

# Kentucky Public Service Commission

## Periodic Compliance Inspection

**Utility:** Bluegrass Water Utility Operating Company, LLC. – Airview Wastewater Facility

**Utility's Principal office location:** 500 Northwest Plaza Drive Suite 500, St. Ann, MO

**Wastewater Treatment Facility Location:** Airview Drive, E-Town, KY.

**Utility representative during inspection:** Alica (Ali) Alexander, R. G. – Environmental Compliance Officer, Cathy Carry – Operator, James Smith

**Counties Served:** Hardin

**Customers:** Approximately 203

**Inspector:** Brian L. Rice

**Date(s) of inspection:** April 20, 2021

**Last Inspection Date:** July 1, 2014

**Deficiencies noted during the last Inspection:** Four

**Have deficiencies been corrected since last inspection?**

Yes

No

N/A

**Note:** The wastewater system owned by **Airview Utilities, LLC** was transferred to Bluegrass Water Utility Operating Company, LLC back in August of 2019 in case number 2019-00104.

**If no, provide a response as to why these deficiencies have not been addressed.**

### **Person(s) who should receive this inspection report:**

Josiah Cox  
Central States Water Resources, CEO  
500 Northwest Plaza Drive, Suite 500  
St. Ann, MO 63074  
[jcox@cswrgroup.com](mailto:jcox@cswrgroup.com)  
314.736.4672

Terry Merritt  
Midwest Water Operations, VP  
1351 Jefferson Street, Suite 301  
Washington, MO 63090  
[tmerritt@midwestwaterop.com](mailto:tmerritt@midwestwaterop.com)  
636.432.3001

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### General Questions

Treatment Facility: Yes  No  N/A

Collection System: Yes  No  N/A

### Utility Information

**Total number of Employees:** Bluegrass Water Utility Operating Company, LLC has no employees. BWUOC contracts with Midwest Water Operations to operate and maintain the wastewater facility.

**Does the utility have its own maintenance staff?** Yes  No  N/A

If not, give the name the person(s) doing the work:

### 807 KAR 5:006 (General Rules)

**Section 2: General Provisions.** Reference to standards or codes in 807 KAR Chapter 5 shall not prohibit a utility from continuing or initiating experimental work and installations to improve, decrease the cost of, or increase the safety of its service.

### Section 7: Billings, Meter Readings, and Information.

**Billing and Collection is done by:** Bluegrass Water Utility Operating Company, LLC has contracted with Nitro Billing Services

**Does each bill for utility service issued periodically by a utility clearly show the following?**

The date the bill was issued:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Class of service:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Present and last preceding meter readings:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Date of the present reading:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Number of units consumed:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Net amount for service rendered:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
All taxes:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Adjustments, if applicable:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
The gross amount of the bill:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
The date after which a penalty may apply to the gross amount:			

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If the bill is estimated or calculated: Yes  No  N/A   
Is the rate schedule under which the bill is computed posted on the utility's Web site (if it maintains a Web site)? Yes  No  N/A   
Also furnished by one (1) of the following methods, by:  
Printing it on the bill: Yes  No  N/A   
Publishing it in a newspaper of general circulation once each year: Yes  No  N/A   
Mailing it to each customer once each year; or: Yes  No  N/A   
Provide a place on each bill for a customer to indicate the customer's desire for a copy of the applicable rates: Yes  No  N/A

Does the utility maintain the information required by this subsection, and is it available to the commission and any customer requesting this information?

Yes  No  N/A

### Section 8. Deposits:

Is the utility requiring a minimum cash deposit or other guarantee from customers to secure payment of bills? Yes  No  N/A

### Section 10: Customer Complaints to the Utility

Upon complaint to a utility by a customer at the utility's office, by telephone or in writing, does the utility make a prompt and complete investigation and advise the customer of the utility's findings? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky. All customer complaints will be made via telephone.

Does the utility keep a record of all written complaints concerning the utility's service?

Yes  No  N/A

Does the record include the following?

The customer's name and address: Yes  No  N/A   
The date and nature of the complaint: Yes  No  N/A   
The disposition of the complaint: Yes  No  N/A

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Does the utility maintain these records for two (2) years from the date of resolution of the complaint? Yes  No  N/A

If a written complaint or a complaint made in person at the utility's office is not resolved, does the utility provide written notice to the customer of his or her right to file a complaint with the commission? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky. All customer complaints will be made via telephone.

Does the utility provide the customer with the mailing address, Web site address, and telephone number of the commission? Yes  No  N/A

If a telephonic complaint is not resolved, does the utility provide at least oral notice to the customer of his or her right to file a complaint with the commission? Yes  No  N/A

### Section 14: Utility Customer Relations

Does the utility post and maintain regular business hours and provide representatives available to assist its customers and to respond to inquiries from the commission regarding customer complaints? Yes  No  N/A

Does the utility designate at least one (1) representative to be available to answer customer questions, resolve disputes, and negotiate partial payment plans at the utility's office? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky. All customer questions, disputes, and partial payment plan negotiations will be handle over the telephone.

If the utility has an annual operating revenue of \$250,000 or more, does the utility have a designated representative available during the utility's established working hours not fewer than seven (7) hours per day, five (5) days per week excluding legal holidays? Yes  No  N/A

If the utility has an annual operating revenue of less than \$250,000, does the utility have a designated representative available during the utility's established working hours not fewer than seven (7) hours per day, one (1) days per week? Yes  No  N/A

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Does the utility provide the following?

Maintain a telephone: Yes  No  N/A

Publish the telephone number in all service areas: Yes  No  N/A

Permit all customers to contact the utility's designated representative without charge: Yes  No  N/A

Does the utility prominently display in each office open to the public for customer service (and shall post on its Web site, if it maintains a Web site) a summary, prepared and provided by the commission, of the customer's rights pursuant to this section and Section 16 of this administrative regulation? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky but does maintain a website with the necessary information for customers.

### Section 20: Access to Property:

Do employees of the utility (whose duties require them to enter the customer's premises) wear a distinguishing uniform or other insignia, identifying them as an employee of the utility, and show a badge or other identification that shall identify them as an employee of the utility? Yes  No  N/A

**Note:** Bluegrass Water does not have any employees.

### Section 23: System Maps and Records:

Does the utility have on file at its principal office located within the state and shall file upon request with the commission a map or maps of suitable scale of the general territory it serves or holds itself ready to serve? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky; however, all Bluegrass Water's system maps are available on Central States Water resources website via a link to the Kentucky Infrastructure Authority.

Is the map or maps available in electronic format as a PDF file or as a digital geographic database? Yes  No  N/A

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Is the following data available on the map or maps?

Operating districts	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Rate districts:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Communities served:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

### Section 24: Location of Records.

All records required by 807 KAR Chapter 5 shall be kept in the office of the utility and shall be made available to representatives, agents, or staff of the commission upon reasonable notice at all reasonable hours.

Are all records required by 807 KAR Chapter 5 kept in the office of the utility and shall be made available to representatives, agents, or staff of the commission upon reasonable notice at all reasonable hours? Yes  No  N/A

### Section 25: Safety Program:

Each utility shall adopt and execute a safety program, appropriate to the size and type of its operations. At a minimum, the safety program shall:

- (1) Establish a safety manual with written guidelines for safe working practices and procedures to be followed by utility employees;
- (2) Instruct employees in safe methods of performing their work.
- (3) Instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation, or drowning, in accepted methods of artificial respiration.

Has the utility adopted and executed a safety program, appropriate to the size and type of its operations? Yes  No  N/A

At a minimum, does the safety program include the following?

A safety manual with written guidelines for safe working practices and procedures to be followed by utility employees: Yes  No  N/A

**Note:** Contractor Safe Practices Handbook

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Instruct employees in safe methods of performing their work.

Yes  No  N/A

Note: Bluegrass Water has no employees

Instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation, or drowning, in accepted methods of artificial respiration:

Yes  No  N/A

Note: Bluegrass Water has no employees

### Section 26: Inspection of Systems:

(1) A utility shall adopt inspection procedures to assure safe and adequate operation of the utility's facilities and compliance with KRS Chapter 278 and 807 KAR Chapter 5 and shall file these procedures with the commission for review.

(2) Upon receipt of a report of a potentially hazardous condition at a utility facility, the utility shall inspect all portions of the system that are the subject of the report.

(3) Appropriate records shall be kept by a utility to identify the inspection made, the date and time of inspection, the person conducting the inspection, deficiencies found, and action taken to correct the deficiencies.

Has the utility adopted inspection procedures to assure safe and adequate operation of the utility's facilities and compliance with KRS Chapter 278 and 807 KAR Chapter 5?

Yes  No  N/A

Have these inspection procedures been filed with the commission for review?

Yes  No  N/A

Upon receipt of a report of a potentially hazardous condition at a utility facility, does the utility inspect all portions of the system that are the subject of the report?

Yes  No  N/A

Are appropriate records kept by a utility to identify the inspection made, the date and time of inspection, the person conducting the inspection, deficiencies found, and action taken to correct the deficiencies?

Yes  No  N/A

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### Section 27: Reporting of Accidents, Property Damage, or Loss of Service:

(1) Within two (2) hours following discovery each utility, other than a natural gas utility, shall notify the commission by telephone or electronic mail of a utility related accident that results in:

- (a) Death or shock or burn requiring medical treatment at a hospital or similar medical facility, or any accident requiring inpatient overnight hospitalization;
- (b) Actual or potential property damage of \$25,000 or more; or
- (c) Loss of service for four (4) or more hours to ten (10) percent or 500 or more of the utility's customers, whichever is less.

