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NEWS RELEASE

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PSC Denies Surcharge Request for Former Bullitt Utilities *Sought by bankruptcy trustee to pay debts of failed sewer system*

FRANKFORT, Ky. (Oct. 12, 2017) – The Kentucky Public Service Commission (PSC) has denied an effort to impose a surcharge on customers of a failed Bullitt County sewer system in order to pay off debts of the bankrupt company that abandoned the utility.

The proposed surcharge would have imposed a \$17 monthly fee for a period of 20 years on the 700 customers formerly served by Bullitt Utilities.

In an order issued today, the PSC ruled that Bullitt Utilities ceased to operate as a utility at the time it was abandoned and placed into the receivership of the Bullitt County Sanitation District. At that point, Bullitt Sanitation assumed responsibility for serving the customers and financing the operation of the system, the PSC said.

Bullitt Utilities continued as a corporate entity, but not as a utility under PSC jurisdiction, the PSC said. It was later forced into bankruptcy, and Robert Keats was appointed as trustee by the federal bankruptcy court.

Keats then sought approval from the PSC to impose a surcharge on the sewer system's former customers. The surcharge revenue - \$2.85 million in all - was to go to two companies that are owed \$3.4 million dollars for providing emergency wastewater treatment services to Bullitt Utilities prior to its abandonment.

In today's order, the PSC found that any relationship between the sewer system, its customers and Bullitt Utilities was severed when Bullitt Utilities abandoned the system and Franklin Circuit Court named Bullitt Sanitation as the receiver.

The PSC noted that the bankruptcy trustee, while assuming control over Bullitt Utilities, is not providing any services to the customers who were formerly served by the company. Therefore, the company is no longer a utility and does not have standing to file a request for a surcharge, the PSC said in rejecting the application.

The case stemmed from the catastrophic failure in March 2014 of the Hunters Hollow wastewater treatment plant. The plant served about 700 customers in Hunters Hollow and Hillview.

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Bullitt Utilities contracted with Veolia Water Technologies and Perdue Environmental Contracting Co. (PECCo) to provide temporary sewage treatment facilities before eventually reaching an agreement to connect the system to Bullitt Sanitation. Bullitt Utilities later asked the PSC to approve a surcharge to raise funds to rebuild its plant and to pay Veolia and PECCo.

Before a decision could be reached on the surcharge request, Bullitt Utilities filed an abandonment petition with the PSC. That led to the appointment of Bullitt Sanitation as the receiver for the system.

Bullitt Sanitation subsequently withdrew the surcharge request. Veolia and PECCo then forced Bullitt Utilities into involuntary bankruptcy, leading Keats to apply for the surcharge that was denied today.

The Kentucky Office of Attorney General and the cities of Hillview and Hunters Hollow were parties to the case. All opposed granting the bankruptcy trustee's request for a surcharge.

Today's order and other records in the case are available on the PSC website, psc.ky.gov. The case number is 2016-00401.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

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TIMELINE FOLLOWS

BULLITT UTILITIES TIMELINE

March 29, 2014	Hunters Hollow wastewater treatment plant fails
May 22, 2014	PSC opens case 2014-00163 to investigate adequacy of service of Bullitt Utilities.
July 17, 2014	Bullitt Utilities filed its surcharge application, case 2014-00255. Application does not meet filing requirements and is rejected until deficiencies are corrected.
Dec. 23, 2015	Bullitt Utilities files amended application.
Feb. 25, 2015	Bullitt Utilities application for surcharge accepted for filing after deficiencies are corrected.
March 15, 2015	PSC conducts hearing in its service investigation.
June 9, 2015	PSC conducts hearing on Bullitt Utilities surcharge request.
Aug. 21, 2015	Bullitt Utilities files abandonment petition. Case 2015-00290.
Aug. 30, 2015	PSC grants abandonment request.
Sept. 23, 2015	Franklin Circuit Court appoints Bullitt Sanitation as receiver for the Bullitt Utilities system.
Oct. 16, 2015	PSC issues order removing Bullitt Utilities as party to the surcharge case it had filed; Bullitt Sanitation substituted as the applicant.
Dec. 9, 2015	Bullitt Sanitation requests withdrawal of Bullitt Utilities surcharge application. PSC grants request on Dec. 15, 2015.
Dec. 18, 2015	Veolia and PECCo file motion in federal court forcing Bullitt Utilities into bankruptcy. Court appoints Robert Keats as trustee on Dec. 29, 2015.
Jan. 6, 2016	Bankruptcy trustee seeks to intervene in dismissed surcharge case.
April 14, 2016	PSC issues final denial of bankruptcy trustee motion to intervene in first surcharge case,
Nov. 30, 2016	Bankruptcy trustee files new surcharge application.
Oct. 11, 2017	PSC rejects bankruptcy trustee surcharge filing.