

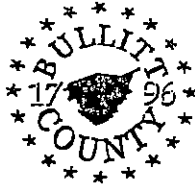
Attached is a summary of the meeting as prepared by John Wooldridge.

No speakers from the Public.

The next meeting of the BCSD will be October 8, 2015 at 1:00 pm at the at the Fiscal Court..

No motion was made to adjourn the meeting as the County Attorney and Staff left the room to allow a private discussion of the meeting between the Commissioners. Following a brief discussion, all parties left the Court House without taking any action on the matter of the Court Order.

Meeting adjourned at 4:15 pm.



Office of
JOHN W. WOOLDRIDGE
BULLITT COUNTY ATTORNEY



(502)543-1505
www.bullittcountyattorney.com

September 29, 2015

Bullitt County Sanitation District
P.O. Box 818
Hillview, KY 40129

Re: Bullitt Utilities, Inc.

Lady and Gentlemen:

This letter is just to follow up with our meeting of September 28, 2015. It is my understanding that the Sanitation District will open an account where it will be listed as receiver for Bullitt Utilities, Inc. As monies are deposited into this account you will pay eighty percent (80%) from the monies received on a monthly basis pursuant to your current contract. Any funds above the eighty percent (80%) that are the appropriate property of the Sanitation District based upon work that it performed during the month will also be paid but by separate invoice. Only if there are funds above the eighty percent (80%) and what the Sanitation District actually expends will there be any distribution to the creditors.

It is our understanding that upon the Public Service Commission issuing a ruling on the surcharge this money will then be collected and also be disbursed pursuant to the contract, eighty percent (80%) to the Sanitation District and the remainder to the current expenses not contained within that eighty percent (80%).

We also discussed that in the near future it would be our opinion that the Sanitation District would seek the grant of authority to file a bankruptcy on behalf of Bullitt Utilities, Inc., so that approximately 3.4 million dollars of liabilities would be extinguished. It is our belief that at the end of the receivership which normally is twelve months (12) or sooner perhaps, these customers will become the customers of the Sanitation District and it is not your intent to be encumbered with these liabilities.

In the short future, while you may wish to equalize the rates that are being paid by Bullitt Utilities, Inc.'s customers, we cannot do so until such time as the Public Service Commission has ruled on a surcharge and thereafter you may petition the Franklin Circuit Court for this authority if not granted by permission from the Public Service Commission.

Please keep an ongoing record of expenses and disbursements as we would like to see at no less than a quarterly time frame, that all expenses and distributions be reported to the Franklin Circuit Court as well as the Public Service Commission and if requested, to the Division of Water and Environmental.

We also discussed the Sanitation District retaining its private counsel because of its recent grant of a rate increase, and that it may be able to do so. I spoke again with Scott Stutler, and he indicated that he would meet with you if you wish to discuss this. Mr. Stutler was ill on Monday, or he would have been at this meeting and it could have been discussed at that time.

BULLITT COUNTY COURTHOUSE, 300 SOUTH BUCKMAN STREET, P.O. BOX 1446, SHEPHERDSVILLE,
KY 40165

Child Support Division

Jeff England

Criminal Division

Doug McCann
Nick Raley
Joshua Bolus

Civil Division

Rob Flaherty
Amanda Spalding


Juvenile Division

Scott Stutler

In the interim should you need anything specific from this office, please contact either myself or Mr. Robert Flaherty at the same phone number.

Also be advised that I will attend the meeting on Thursday evening at 7:00 p.m. which was called by the County Judge and which is for the purposes of the citizens of the Marvin Avenue project to express either their desire to be included or excluded from this project. I am advised that the Bullitt County Health Department will have a representative available. I do not think that this meeting will take long as this should be a simple yes they wish to be included or no they do not. I will take names of anyone who indicates that they are wishing to be included and get these to you as soon as possible.

Yours truly,



JOHN W. WOOLDRIDGE
BULLITT COUNTY ATTORNEY
JWW/jh

BULLITT COUNTY COURTHOUSE, 300 SOUTH BUCKMAN STREET, P.O. BOX 1446, SHEPHERDSVILLE,

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