(2) A summary written report shall be submitted by the utility to the commission within seven (7) calendar days of the utility related accident. For good cause shown, the executive director of the commission, shall, upon application in writing, allow a reasonable extension of time for submission of this report.

Has the Utility had any Accidents, Property Damage, or Loss of Service?

Yes  No  N/A

If yes, was the Commission notified by telephone or electronic mail within two (2) hours of discovery of a utility related accident that resulted in the following:

Death, shock, or burn requiring medical treatment at a hospital or similar medical facility, or any accident requiring inpatient overnight hospitalization:

Yes  No  N/A

Actual or potential property damage of \$25,000 or more:

Yes  No  N/A

Loss of service for four (4) or more hours to ten (10) percent or 500 or more of the utility's customers, whichever is less:

Yes  No  N/A

Was a summary written report submitted by the utility to the commission within seven (7) calendar days of the utility related accident?

Yes  No  N/A



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### Section 28: Deviations from Administrative Regulation:

In special cases, for good cause shown, the commission shall permit deviations from this administrative regulation.

Has the utility been permitted by the commission to deviate from these administrative regulations?

Yes  No  N/A

If so, provide the case no.

**807 KAR 5:011 (Tariffs)**

### Section 12: Posting tariffs, Administrative Regulations, and Statutes

Does the utility display a suitable placard, in large type, that states that the utility's tariff and statutes are available for public inspection?

Yes  No  N/A

**Note:** Bluegrass Water does not have an office in Kentucky; however, the tariffs and statutes are available on Central States Water Resources website.

Does the utility provide a suitable table or desk in its office or place of business on which the public may view all effective tariffs?

Yes  No  N/A

**Note:** Bluegrass Water does not have an office in Kentucky.

### Section 13: Special Contracts

Does the utility have any special contracts that establish rates, charges, or conditions of service not contained in its tariff?

Yes  No  N/A

If yes, has the utility filed the special contracts with the PSC?

Yes  No  N/A

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### 807 KAR 5:071 (Sewage)

**Section 1: General.** The purpose of this administrative regulation is to provide standard rules administrative regulations governing the service of sewage utilities operating under the Jurisdiction of the Public Service Commission.

#### **Section 4: Information Available to Customers.**

(1) System maps or records. Each utility shall maintain up-to-date maps, plans, or records of its entire force main and collection systems, with such other information as may be necessary to enable the utility to advise prospective customers, and others entitled to the information, as to the facilities available for serving any locality.

(2) Rates, rules, and regulations. A schedule of approved rates for sewage service applicable for each class of customers and the approved rules and regulations of the sewage utility shall be available to any customer or prospective customer upon request.

Does the Utility have a current map and/or plans for its system?

Yes

No

N/A

#### **Section 5. Quality of Service.**

(1) General. Each utility shall maintain and operate sewage treatment facilities of adequate size and properly equipped to collect, transport, and treat sewage, and discharge the effluent at the degree of purity required by the health laws of the State of Kentucky, and all other regulatory agencies, federal, state, and local, having jurisdiction over such matters.

(2) Limitations of service. No sewage disposal company shall be obliged to receive for treatment or disposal any material except sewage as defined by Section 2(7) of this administrative regulation. In compliance with the administrative regulation, the utility shall make all reasonable efforts to eliminate or prevent the entry of surface or ground water, or any corrosive or toxic industrial liquid waste into its sanitary sewer system. A utility may request assistance from the appropriate state, county, or municipal authorities in its efforts, but such a request does not relieve the utility of its aforementioned responsibilities.

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Is the utility in compliance with the Division of Water?      Yes       No       N/A

**Note: See the following attachments:**

Attachment A – Agreed Order between Bluegrass Water and Energy and Environment Cabinet.

**Is the utility making every reasonable effort to eliminate or prevent the entry of surface or ground water, or any corrosive or toxic industrial liquid waste into its sanitary sewer system?**

Yes       No       N/A

### Section 6: Continuity of Service.

**(1) Emergency interruptions. Each utility shall make all reasonable efforts to prevent interruptions of service and when such interruptions occur shall endeavor to reestablish service with the shortest possible delay consistent with the safety of its customers and the general public.**

**(2) Scheduled interruptions. Whenever any utility finds it necessary to schedule an interruption of its service, it shall notify all customers to be affected by the interruption stating the time and anticipated duration of the interruption. Whenever possible, scheduled interruptions shall be made at such hours as will provide least inconvenience to the customers.**

**(3) Record of interruptions. Each utility shall keep a complete record of all interruptions on its system. This record shall show the cause of interruption, date, time, duration, remedy, and steps taken to prevent recurrence.**

**Is the utility making all reasonable efforts to prevent interruptions of service and when such interruptions occur shall endeavor to reestablish service with the shortest possible delay consistent with the safety of its customers and the general public?**

Yes       No       N/A

**If the utility schedules an interruption of service are all customers notified that are affected by the interruption?**

Yes       No       N/A

**Does the utility make all reasonable efforts to schedule interruptions at such hours as will provide least inconvenience to the customers?**

Yes       No       N/A

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Does the utility maintain a record of all interruptions of service with regard to the following items?

	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Cause of interruption	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Date	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Time	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Duration	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Remedy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
# of customers affected	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Steps taken to prevent recurrence	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

### Section 7. Design, Construction, and Operation.

(1) **General.** The sewage treatment facilities of the sewage utility shall be constructed, installed, maintained and operated in accordance with accepted good engineering practice to assure, as far as reasonably possible, continuity of service, uniformity in the quality of service furnished, and the safety of persons and property.

(2) **Design and construction requirements.** The design and construction of the sewage utility's collecting sewers, treatment plant and facilities, and all additions thereto and modifications thereof, shall conform to the requirements of the Kentucky Department for Natural Resources and Environmental Protection, Bureau of Environmental Quality, Division of Water Quality.

(3) **Adequacy of facilities.** The capacity of the sewage utility's sewage treatment facilities for the collection, treatment and disposal of sewage and sewage effluent must be sufficiently sized to meet all normal demands for service and provide a reasonable reserve for emergencies.

(4) **Inspection of facilities.** Each sewage utility shall adopt procedures for inspection of its sewage treatment facilities to assure safe and adequate operation of its facilities and compliance with commission rules. These procedures shall be filed with the commission. Unless otherwise authorized in writing by the commission, the sewage utility shall make inspections of collecting sewers and manholes on a scheduled basis at intervals not to exceed one (1) year, unless conditions warrant more frequent inspections and shall make inspections of all mechanical equipment on a daily basis. The sewage utility shall maintain a record of findings and corrective actions required, and/or taken, by location and date.

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Is the utility operating and maintaining their facility in accordance with accepted good engineering practice to assure, as far as reasonably possible, continuity of service, uniformity in the quality of service furnished, and the safety of persons and property?

Yes  No  N/A

Is the utility adhering to their inspection procedures to assure safe and adequate operation of its facilities and compliance with the Commission rules?

Yes  No  N/A

Unless otherwise authorized in writing by the commission, does the sewage utility make inspections of their collecting sewers and manholes on a scheduled basis at intervals not to exceed one (1) year, unless conditions warrant more frequent inspections?

Yes  No  N/A

Does the utility inspect all mechanical equipment on a daily basis?

Yes  No  N/A

**Note:** Each facility has in place a Mission-Manage SCADA monitoring system.

Does the utility maintain a record of findings and corrective actions required, and/or taken, by location and date?

Yes  No  N/A

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### Deficiencies

No deficiencies noted during this inspection.

### Additional Inspector Comments

This is the first inspection of Bluegrass Water Utility Operating Company, LLC since they became a utility back in September of 2019 in case no. 2019-00104 therefore this visit was considered introductory in nature.

Airview wastewater treatment plant appeared to be operating in satisfactory condition. The mixed liquor in the aeration basin had a good color and good mixture. The solid separation process in the clarifier was good. The return activated sludge and skimmer were functioning properly. No solids appeared to be discharging to the receiving stream.

Bluegrass Water entered into an Agreed Order with the Energy and Environment Cabinet back in September of 2019 for the interest of providing corrective actions to the Airview wastewater treatment facility. (See attachment A)

During the inspection, the following items are noticeable improvements Bluegrass Water made to the Airview wastewater treatment facility:

1. Improved access road
2. Added safety/guard rails around the treatment plant
3. Added a Mission-Manage SCADA Control monitoring system
4. Removed trees and brush around the wastewater treatment plant. Also created an access road by removing trees and brush around the lagoon and to the effluent discharge area.
5. Cleaned up the area around the effluent discharge point by removing the old chlorine concrete basin. Added a de-chlorination dispenser and cleared out a walkable path to the effluent discharge point.
6. Added a sign with the KPDES number at the discharge point
7. Treatment plant had been painted

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**Comment:** During this periodic regulatory compliance inspection, it was not possible to review/discuss every record relating to all Commission requirements. Therefore, in some instances the results contained in this report are indicative of those items inspected and reviewed on a sample basis.

