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April 13, 2016

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. Any questions regarding this memorandum should be directed to David Spenard, Commission Staff Attorney, at (502) 782-2580.

Sincerely,

A handwritten signature in blue ink that reads "Aaron D. Greenwell".

Aaron D. Greenwell
Acting Executive Director

DES/ph

Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2015-00255
FROM: David Spenard, Staff Attorney
DATE: April 12, 2016
RE: Informal Conference of March 10, 2016

Pursuant to the Commission Staff's Notice entered into the record on March 3, 2016, an informal conference was held in this matter on March 10, 2016. A copy of the sign-in sheet is attached.

During the conference, Mr. Spenard stated that Commission Staff ("Staff") would prepare minutes of the conference for the case record, that a copy of the minutes would be entered into the record, and that the parties would have an opportunity to submit written comments upon the minutes. Mr. Spenard stated that the views of Staff are not binding on the Commission. Mr. Spenard stated that the purpose of the meeting was to discuss the status of and issues in this case.

Staff provided a brief summary of the case.

Robert W. Keats, the Trustee appointed the Bankruptcy Court, stated the Bankruptcy Court had control of the assets of the estate. The Trustee stated that upon the Bankruptcy Court's order of relief, the Trustee became a party to the instant case. The Trustee stated that the Franklin Circuit Court had been divested of jurisdiction. The Trustee stated that Bullitt Utilities was still a utility and still controls its assets. The Trustee further stated that the stay, under the Bankruptcy Code, does not prevent the Commission from deciding the instant case.

Per the Trustee: The Franklin Circuit Court Order permits payment of reasonable and necessary expenses already incurred; the creditors have not been paid; and the expenses relating the creditors are justifiable. The Trustee stated that resolution of this matter revolves around the surcharge application. The Trustee also briefly discussed wastewater treatment challenges in other parts of Kentucky and the potential role of the Louisville and Jefferson County Metropolitan Sewer District ("MSD") in resolving wastewater treatment issues.

Bullitt County Sanitation District ("BCSD") stated that the Commission had the authority and acted under that authority when it dismissed the surcharge case. Per BCSD, Bullitt Utilities, Inc. ("BU"), abandoned its utility and there is no reason to rehear

the surcharge case. BCSD briefly discussed MSD and long-term solutions. BCSD stated that it was operating the former BU system at the BU rates. BCSD stated that if the abandonment was no longer in effect, BCSD will cease further work. BCSD stated that it had sole control and responsibility over the Hunters Hollow system.

The Trustee stated that BCSD could not act to dismiss the surcharge case.

The Office of the Attorney General ("OAG") stated that BU had been abandoned and that MSD was not a near term solution. The OAG inquired as to who would treat the waste [if BCSD was not the receiver].

The Trustee stated that BCSD has infiltration and inflow problems; therefore, both the BU facilities and the BCSD system have problems. The Trustee stated that BCSD never had the BU facilities as its own facilities; BCSD was merely appointed a receiver of the BU facilities. The Trustee stated that a "global solution" would be for the flow to go into the MSD system.

The OAG stated that the heart of the matter was the Trustee's request to intervene. The OAG stated that permitting the Trustee to intervene would disrupt the proceeding and that the Trustee has no interest in the rates or service but was representing the interest of the creditors. The OAG stated that the matter should be decided based upon Commission precedent.

The Trustee stated that he had the legal right to represent BU. The Trustee stated that he is a party to the case and that he has authority over the assets of BU.

Staff inquired about bankruptcy law and whether the September 23, 2015 abandonment [Case No. 2015-00290] was a nullity. Staff inquired about the effect of the stay on Commission proceedings. Staff inquired as to who is in charge of the collection system and who is collecting the money from the customers in the Hunters Hollow system. Staff stated that the questions for the Commission to resolve include whether the surcharge case can continue and whether the Trustee can intervene.

There being no further business, the informal conference adjourned.

Attachment

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF BULLITT COUNTY SANITATION)
DISTRICT AS RECEIVER FOR THE ASSETS OF) CASE NO.
BULLITT UTILITIES, INC. FOR A CERTIFICATE OF) 2014-00255
CONVENIENCE AND NECESSITY AND SURCHARGE)
FOR SAME)

SIGN IN

March 10, 2016

PERSON

REPRESENTING

David Edward Spenser	PSC Staff
Scott Lawless	PSC Staff
Jonathan Bayer	PSC
Sam Reid	PSC
Mark Frost	PSC
John Park	PSC Staff
Gregory Dutton	OAG
Kent Chandler	OAG
Robert W. Keats	Trustee, Bullitt Utilities, Inc
RICHARD RAFF	PSC - LEGAL
JAMES RICE	PSC
Mark Rasche	PSC
Chuck Callahan	Bullitt County Sanitation District ("BCSD") - by telephone

PERSON

REPRESENTING

Lynn Spencer

BCSD by telephone

Rob Flaherty

BCSD

Serry Kennedy

BCSD

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Hillview, KY 40129

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*John Wooldridge
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*Kent Chandler
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*Rob Flaherty
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