

# EXHIBIT C



Steven L. Beshear  
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Energy and Environment Cabinet

Commonwealth of Kentucky  
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James W. Gardner  
Chairman

Daniel E. Logsdon Jr.  
Vice Chairman

October 28, 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. 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, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

DES/ph

Attachment

**INTRA-AGENCY MEMORANDUM**

**KENTUCKY PUBLIC SERVICE COMMISSION**

**TO:** Case File No. 2014-00255  
**FROM:** David Spenard, Staff Attorney  
**DATE:** October 28, 2015  
**RE:** Informal Conference of October 22, 2015

Pursuant to the Commission Staff's notice, an informal conference was held in this matter on October 22, 2015, to discuss the status of and issues in this case. Attending the conference were:

David Edward Spenard	-	Commission Staff
John B. Park	-	Commission Staff
Scott Lawless	-	Commission Staff
James Rice	-	Commission Staff
Mark Frost	-	Commission Staff
Mark Rasche	-	Commission Staff
Jeff Derouen	-	Commission Staff
Gregory Dutton	-	Kentucky Office of the Attorney General
Stefanie Kingsley (by telephone)	-	Kentucky Office of the Attorney General
Rob Flaherty	-	Bullitt County Sanitation District, Counsel
Jerry Kennedy	-	Bullitt County Sanitation District
Chuck Callahan	-	Bullitt County Sanitation District

At the start of 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 provided to all parties, and that all parties would be given an opportunity to submit written comments upon those minutes. Mr. Spenard stated that the views of Staff were not binding on the Commissioners.

Staff provided a summary of the procedural history of the case. On July 17, 2014, Bullitt Utilities, Inc. ("Bullitt Utilities") filed a petition for a certificate of public convenience and necessity ("CPCN") and for a surcharge. The case resulted from a catastrophic failure of the steel aeration tank at Bullitt Utilities' Hunters Hollow wastewater treatment plant. On December 23, 2014, the Commission entered an Order that granted Bullitt Utilities a CPCN to proceed with the construction of a proposed lift station, installation of a line connecting the Hunters Hollow collection system to the

Bullitt County Sanitation District's ("BCSD") wastewater treatment system, and the installation of two flow meters.

Although the Commission granted Bullitt Utilities a CPCN, Bullitt Utilities did not cure the deficiencies for its request for a surcharge until February 24, 2015. Staff noted that the Commission held an evidentiary hearing on the surcharge application on June 9, 2015. Staff stated that pursuant to KRS 278.190, the Commission must render a decision on the surcharge application on or before December 23, 2015. Staff stated the Commission had not made a decision regarding the surcharge application.

Staff noted that while the surcharge application was pending, Bullitt Utilities filed an application for a Commission Order that would allow Bullitt Utilities to abandon its utility operations for the Hunters Hollow collection system. The Commission entered an Order granting the abandonment, and the Commission petitioned the Franklin Circuit Court for an Order attaching the assets of Bullitt Utilities and for the appointment of a receiver. The Franklin Circuit Court entered an Order attaching the assets of Bullitt Utilities, and BCSD has been appointed receiver. Staff stated that BCSD, as receiver, now has taken the place of Bullitt Utilities as the applicant in the surcharge proceeding.

Staff noted that both the Commission's Order on abandonment requires Bullitt Utilities to safeguard all books, records, reports, plans, studies, files and other documents that relate to the location of facilities, the condition of the utility or the provision of service until all such items can be delivered to BCSD as receiver. Further, the Franklin Circuit Court Order provides BCSD with the sole control and responsibility for the assets of Bullitt Utilities. BCSD stated that it had received some of the information from Bullitt Utilities. BCSD stated that it would request Bullitt Utilities to provide all remaining information; further, BCSD noted that it would contact the Commission in the event of a problem in obtaining information from Bullitt Utilities.

BCSD noted that there is a connection of the Hunters Hollow collection system with the BCSD system that utilizes an existing (modified) wet well of the Hunters Hollow collection system. BCSD stated that it is operating the pumps for the connection and the connection is functioning. BCSD stated that it does not intend to construct the proposed project that was the subject of the Commission's December 23, 2014 grant of a CPCN, at this time and in the alternative would prefer to address the Infiltration/Inflow ("I/I") issues first.

Staff stated that BCSD, as receiver, has the power to make decisions regarding the pending application for a surcharge. BCSD's options include allowing the case to proceed and wait for a decision; making a motion to amend the application; and making a motion to withdraw the application. Staff also noted that BCSD could ask that the application be dismissed without prejudice. Staff also stated that BCSD could file a transfer and control request, thus taking the issues outside the PSC's jurisdiction.

BCSD stated that it has been the receiver for a relatively short period of time. BCSD stated that it would consider all options. Jerry Kennedy asked, in the event that a surcharge was granted, if BCSD could spend the surcharge proceeds on I/I. Staff noted that a decision had not been made on the surcharge; further, Staff noted that a surcharge application differs from a general request to increase utility rates. To date, when approving a surcharge, the Commission has normally limited the purposes for which surcharge proceeds may be applied.

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.

Staff and the parties discussed issues related to the transfer of the Hunters Hollow collection system into the BCSD system. BCSD stated that the debt of Bullitt Utilities was an issue.

The Kentucky Office of the Attorney General ("OAG") stated that it is willing to work with BCSD.

BCSD stated that it would provide an update on or around Thursday, November 12, 2015.

There being no further business, the informal conference adjourned.

Enclosure

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

October 22, 2015

PERSON

REPRESENTING

David Edward Spencer	PSC Commission Staff
Gregory Dutton	OAG
Stefanie Kingsley	OAG
Scott Lawless	PSC Staff
John B. Park	PSC Staff
Rob Flaherty	Bullitt County Sanitation District
Jerry Kennedy	Bullitt County Sanitation District
Chuck Callahan	Bullitt County Sanitation District
Mark Rasche	PSC Staff
JAMES RICE	" "
Mark Frosz	PSC Staff
Jeff Seronen	PSC Executive Director

\*Bullitt County Sanitation District  
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