**Report by:**

**Date:** June 3, 2021



**Brian L. Rice**  
**Utility Inspector**  
**Kentucky Public Service Commission**

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## Periodic Compliance Inspection

- Attachments:
- A – Agreed Order
  - B – Corrective Action Plan
  - C – EEC Comment & Approval Letter
  - D – Revised Corrective Action Plant
  - E – Pictures



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## Periodic Compliance Inspection

Attachment A

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Agreed Order

J. Horne



COMMONWEALTH OF KENTUCKY  
ENERGY AND ENVIRONMENT CABINET  
DIVISION OF ENFORCEMENT  
CASE NO. DOW 19-3-0149

IN RE: Bluegrass Water Utility Operating Company, LLC  
Airview Estates Subdivision Wastewater Treatment Plant  
West Airview Drive  
Elizabethtown, KY 42701  
AI No. 1643  
Activity ID No. ERF20190001

**AGREED ORDER**

\*\*\*\*\*

WHEREAS, the parties to this Agreed Order, the Energy and Environment Cabinet (hereinafter "Cabinet") and Bluegrass Water Utility Operating Company, LLC (hereinafter "BWUOC") state:

**STATEMENTS OF FACT**

- 1. The Cabinet is charged with the statutory duty of enforcing KRS Chapter 224 and the regulations promulgated pursuant thereto.
- 2. BWUOC is an active Kentucky Limited Liability Company in good standing that owns and operates utilities and whose principal address, according to the Kentucky Secretary of State is 500 NW Plaza Drive, Suite 500, Saint Ann, Missouri 63074.
- 3. Airview Estates Subdivision Wastewater Treatment Plant (hereinafter "Airview WWTP" or "facility"), is located at West Airview Drive, Elizabethtown, Kentucky 42701. The facility has a design capacity of 0.055 million gallons per day and discharges to an unnamed tributary to Mill Creek Branch.
- 4. Airview WWTP is currently owned and operated by Airview Utilities, LLC. The facility's discharges are permitted under Kentucky Pollutant Discharge Elimination Systems

(hereinafter "KPDES") permit number KY0045390, issued by the Cabinet's Division of Water (hereinafter "DOW"). The facility's KPDES permit expired on January 31, 2014, however, the DOW has administratively continued the permit to allow the facility to operate under its expired permit

5. Airview Utilities, LLC is an active Kentucky corporation in good standing, according to the Kentucky Secretary of State.

6. BWUOC has indicated to the Cabinet that it plans to acquire Airview WWTP, provided it receives from the Kentucky Public Service Commission ("Commission") all approvals required to make the acquisition. If the Commission approves the acquisition, BWUOC plans to assume ownership and operation of Airview WWTP on or around September 15, 2019.

7. BWUOC has contracted with a third-party firm to produce an engineering memorandum detailing the status of and repairs needed at Airview WWTP (Exhibit A). This report was submitted to the Cabinet on or about July 29, 2019.

8. If it receives all required Commission approvals, BWUOC has indicated to the Cabinet that it plans to make substantial repairs and/or upgrades to the facility to address the deficiencies noted in Exhibit A.

**NOW THEREFORE**, in the interest of providing corrective actions to Airview WWTP, the parties hereby consent to the entry of this Agreed Order and agree as follows

#### **REMEDIAL MEASURES**

9. BWUOC shall notify the Cabinet in writing that it has assumed ownership and operation of Airview WWTP within fifteen (15) days of acquiring the facility.

10. Within fifteen (15) days of assuming ownership and operation of the facility, BWUOC shall submit a "Change in Ownership Certification" to the Cabinet.

11. At all times, commencing with assuming ownership of the facility, BWUOC shall provide for proper operation and maintenance of the facility in accordance with 401 KAR 5:065 Section 2(1)

12. Following the initial ninety (90) days of its operation of the facility, BWUOC shall submit to the Cabinet for review and acceptance, a written Corrective Action Plan (hereinafter "CAP") to bring the facility into compliance with its KPDES permit and correct the deficiencies noted in Exhibit A. The CAP shall include, but not be limited to, an identification of actions BWUOC shall implement to ensure compliance that includes; proper operation and maintenance to its sewage treatment system, collection system, and disinfection unit. The CAP shall also include a list of all actions necessary to ensure the completion of upgrades to its facility including a list of completion dates for each action. Include in the CAP a final compliance date for completion of all remedial measures listed,

A. Upon review of the CAP, the Cabinet may, in whole or in part, (1) accept or (2) decline and provide comments to the BWUOC identifying the deficiencies. Upon receipt of Cabinet comments, the BWUOC shall have ninety (90) days to revise and resubmit the CAP for review and acceptance. Upon resubmittal, the Cabinet may, in whole or in part, (1) accept or (2) disapprove and provide comments to the BWUOC identifying the deficiencies. Upon such resubmittal, if the CAP is disapproved, the Cabinet may deem the BWUOC to be out of compliance with this Agreed Order for failure to timely submit the CAP. The parties to this Agreed Order may also agree in writing to further extend the period in which the BWUOC and the Cabinet accept a revised and resubmitted CAP.

B. The BWUOC may request an amendment of the accepted CAP by writing the Director of the Division of Enforcement at 300 Sower Blvd., Frankfort, Kentucky 40601 and stating the reasons for the request. If granted, the amended CAP shall not affect any provision of this Agreed Order unless expressly provided in the amended CAP. This does not require an amendment request pursuant to paragraph 20 of this Agreed Order.

C. Upon Cabinet acceptance of all or any part of the CAP, the amended CAP or any accepted part thereof (provided that the accepted part is not dependent upon implementation of any part not yet accepted), shall be deemed incorporated into this Agreed Order as an enforceable requirement of this Agreed Order. This does not require an amendment request pursuant to paragraph 20 of this Agreed Order.

13. So long as BWUOC is in compliance with the terms and conditions of this Agreed Order, the Cabinet's Division of Enforcement agrees to hold any formal enforcement action for numeric permit parameter violations for the KPDES permit described in paragraph 4, in abeyance. Should BWUOC fail to comply with the terms and conditions of this Agreed Order, the Cabinet may seek formal enforcement action that would have otherwise been held in abeyance.

14. By the final compliance date in the accepted CAP, BWUOC shall be in full compliance with its KPDES permit.

15. All submittals required by the terms of this Agreed Order shall be submitted to: Division of Enforcement, Attention: Director, 300 Sower Blvd., Frankfort, Kentucky, 40601.

### MISCELLANEOUS PROVISIONS

16. This Agreed Order shall be of no force and effect unless BWUOC assumes ownership and operations of Airview WWTP.

17. This Agreed Order addresses only the items described above. Other than the matters agreed to by entry of this Agreed Order, nothing contained herein shall be construed to waive or to limit any remedy or cause of action by the Cabinet based on statutes or regulations under its jurisdiction and BWUOC reserves its defenses thereto. The Cabinet expressly reserves its right at any time to issue administrative orders and to take any other action it deems necessary that is not inconsistent with this Agreed Order, including the right to order all necessary remedial measures, assess penalties for violations, or recover all response costs incurred, and BWUOC reserves its defenses thereto.

18. This Agreed Order shall not prevent the Cabinet from issuing, reissuing, renewing, modifying, revoking, suspending, denying, terminating, or reopening any permit to BWUOC. BWUOC reserves its defenses thereto, except that BWUOC shall not use this Agreed Order as a defense.

19. BWUOC waives its right to any hearing on the matters admitted herein. However, failure by BWUOC to comply strictly with any or all of the terms of this Agreed Order shall be grounds for the Cabinet to seek enforcement of this Agreed Order in Franklin Circuit Court and to pursue any other appropriate administrative or judicial action under KRS Chapter 224 and the regulations promulgated pursuant thereto.

20. The Agreed Order may not be amended except by a written order of the Cabinet's Secretary or his designee. BWUOC may request an amendment by writing the Director of the Division of Enforcement at 300 Sower Blvd., Frankfort, Kentucky 40601, and stating the reasons

for the request. If granted, the amended Agreed Order shall not affect any provision of this Agreed Order unless expressly provided in the amended Agreed Order.

21. The Cabinet does not, by its consent to the entry of this Agreed Order, warrant or aver in any manner that BWUOC's complete compliance with this Agreed Order will result in compliance with the provisions of KRS Chapter 224 and the regulations promulgated pursuant thereto. Notwithstanding the Cabinet's review and approval of any plans formulated pursuant to this Agreed Order, BWUOC shall remain solely responsible for compliance with the terms of KRS Chapter 224 and the regulations promulgated thereto, this Agreed Order, and any permit and compliance schedule requirements.

22. BWUOC shall give notice of this Agreed Order to any purchaser, lessee or successor in interest prior to the transfer of ownership and/or operation of any part of the facility occurring prior to termination of this Agreed Order, shall notify the Cabinet that such notice has been given, and shall follow all statutory requirements for a transfer.

23. This Agreed Order applies specifically and exclusively to the unique facilities referenced herein and is inapplicable to any other facility.

24. Compliance with this Agreed Order is not conditional on the receipt of any federal, state, or local funds.

25. This Agreed Order shall be of no force and effect unless and until it is entered by the Secretary or his designee as evidenced by his signature thereon. If this Agreed Order contains any date by which BWUOC is to take any action or cease any activity, and the Secretary enters the Agreed Order after that date, then BWUOC is nonetheless obligated to have taken the action or ceased the activity by the date contained in this Agreed Order.

### **TERMINATION**

26. This Agreed Order shall terminate upon BWUOC's completion of all requirements described in this Agreed Order. BWUOC may submit written notice to the Cabinet when it believes all requirements have been performed. The Cabinet shall notify BWUOC in writing whether it concurs that all requirements of this Agreed Order have been completed. The Cabinet reserves its right to enforce this Agreed Order, and BWUOC reserves its right to file a petition for hearing pursuant to KRS 224.10-420(2) contesting the Cabinet's determination.



CASE NO. DOW 19-3-0149

AGREED TO BY




Josiah Cox, President  
Bluegrass Water Utility Operating Company, LLC

8/14/19

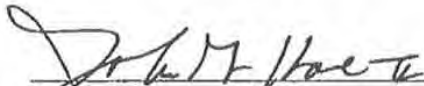
Date

CASE NO. DOW 19-3-0149

APPROVAL RECOMMENDED BY:

  
\_\_\_\_\_  
Michael B. Kroeger, Director  
Division of Enforcement

8/27/19  
Date

  
\_\_\_\_\_  
John G. Home II, Executive Director  
Office of General Counsel  
Energy and Environment Cabinet

8/27/19  
Date

  
\_\_\_\_\_  
R. Bruce Scott, Deputy Secretary  
Energy and Environment Cabinet

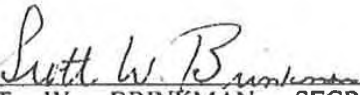
8/29/19  
Date

CASE NO. DOW 19-3-0149

ORDER

Wherefore, the foregoing Agreed Order is entered as the final Order of the Energy and Environment Cabinet this 3<sup>rd</sup> day of September, 2019.

ENERGY AND ENVIRONMENT CABINET

  
SCOTT W BRINKMAN, SECRETARY of the  
GOVERNOR'S EXECUTIVE CABINET

CERTIFICATE OF SERVICE

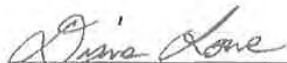
I hereby certify that a true and accurate copy of the foregoing **AGREED ORDER** was mailed, postage prepaid, to the following this 3<sup>rd</sup> day of September, 2019.

Bluegrass Water Utility Operating Company, LLC  
Attn: Jacon Freeman  
500 NW Plaza Drive, Suite 500  
Saint Ann, MO 63074

And mailed, messenger to

Michael B. Kroeger, Director  
Division of Enforcement  
300 Sower Blvd  
Frankfort, Kentucky 40601

John G. Home II, Executive Director  
Office of General Counsel  
Energy and Environment Cabinet  
300 Sower Blvd  
Frankfort, Kentucky 40601

  
\_\_\_\_\_  
DOCKET COORDINATOR

Distribution:

DOW  
BGD  
S&H  
FBT

# Exhibit A

Civil Engineering  
Surveying & Mapping  
Potable Water  
Wastewater Treatment



Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection

Airview-Kentucky (Wastewater)

Engineering Memorandum

Date: December 22, 2018

#### Wastewater Treatment Facility Understanding

The wastewater treatment facility is made up of a standard extended aeration activated sludge facility. It doesn't appear this system has an active permit to operate. The plant consists of an aeration tank, flow equalization, mechanical clarifier, and chlorine disinfection. The aeration appeared to have a reasonable appearance for a mixed liquor; however, the clarifier had a lot of floc and appeared to have discharged sludge into the area outside the circular portion of the clarifier that is pumped to the creek. It is my understanding they are injecting liquid chlorine into the discharge pipe. This discharge pipe discharges on the top of a contact chamber that is set in the middle of the flowline of the creek. The treatment system has an abandoned lagoon cell that appears to have been used as a polishing cell. Per the operator, this cell was causing issues with the quality of the effluent and was taken off line.

Various items of concern exist at this facility. The flow equalization tank is in poor shape and is covered with failing grates that are allowing leaves to enter the plant. (Appendix Picture 1)

While the aeration appeared to be reasonably operating, standard testing parameters were not performed when we were present to determine the quality of the mixed liquor. Due to the upkeep of the remaining portions of the facility, I do not believe the diffusers have been checked and/or cleaned in some time. (Appendix Picture 2)

The mechanical clarifier appears to be working properly. However, the supernatant water of the clarifier had a large amount of floc and/or sludge coming to the surface. While this might be an operational issue in regards to control of the mixed liquor and return sludge flow, the clarifier is not operating at an optimal level. The clarifier discharges to the outside of the circular wall of the clarifier. This area is the discharge water that is pumped to the creek. Sludge was observed in this area and therefore was being pumped to the creek. (Appendix Picture 3)

The effluent pipe conveying sewage to the creek is a flexible 2" hose laying on the ground. It runs over the ground, across the abandoned lagoon berm, down the backside of the lagoon and into the contact chamber. This pipe has a leak that is spraying onto the backside of the lagoon berm. It has a leak that is running down the backside of the lagoon berm and is causing erosion. If this continues to go unrepaired, the berm may fail causing the abandoned lagoon cell to discharge into the creek. Per the operator, they anticipate sludge being present in the lagoon and this is a potential for additional contamination of the creek. (Appendix Picture 4)

The contact chamber installed in the creek channel has failed. Currently, the effluent of the plant pumps into the contact chamber. This flow appears to immediately be dumping into the creek without going through the contact chamber. This causes two issues of not receiving proper time for contact to

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# 21 DESIGN

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reduce the e. coli levels of the effluent but also having a high chlorine residual. This is very harmful to wildlife. (Appendix Picture 5)

The quality of the creek bed downstream of the effluent was also very poor. Sludge deposits coated almost the entire channel for hundreds of feet downstream of the effluent. This will again cause issues with wildlife and needs to be cleaned immediately. (Appendix Picture 6)

The abandoned lagoon cell is a liability. The fencing around the cell is failing. Trees are growing through the fence as well as on the berms of the lagoon which is causing concern for safety and security of this liability. (Appendix Picture 7) Tree growth on a lagoon berm will include roots that penetrate the soil and create paths through the soil for the lagoon water to travel. (Appendix Picture 7) Through time, the berm will fail from this occurring. The overflow of the berm also has concerns. The area is eroding but also has sludge deposits. This cell needs to be repaired or closed to eliminate the liability and contamination it is causing in the creek. (Appendix Picture 8)

The current operator stated that the plant struggles to meet limits. Upgrades are necessary to bring this facility back into compliance. The shape of this facility is detrimental to the environment and needs to be addressed as soon as possible

**Improvements** Remove trees from around the facility to decrease leaves in the treatment process. Replace all the aeration piping and diffusers. Blowers might need to be replaced but should be inspected to determine efficiency upon ownership transfer. The facility will need a more experience operator that will monitor for facility chemistry. The system should look at additional flow equalization, the addition of sludge holding, repair of the clarifier and consideration to converting the facility to an IFAS process with a moving bed biological reactor. For the effluent, the facility should look to have an ultraviolet unit up by the equipment and evaluate the feasibility of gravity flow to the creek flowline.

#### Wastewater Collection System Understanding

In meeting with the operator, the system has 203 customers. The operator stated that the system has serious inflow and infiltration problems. If this is not addressed, the system will continue to discharge sludge into the creek as shown in the pictures as well as not meet other limits specified in the permit. Funds should be invested into the collection system or the quality of the effluent will be an ongoing problem. No maps of the system were provided. The system will need to be mapped for future operation as it appeared nothing has been compiled for our review or operational maintenance purposes. The system should also be smoke tested. Video inspection is anticipated on parts of the system as well.

**Improvements Required:** Map the system. Smoke test and video inspect the collection system.

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## APPENDIX



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Civil Engineering  
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Wastewater Treatment



Civil Site Design  
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# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment B

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Corrective Action Plan

Civil Engineering  
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Wastewater Treatment



Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection

December 17, 2019

Wes Dement  
Kentucky Department for Environmental Protection  
Division of Enforcement  
300 Sower Blvd., 3rd Floor  
Frankfort, KY 40601

Bluegrass Water Utility Operating Company, Inc.  
Airview WWTF  
KPDES Permit No. KY0045390  
Agency Interest No. 1643  
Corrective Action Plan

In light of the Airview WWTF's failure to meet permitted limits Bluegrass Water Utility Operating Company (BWUOC) submits the following corrective action plan.

BWUOC has recently purchased this treatment plant. With the change of ownership, operational modifications have been implemented and are ongoing. With proper operation, the facility should be capable of meeting permit limits without process modification. Over the next several months, repairs will be made and monitoring will continue to confirm that the existing processes can meet permit limits.

#### 1. Causes of the Effluent Violations

- pH
- Total Suspended Solids (TSS)
- E. Coli
- Total Residual Chlorine (TRC)
- Dissolved Oxygen (DO)

Testing results since the date of acquisition depict several samples violating various effluent limits. At operational startup, it appeared previous ownership had abandoned the facility. The initial analysis showed poor operational process control. The first sample violated DO and pH effluent limits, but we believe initial cleanup work has addressed the issue. Regarding TSS, TRC and E. Coli exceedances, inflow and infiltration (I and I) is a major contributor to these exceedances. The facility cannot treat waste properly due to accelerated flow through the plant resulting from the high levels of I and I. Additionally, the facility has struggled to meet TRC and E. Coli limits due to the poor installation/design of the contact chamber. The chamber is sitting in the flow line of the creek and the current piping configuration does not provide sufficient contact time. Operations personnel have made changes to the piping configuration to make it effective, but additional monitoring is needed to confirm the new arrangement will work when the creek level rises again.

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636-432-5029

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Washington, MO 63090

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## 2. System Evaluation and Corrective Actions

The facility should be able to consistently meet permit limits with proper operation, but monitoring will continue through this period of operational improvement to confirm no process changes are required.

While the facility is meeting permit limits, some components must be evaluated for repair or replacement. There are concerns with the integrity of the existing treatment plant steel walls as some portions appear to be reaching the end of their useful life. However, since the plant is meeting limits, current plans are to weld in steel plates to extend the usable life of the steel tankage.

The disinfection process was poorly designed/installed. If the system continues to struggle to meet limits for E. Coli and TRC following the process improvements already implemented, consideration should be given to an alternative disinfection system. With proper operational control, pH and DO will not be an ongoing problem.

The facility does not have a sludge holding tank. For facilities of this size, it is recommended to have a sludge holding tank to allow better control of the facility's mixed liquor and reduce sludge hauling costs.

Inflow and Infiltration is the primary cause for TSS exceedances and a known problem within this system. Flow monitoring will help determine the extents of I and I and will be addressed later in this memo. The collection system will be evaluated using a multi-step process. The first two steps are to smoke test and then to clean and jet the system. These tasks have been completed. The results of these two processes allow problem areas to be identified and targeted for repair/replacement. The evaluation showed two locations where the sanitary sewer had collapsed. Both locations have been repaired and returned to full service. Results are being reviewed further to establish an I and I improvement plan for the collection system. This will improve all aspects of treatment, more specifically it will reduce TSS violations during rain events.

The collection system has one lift station at the southwest corner of the system. This lift station had one operational pump which appeared to have very low flow capabilities. After evaluation, it was found that the functional pump had been wired backwards by the previous owner substantially reducing the pump's capacity. The second pump had a failed impellor. This impellor was ordered and received in the first week of December. It is scheduled to be installed and operational the week of December 16th. During major rain events, the lift station has been known to fall behind, causing sewage to discharge out of the adjacent manhole lid. The previous owner had coordinated with a tenant in an adjacent building to turn on a trash pump and pump the sewage into the adjacent ditch without treatment. The new operational plan does not allow this practice and the repaired pumps will improve the capacity of the station and reduce the potential of a sewer backup.

A Mission remote monitoring system and magnetic flow meter will be installed to provide real time monitoring of the facility. This will improve capabilities to monitor the effect of inflow and infiltration and status of the facility. The monitoring system will improve operations and maintain reliable service for the customers.

21 Design Group, Inc  
636-432-5029

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3. Project Milestones

- Continue monitoring performance of facility (June 30, 2020)
- Repair second pump in lift station (December 31, 2019)
- Install new magnetic flow meter and Mission monitoring system (May 31, 2020)
- Repair aeration tank by spot welding corroded areas (June 30, 2020)
- Submit status report detailing improvements and whether process changes are required (June 30, 2020)

Sincerely,

A handwritten signature in blue ink that reads 'Benjamin Kuenzel'.

Benjamin Kuenzel, PE  
Principal of 21 Design Group, Inc.

21 Design Group, Inc  
636-432-5029

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1351 Jefferson St., Suite 301  
Washington, MO 63090

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment C

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Correction Action Plan Approval Letter

ANDY BESHEAR  
GOVERNOR



REBECCA W. GOODMAN  
SECRETARY

**ENERGY AND ENVIRONMENT CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON  
COMMISSIONER

300 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40601

January 28, 2020

Jake Freeman  
Central States Water Resources  
500 Northwest Plaza Dr., Suite 500  
St. Ann, MO 63074

Re: AI Name: Airview WWTP  
AI No. 1643  
Case No. DOW-19-3-0149  
Activity No. ERF20190001  
Facility ID: KY0045390  
Hardin County

Dear Mr. Freeman:

Thank you for your submission of a Corrective Action Plan ("CAP") dated December 17, 2019, for the facility listed above, which the Cabinet has reviewed and accepted. The Division of Water has no comments regarding this CAP. Feel free to contact me at 502-782-8638 or [wesley.dement@ky.gov](mailto:wesley.dement@ky.gov) should you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Wesley T. Dement", written over a horizontal line.

Wesley T. Dement,  
Environmental Enforcement Specialist  
Division of Enforcement

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment D

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Corrective Action Plan Revision





# BLUEGRASS WATER

Utility Operating Company

A CSWR Managed Utility

July 29, 2020

Michael Kroeger (CC. Wesley Dement)  
Kentucky Department for Environmental Protection  
Division of Enforcement  
300 Sower Blvd., 3rd Floor  
Frankfort, KY 40601

Bluegrass Water Utility Operating Company, Inc.  
Airview Subdivision WWTF  
KYPDES Permit No. KY0045390  
Agency Interest No. 1643

#### Corrective Action Plan Revision:

I am pleased to submit this update to the Corrective Action Plan for the Airview WWTF approved by EEC/DEP on 1/28/2020. The scope of the original CAP was completed within the projected schedule of the CAP. Triage and repair work has been completed and the main aeration plant is in much better shape than it was at acquisition. Vegetation has been cleared, handrails installed, and walkways repaired, the bar screen has been repaired, aeration system improvements have been implemented, the effluent line has been repaired, and tanks have been patched and painted. Plant performance has improved significantly and DMR data shows reduced pollutant loading since acquisition.

Per the original CAP, our evaluation following triage improvements has determined that the facility does require a construction permit to complete improvements. A construction permit application was submitted in September of 2020 for these additional improvements. The permit application includes conversion of the abandoned lagoon into wet weather storage, including pumping equipment and clearing and repairing the lagoon berms, as well as removal of the deteriorated concrete tank in the creek. The construction permit has been issued and we have begun to order parts and materials. We believe that work will proceed fairly quickly expect to complete the improvements at Airview by February 18, 2022. Following the improvements included in the construction permit the facility should be able to consistently comply with permitted limits.

Sincerely,

**JON MEANY**

Utility Engineer

 (314) 380-8537 Ext. 215  
 (314) 482-0342  
 (314) 736-4759  
 jmeany@cswrgroup.com  
 1650 Des Peres Rd., Suite 303,  
Des Peres, MO 63131

1650 Des Peres Rd., Suite 303, St. Louis, MO 63131

[www.centralstateswaterresources.com](http://www.centralstateswaterresources.com)

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment E

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Pictures



**Airview Wastewater Treatment Facility**





**Outside walls of Clarifier newly painted**



**Outside walls of treatment Plant newly painted**



Mixed liquor in aeration basin



Clarifier



**Trees and brush cleared out around the Lagoon**





**Effluent discharge point with de-chlorination unit and KPDES sign**





**Mission-Manage SCADA Control monitoring system**







Lift Station







**Andy Beshear**  
Governor

**Rebecca W. Goodman**  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

**Michael J. Schmitt**  
Chairman

**Kent A. Chandler**  
Vice Chairman

**Talina R. Mathews**  
Commissioner

June 16, 2021

Josiah Cox  
CEO  
Central States Water Resources  
500 Northwest Plaza Drive, Suite 500  
St. Ann, MO 63074

Re: First Periodic Waste Water Inspection  
Bluegrass Water Utility Operating Company, LLC – Lake Columbia Waste Water  
System  
Bullitt County, KY

Dear Mr. Cox:

Public Service Commission staff performed a periodic inspection of the Bluegrass Water Utility Operating Company, LLC – Lake Columbia waste water system located in Bullitt County, KY on April 20, 2021, reviewing utility operations and management practices pursuant to Commission regulations. The report of this inspection is enclosed with this letter.

Based on the inspector's observations, no deficiencies were noted during this inspection.

Please review the enclosed inspection report in its entirety as you will find further information noted in regard to the inspection. If you have any questions regarding this inspection, feel free to contact me at 502-330-5986 or via email at [Brian.Rice@ky.gov](mailto:Brian.Rice@ky.gov).

Sincerely,

Brian L. Rice  
Utility Inspector  
Public Service Commission

Enclosure(s)

Copy: Ali Alexander, R.G., Environmental Compliance Officer, Central States Water Resources  
Terry Merritt, VP of Midwest Water Operations  
1351 Jefferson Street, Suite 301  
Washington, MO 63090



# Kentucky Public Service Commission

## Periodic Compliance Inspection

**Utility:** Bluegrass Water Utility Operating Company, LLC. – Lake Columbia WWT Facility

**Utility's Principal office location:** 500 Northwest Plaza Drive Suite 500, St. Ann, MO

**Wastewater Treatment Facility Location:** Lake Columbia Subdivision Zoneton, KY 40165

**Utility representative during inspection:** Alica (Ali) Alexander, R. G. – Environmental Compliance Officer, James Smith

**Counties Served:** Bullitt

**Customers:** Approximately 33

**Inspector:** Brian L. Rice

**Date(s) of inspection:** April 20, 2021

**Last Inspection Date:** February 13, 2018

**Deficiencies noted during the last inspection:** 16

**Have deficiencies been corrected since last inspection?**

Yes  No  N/A

**Note:** The wastewater system owned by **Lake Columbia Utilities, Inc.** was transferred to Bluegrass Water Utility Operating Company, LLC back in August of 2019 in case number 2019-00104.

**If no, provide a response as to why these deficiencies have not been addressed.**

### **Person(s) who should receive this inspection report:**

Josiah Cox  
Central States Water Resources, CEO  
500 Northwest Plaza Drive, Suite 500  
St. Ann, MO 63074  
[jcox@cswrgroup.com](mailto:jcox@cswrgroup.com)  
314.736.4672

Terry Merritt  
Midwest Water Operations, VP  
1351 Jefferson Street, Suite 301  
Washington, MO 63090  
[tmerritt@midwestwaterop.com](mailto:tmerritt@midwestwaterop.com)  
636.432.3001

# Kentucky Public Service Commission

## Periodic Compliance Inspection

### General Questions

Treatment Facility: Yes  No  N/A

Collection System: Yes  No  N/A

### Utility Information

**Total number of Employees:** Bluegrass Water Utility Operating Company, LLC has no employees. BWUOC contracts with Midwest Water Operations to operate and maintain the wastewater facility.

**Does the utility have its own maintenance staff?** Yes  No  N/A

If not, give the name the person(s) doing the work:

### 807 KAR 5:006 (General Rules)

**Section 2: General Provisions.** Reference to standards or codes in 807 KAR Chapter 5 shall not prohibit a utility from continuing or initiating experimental work and installations to improve, decrease the cost of, or increase the safety of its service.

### Section 7: Billings, Meter Readings, and Information.

**Billing and Collection is done by:** Bluegrass Water Utility Operating Company, LLC has contracted with Nitro Billing Services

**Does each bill for utility service issued periodically by a utility clearly show the following?**

The date the bill was issued:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Class of service:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Present and last preceding meter readings:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Date of the present reading:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Number of units consumed:	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
Net amount for service rendered:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
All taxes:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Adjustments, if applicable:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
The gross amount of the bill:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
The date after which a penalty may apply to the gross amount:	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

# Kentucky Public Service Commission

## Periodic Compliance Inspection

If the bill is estimated or calculated: Yes  No  N/A   
Is the rate schedule under which the bill is computed posted on the utility's Web site (if it maintains a Web site)? Yes  No  N/A   
Also furnished by one (1) of the following methods, by:  
Printing it on the bill: Yes  No  N/A   
Publishing it in a newspaper of general circulation once each year: Yes  No  N/A   
Mailing it to each customer once each year; or: Yes  No  N/A   
Provide a place on each bill for a customer to indicate the customer's desire for a copy of the applicable rates: Yes  No  N/A

Does the utility maintain the information required by this subsection, and is it available to the commission and any customer requesting this information?  
Yes  No  N/A

### Section 8. Deposits:

Is the utility requiring a minimum cash deposit or other guarantee from customers to secure payment of bills? Yes  No  N/A

### Section 10: Customer Complaints to the Utility

Upon complaint to a utility by a customer at the utility's office, by telephone or in writing, does the utility make a prompt and complete investigation and advise the customer of the utility's findings? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky. All customer complaints will be made via telephone.

Does the utility keep a record of all written complaints concerning the utility's service? Yes  No  N/A

Does the record include the following?  
The customer's name and address: Yes  No  N/A   
The date and nature of the complaint: Yes  No  N/A   
The disposition of the complaint: Yes  No  N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

Does the utility maintain these records for two (2) years from the date of resolution of the complaint? Yes  No  N/A

If a written complaint or a complaint made in person at the utility's office is not resolved, does the utility provide written notice to the customer of his or her right to file a complaint with the commission? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky. All customer complaints will be made via telephone.

Does the utility provide the customer with the mailing address, Web site address, and telephone number of the commission? Yes  No  N/A

If a telephonic complaint is not resolved, does the utility provide at least oral notice to the customer of his or her right to file a complaint with the commission? Yes  No  N/A

### Section 14: Utility Customer Relations

Does the utility post and maintain regular business hours and provide representatives available to assist its customers and to respond to inquiries from the commission regarding customer complaints? Yes  No  N/A

Does the utility designate at least one (1) representative to be available to answer customer questions, resolve disputes, and negotiate partial payment plans at the utility's office? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky. All customer questions, disputes, and partial payment plan negotiations will be handle over the telephone.

If the utility has an annual operating revenue of \$250,000 or more, does the utility have a designated representative available during the utility's established working hours not fewer than seven (7) hours per day, five (5) days per week excluding legal holidays? Yes  No  N/A

If the utility has an annual operating revenue of less than \$250,000, does the utility have a designated representative available during the utility's established working hours not fewer than seven (7) hours per day, one (1) days per week? Yes  No  N/A



# Kentucky Public Service Commission

## Periodic Compliance Inspection

Does the utility provide the following?

Maintain a telephone: Yes  No  N/A

Publish the telephone number in all service areas: Yes  No  N/A

Permit all customers to contact the utility's designated representative without charge: Yes  No  N/A

Does the utility prominently display in each office open to the public for customer service (and shall post on its Web site, if it maintains a Web site) a summary, prepared and provided by the commission, of the customer's rights pursuant to this section and Section 16 of this administrative regulation?

Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky but does maintain a website with the necessary information for customers.

### Section 20: Access to Property:

Do employees of the utility (whose duties require them to enter the customer's premises) wear a distinguishing uniform or other insignia, identifying them as an employee of the utility, and show a badge or other identification that shall identify them as an employee of the utility?

Yes  No  N/A

**Note:** Bluegrass Water does not have any employees.

### Section 23: System Maps and Records:

Does the utility have on file at its principal office located within the state and shall file upon request with the commission a map or maps of suitable scale of the general territory it serves or holds itself ready to serve?

Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky; however, all Bluegrass Water's system maps are available on Central States Water resources website via a link to the Kentucky Infrastructure Authority.

# Kentucky Public Service Commission

## Periodic Compliance Inspection

Is the map or maps available in electronic format as a PDF file or as a digital geographic database? Yes  No  N/A

Is the following data available on the map or maps?

Operating districts Yes  No  N/A

Rate districts: Yes  No  N/A

Communities served: Yes  No  N/A

### Section 24: Location of Records.

All records required by 807 KAR Chapter 5 shall be kept in the office of the utility and shall be made available to representatives, agents, or staff of the commission upon reasonable notice at all reasonable hours.

Are all records required by 807 KAR Chapter 5 kept in the office of the utility and shall be made available to representatives, agents, or staff of the commission upon reasonable notice at all reasonable hours?

Yes  No  N/A

### Section 25: Safety Program:

Each utility shall adopt and execute a safety program, appropriate to the size and type of its operations. At a minimum, the safety program shall:

- (1) Establish a safety manual with written guidelines for safe working practices and procedures to be followed by utility employees;
- (2) Instruct employees in safe methods of performing their work.
- (3) Instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation, or drowning, in accepted methods of artificial respiration.

Has the utility adopted and executed a safety program, appropriate to the size and type of its operations?

Yes  No  N/A

At a minimum, does the safety program include the following?

A safety manual with written guidelines for safe working practices and procedures to be followed by utility employees:

Yes  No  N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

**Note:** Contractor Safe Practices Handbook

**Instruct employees in safe methods of performing their work.**

Yes  No  N/A

**Note:** Bluegrass Water has no employees

**Instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation, or drowning, in accepted methods of artificial respiration:**

Yes  No  N/A

**Note:** Bluegrass Water has no employees

### Section 26: Inspection of Systems:

(1) A utility shall adopt inspection procedures to assure safe and adequate operation of the utility's facilities and compliance with KRS Chapter 278 and 807 KAR Chapter 5 and shall file these procedures with the commission for review.

(2) Upon receipt of a report of a potentially hazardous condition at a utility facility, the utility shall inspect all portions of the system that are the subject of the report.

(3) Appropriate records shall be kept by a utility to identify the inspection made, the date and time of inspection, the person conducting the inspection, deficiencies found, and action taken to correct the deficiencies.

**Has the utility adopted inspection procedures to assure safe and adequate operation of the utility's facilities and compliance with KRS Chapter 278 and 807 KAR Chapter 5?**

Yes  No  N/A

**Have these inspection procedures been filed with the commission for review?**

Yes  No  N/A

**Upon receipt of a report of a potentially hazardous condition at a utility facility, does the utility inspect all portions of the system that are the subject of the report?**

Yes  No  N/A

**Are appropriate records kept by a utility to identify the inspection made, the date and time of inspection, the person conducting the inspection, deficiencies found, and action taken to correct the deficiencies?**

Yes  No  N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

### Section 27: Reporting of Accidents, Property Damage, or Loss of Service:

(1) Within two (2) hours following discovery each utility, other than a natural gas utility, shall notify the commission by telephone or electronic mail of a utility related accident that results in:

- (a) Death or shock or burn requiring medical treatment at a hospital or similar medical facility, or any accident requiring inpatient overnight hospitalization;
- (b) Actual or potential property damage of \$25,000 or more; or
- (c) Loss of service for four (4) or more hours to ten (10) percent or 500 or more of the utility's customers, whichever is less.

(2) A summary written report shall be submitted by the utility to the commission within seven (7) calendar days of the utility related accident. For good cause shown, the executive director of the commission, shall, upon application in writing, allow a reasonable extension of time for submission of this report.

Has the Utility had any Accidents, Property Damage, or Loss of Service?

Yes  No  N/A

If yes, was the Commission notified by telephone or electronic mail within two (2) hours of discovery of a utility related accident that resulted in the following:

Death, shock, or burn requiring medical treatment at a hospital or similar medical facility, or any accident requiring inpatient overnight hospitalization:

Yes  No  N/A

Actual or potential property damage of \$25,000 or more:

Yes  No  N/A

Loss of service for four (4) or more hours to ten (10) percent or 500 or more of the utility's customers, whichever is less:

Yes  No  N/A

Was a summary written report submitted by the utility to the commission within seven (7) calendar days of the utility related accident?

Yes  No  N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

### Section 28: Deviations from Administrative Regulation:

In special cases, for good cause shown, the commission shall permit deviations from this administrative regulation.

Has the utility been permitted by the commission to deviate from these administrative regulations?

Yes  No  N/A

If so, provide the case no.

807 KAR 5:011 (Tariffs)

### Section 12: Posting tariffs, Administrative Regulations, and Statutes

Does the utility display a suitable placard, in large type, that states that the utility's tariff and statutes are available for public inspection?

Yes  No  N/A

**Note:** Bluegrass Water does not have an office in Kentucky; however, the tariffs and statutes are available on Central States Water Resources website.

Does the utility provide a suitable table or desk in its office or place of business on which the public may view all effective tariffs?

Yes  No  N/A

**Note:** Bluegrass Water does not have an office in Kentucky.

### Section 13: Special Contracts

Does the utility have any special contracts that establish rates, charges, or conditions of service not contained in its tariff?

Yes  No  N/A

If yes, has the utility filed the special contracts with the PSC?

Yes  No  N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

### 807 KAR 5:071 (Sewage)

**Section 1: General.** The purpose of this administrative regulation is to provide standard rules administrative regulations governing the service of sewage utilities operating under the Jurisdiction of the Public Service Commission.

#### **Section 4: Information Available to Customers.**

(1) System maps or records. Each utility shall maintain up-to-date maps, plans, or records of its entire force main and collection systems, with such other information as may be necessary to enable the utility to advise prospective customers, and others entitled to the information, as to the facilities available for serving any locality.

(2) Rates, rules, and regulations. A schedule of approved rates for sewage service applicable for each class of customers and the approved rules and regulations of the sewage utility shall be available to any customer or prospective customer upon request.

Does the Utility have a current map and/or plans for its system?

Yes

No

N/A

#### **Section 5. Quality of Service.**

(1) General. Each utility shall maintain and operate sewage treatment facilities of adequate size and properly equipped to collect, transport, and treat sewage, and discharge the effluent at the degree of purity required by the health laws of the State of Kentucky, and all other regulatory agencies, federal, state, and local, having jurisdiction over such matters.

(2) Limitations of service. No sewage disposal company shall be obliged to receive for treatment or disposal any material except sewage as defined by Section 2(7) of this administrative regulation. In compliance with the administrative regulation, the utility shall make all reasonable efforts to eliminate or prevent the entry of surface or ground water, or any corrosive or toxic industrial liquid waste into its sanitary sewer system. A utility may request assistance from the appropriate state, county, or municipal authorities in its efforts, but such a request does not relieve the utility of its aforementioned responsibilities.

Is the utility in compliance with the Division of Water?

Yes

No

N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

**Note: See the following attachments:**

Attachment A – Agreed Order between Bluegrass Water and Energy and Environment Cabinet.

Attachment B – Bluegrass Water's Corrective Action Plan (CAP) dated December 13, 2019

Attachment C – EEC Comment & Approval Letter

Attachment D – Bluegrass Water Revision Corrective Action Plan dated July 29, 2020

**Is the utility making every reasonable effort to eliminate or prevent the entry of surface or ground water, or any corrosive or toxic industrial liquid waste into its sanitary sewer system?**

Yes  No  N/A

**Section 6: Continuity of Service.**

**(1) Emergency interruptions. Each utility shall make all reasonable efforts to prevent interruptions of service and when such interruptions occur shall endeavor to reestablish service with the shortest possible delay consistent with the safety of its customers and the general public.**

**(2) Scheduled interruptions. Whenever any utility finds it necessary to schedule an interruption of its service, it shall notify all customers to be affected by the interruption stating the time and anticipated duration of the interruption. Whenever possible, scheduled interruptions shall be made at such hours as will provide least inconvenience to the customers.**

**(3) Record of interruptions. Each utility shall keep a complete record of all interruptions on its system. This record shall show the cause of interruption, date, time, duration, remedy, and steps taken to prevent recurrence.**

**Is the utility making all reasonable efforts to prevent interruptions of service and when such interruptions occur shall endeavor to reestablish service with the shortest possible delay consistent with the safety of its customers and the general public?**

Yes  No  N/A

**If the utility schedules an interruption of service are all customers notified that are affected by the interruption?**

Yes  No  N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

Does the utility make all reasonable efforts to schedule interruptions at such hours as will provide least inconvenience to the customers?

Yes  No  N/A

Does the utility maintain a record of all interruptions of service with regard to the following items?

Yes  No  N/A

Cause of interruption	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Date	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Time	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Duration	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Remedy	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
# of customers affected	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
Steps taken to prevent recurrence	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>

### Section 7. Design, Construction, and Operation.

(1) General. The sewage treatment facilities of the sewage utility shall be constructed, installed, maintained and operated in accordance with accepted good engineering practice to assure, as far as reasonably possible, continuity of service, uniformity in the quality of service furnished, and the safety of persons and property.

(2) Design and construction requirements. The design and construction of the sewage utility's collecting sewers, treatment plant and facilities, and all additions thereto and modifications thereof, shall conform to the requirements of the Kentucky Department for Natural Resources and Environmental Protection, Bureau of Environmental Quality, Division of Water Quality.

(3) Adequacy of facilities. The capacity of the sewage utility's sewage treatment facilities for the collection, treatment and disposal of sewage and sewage effluent must be sufficiently sized to meet all normal demands for service and provide a reasonable reserve for emergencies.

(4) Inspection of facilities. Each sewage utility shall adopt procedures for inspection of its sewage treatment facilities to assure safe and adequate operation of its facilities and compliance with commission rules. These procedures shall be filed with the commission. Unless otherwise authorized in writing by the commission, the sewage utility shall make inspections of collecting sewers and manholes on a scheduled basis at intervals not to exceed one (1) year, unless



# Kentucky Public Service Commission

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## Periodic Compliance Inspection

conditions warrant more frequent inspections and shall make inspections of all mechanical equipment on a daily basis. The sewage utility shall maintain a record of findings and corrective actions required, and/or taken, by location and date.

Is the utility operating and maintaining their facility in accordance with accepted good engineering practice to assure, as far as reasonably possible, continuity of service, uniformity in the quality of service furnished, and the safety of persons and property?

Yes  No  N/A

Is the utility adhering to their inspection procedures to assure safe and adequate operation of its facilities and compliance with the Commission rules?

Yes  No  N/A

Unless otherwise authorized in writing by the commission, does the sewage utility make inspections of their collecting sewers and manholes on a scheduled basis at intervals not to exceed one (1) year, unless conditions warrant more frequent inspections?

Yes  No  N/A

Does the utility inspect all mechanical equipment on a daily basis?

Yes  No  N/A

**Note:** This facility has in place a Mission-Manage SCADA monitoring system.

Does the utility maintain a record of findings and corrective actions required, and/or taken, by location and date?

Yes  No  N/A

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

### Deficiencies

No deficiencies noted during this inspection.

### Additional Inspector Comments

This is the first inspection of Bluegrass Water Utility Operating Company, LLC since they became a utility back in September of 2019 in case no. 2019-00104 therefore this visit was considered introductory in nature.

Bluegrass Water entered into an Agreed Order with the Energy and Environment Cabinet back in September of 2019 for the interest of providing corrective actions to the Lake Columbia wastewater treatment facility. (See attachment A) Bluegrass water submitted a Corrective Action Plan (CAP) to the cabinet in December of 2019 (see Attachment B). Since the acquisition of Lake Columbia wastewater treatment facility, Bluegrass Water has submitted a revised CAP back in July of 2020. (See attachment D)

Bluegrass Water has made the following major improvements to the Lake Columbia wastewater treatment facility:

1. Improvement to treatment plant access road
2. New bar screen
3. Added a Mission-Manage SCADA Control monitoring system
4. New blower/motor unit
5. Treatment plant has been repaired and painted
6. Cleaned up the area around the plant by removing trees, brush, and debris.
7. Added a new chlorine contact basin.

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

**Comment:** During this periodic regulatory compliance inspection, it was not possible to review/discuss every record relating to all Commission requirements. Therefore, in some instances the results contained in this report are indicative of those items inspected and reviewed on a sample basis.

**Report by:**

**Date:** June 9, 2021



**Brian L. Rice**  
**Utility Inspector**  
**Kentucky Public Service Commission**

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

- Attachments: A – Agreed Order  
B – Corrective Action Plan  
C – EEC Comment & Approval Letter  
D – Revised Corrective Action Plant  
E – Pictures

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment A

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Agreed Order

T. Horne



COMMONWEALTH OF KENTUCKY  
ENERGY AND ENVIRONMENT CABINET  
DIVISION OF ENFORCEMENT  
CASE NO. DOW 19-3-0153

IN RE: Bluegrass Water Utility Operating Company, LLC  
Lake Columbia Subdivision Wastewater Treatment Plant  
Zoneton Road and Cedar Creek Road  
Zoneton, KY 40165  
AI No 458  
Activity ID No. ERF20190001

**AGREED ORDER**

\*\*\*\*\*

WHEREAS, the parties to this Agreed Order, the Energy and Environment Cabinet (hereinafter "Cabinet") and Bluegrass Water Utility Operating Company, LLC (hereinafter "BWUOC") state

**STATEMENTS OF FACT**

1. The Cabinet is charged with the statutory duty of enforcing KRS Chapter 224 and the regulations promulgated pursuant thereto.
2. BWUOC is an active Kentucky Limited Liability Company in good standing that owns and operates utilities and whose principal address, according to the Kentucky Secretary of State is 500 NW Plaza Drive, Suite 500, Saint Ann, Missouri 63074
3. Lake Columbia Subdivision Wastewater Treatment Plant (hereinafter "Lake Columbia WWTP" or "facility"), is located at Zoneton Road and Cedar Creek Road, Zoneton, Kentucky 40165. The facility has a design capacity of 0.012 million gallons per day and discharges to an unnamed tributary to Cedar Creek.
4. Lake Columbia WWTP is currently owned and operated by Lake Columbia Utilities, Inc. The facility's discharges are permitted under Kentucky Pollutant Discharge

Elimination Systems (hereinafter "KPDES") permit number KY0077674, issued by the Cabinet's Division of Water (hereinafter "DOW") The facility's KPDES permit expires on November 30, 2019.

5. Lake Columbia Utilities, Inc. is an inactive for-profit Kentucky corporation in bad standing, according to the Kentucky Secretary of State.

6. BWUOC has indicated to the Cabinet that it plans to acquire Lake Columbia WWTP, provided it receives from the Kentucky Public Service Commission ("Commission") all approvals required to make the acquisition. If the Commission approves the acquisition, BWUOC plans to assume ownership and operation of Lake Columbia WWTP on or around September 15, 2019.

7. BWUOC has contracted with a third-party firm to produce an engineering memorandum detailing the status of and repairs needed at Lake Columbia WWTP (Exhibit A). This report was submitted to the Cabinet on or about July 29, 2019.

8. If it receives all required Commission approvals, BWUOC has indicated to the Cabinet that it plans to make substantial repairs and/or upgrades to the facility to address the deficiencies noted in Exhibit A.

**NOW THEREFORE**, in the interest of providing corrective actions to Lake Columbia WWTP, the parties hereby consent to the entry of this Agreed Order and agree as follows:

**REMEDIAL MEASURES**

9. BWUOC shall notify the Cabinet in writing that it has assumed ownership and operation of Lake Columbia WWTP within fifteen (15) days of acquiring the facility.

10. Within fifteen (15) days of assuming ownership and operation of the facility, BWUOC shall submit a "Change in Ownership Certification" to the Cabinet.

11 At all times, commencing with assuming ownership of the facility, BWUOC shall provide for proper operation and maintenance of the facility in accordance with 401 KAR 5:065 Section 2(1).

12 Following the initial ninety (90) days of its operation of the facility, BWUOC shall submit to the Cabinet for review and acceptance, a written Corrective Action Plan (hereinafter "CAP") to bring the facility into compliance with its KPDES permit and correct the deficiencies noted in Exhibit A. The CAP shall include, but not be limited to, an identification of actions BWUOC shall implement to ensure compliance that includes, proper operation and maintenance to its sewage treatment system, collection system, and disinfection unit. The CAP shall also include a list of all actions necessary to ensure the completion of upgrades to its facility including a list of completion dates for each action. Include in the CAP a final compliance date for completion of all remedial measures listed;

- A. Upon review of the CAP, the Cabinet may, in whole or in part, (1) accept or (2) decline and provide comments to the BWUOC identifying the deficiencies. Upon receipt of Cabinet comments, the BWUOC shall have ninety (90) days to revise and resubmit the CAP for review and acceptance. Upon resubmittal, the Cabinet may, in whole or in part, (1) accept or (2) disapprove and provide comments to the BWUOC identifying the deficiencies. Upon such resubmittal, if the CAP is disapproved, the Cabinet may deem the BWUOC to be out of compliance with this Agreed Order for failure to timely submit the CAP. The parties to this Agreed Order may also agree in writing to further extend the period in which the BWUOC and the Cabinet accept a revised and resubmitted CAP.



B The BWUOC may request an amendment of the accepted CAP by writing the Director of the Division of Enforcement at 300 Sower Blvd , Frankfort, Kentucky 40601 and stating the reasons for the request. If granted, the amended CAP shall not affect any provision of this Agreed Order unless expressly provided in the amended CAP. This does not require an amendment request pursuant to paragraph 20 of this Agreed Order.

C. Upon Cabinet acceptance of all or any part of the CAP, the amended CAP or any accepted part thereof (provided that the accepted part is not dependent upon implementation of any part not yet accepted), shall be deemed incorporated into this Agreed Order as an enforceable requirement of this Agreed Order. This does not require an amendment request pursuant to paragraph 20 of this Agreed Order.

13. So long as BWUOC is in compliance with the terms and conditions of this Agreed Order, the Cabinet's Division of Enforcement agrees to hold any formal enforcement action for numeric permit parameter violations for the KPDES permit described in paragraph 4, in abeyance. Should BWUOC fail to comply with the terms and conditions of this Agreed Order, the Cabinet may seek formal enforcement action that would have otherwise been held in abeyance.

14. By the final compliance date in the accepted CAP, BWUOC shall be in full compliance with its KPDES permit.

15. All submittals required by the terms of this Agreed Order shall be submitted to: Division of Enforcement, Attention: Director, 300 Sower Blvd , Frankfort, Kentucky, 40601.

### MISCELLANEOUS PROVISIONS

16 This Agreed Order shall be of no force and effect unless BWUOC assumes ownership and operations of Lake Columbia WWTP.

17 This Agreed Order addresses only the items described above. Other than the matters agreed to by entry of this Agreed Order, nothing contained herein shall be construed to waive or to limit any remedy or cause of action by the Cabinet based on statutes or regulations under its jurisdiction and BWUOC reserves its defenses thereto. The Cabinet expressly reserves its right at any time to issue administrative orders and to take any other action it deems necessary that is not inconsistent with this Agreed Order, including the right to order all necessary remedial measures, assess penalties for violations, or recover all response costs incurred, and BWUOC reserves its defenses thereto.

18 This Agreed Order shall not prevent the Cabinet from issuing, reissuing, renewing, modifying, revoking, suspending, denying, terminating, or reopening any permit to BWUOC. BWUOC reserves its defenses thereto, except that BWUOC shall not use this Agreed Order as a defense.

19 BWUOC waives its right to any hearing on the matters admitted herein. However, failure by BWUOC to comply strictly with any or all of the terms of this Agreed Order shall be grounds for the Cabinet to seek enforcement of this Agreed Order in Franklin Circuit Court and to pursue any other appropriate administrative or judicial action under KRS Chapter 224 and the regulations promulgated pursuant thereto.

20 The Agreed Order may not be amended except by a written order of the Cabinet's Secretary or his designee. BWUOC may request an amendment by writing the Director of the Division of Enforcement at 300 Sower Blvd, Frankfort, Kentucky 40601, and stating the reasons

for the request. If granted, the amended Agreed Order shall not affect any provision of this Agreed Order unless expressly provided in the amended Agreed Order.

21. The Cabinet does not, by its consent to the entry of this Agreed Order, warrant or aver in any manner that BWUOC's complete compliance with this Agreed Order will result in compliance with the provisions of KRS Chapter 224 and the regulations promulgated pursuant thereto. Notwithstanding the Cabinet's review and approval of any plans formulated pursuant to this Agreed Order, BWUOC shall remain solely responsible for compliance with the terms of KRS Chapter 224 and the regulations promulgated thereto, this Agreed Order, and any permit and compliance schedule requirements.

22. BWUOC shall give notice of this Agreed Order to any purchaser, lessee or successor in interest prior to the transfer of ownership and/or operation of any part of the facility occurring prior to termination of this Agreed Order, shall notify the Cabinet that such notice has been given, and shall follow all statutory requirements for a transfer.

23. This Agreed Order applies specifically and exclusively to the unique facilities referenced herein and is inapplicable to any other facility.

24. Compliance with this Agreed Order is not conditional on the receipt of any federal, state, or local funds.

25. This Agreed Order shall be of no force and effect unless and until it is entered by the Secretary or his designee as evidenced by his signature thereon. If this Agreed Order contains any date by which BWUOC is to take any action or cease any activity, and the Secretary enters the Agreed Order after that date, then BWUOC is nonetheless obligated to have taken the action or ceased the activity by the date contained in this Agreed Order.

### **TERMINATION**

26. This Agreed Order shall terminate upon BWUOC's completion of all requirements described in this Agreed Order. BWUOC may submit written notice to the Cabinet when it believes all requirements have been performed. The Cabinet shall notify BWUOC in writing whether it concurs that all requirements of this Agreed Order have been completed. The Cabinet reserves its right to enforce this Agreed Order, and BWUOC reserves its right to file a petition for hearing pursuant to KRS 224.10-420(2) contesting the Cabinet's determination.

**AGREED TO BY**




\_\_\_\_\_  
Josiah Cox, President  
Bluegrass Water Utility Operating Company, LLC

**CASE NO. DOW 19-3-0153**

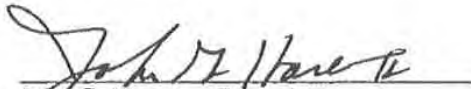
8/14/19  
\_\_\_\_\_  
Date

CASE NO. DOW 19-3-0153

APPROVAL RECOMMENDED BY:

  
Michael B. Kroeger, Director  
Division of Enforcement

8/27/19  
Date

  
John G. Horne II, Executive Director  
Office of General Counsel  
Energy and Environment Cabinet

8/27/19  
Date

  
R. Bruce Scott, Deputy Secretary  
Energy and Environment Cabinet

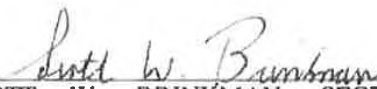
8/29/19  
Date

CASE NO. DOW 19-3-0153

**ORDER**

Wherefore, the foregoing Agreed Order is entered as the final Order of the Energy and Environment Cabinet this 3<sup>rd</sup> day of September, 2019.

ENERGY AND ENVIRONMENT CABINET

  
SCOTT W. BRINKMAN, SECRETARY of the  
GOVERNOR'S EXECUTIVE CABINET

**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the foregoing **AGREED ORDER** was mailed, postage prepaid, to the following this 3<sup>rd</sup> day of September, 2019.

Bluegrass Water Utility Operating Company, LLC  
Attn: Jacon Freeman  
500 NW Plaza Drive, Suite 500  
Saint Ann, MO 63074

And mailed, messenger to:

Michael B Kroeger, Director  
Division of Enforcement  
300 Sower Blvd  
Frankfort, Kentucky 40601

John G Home II, Executive Director  
Office of General Counsel  
Energy and Environment Cabinet  
300 Sower Blvd  
Frankfort, Kentucky 40601

  
\_\_\_\_\_  
DOCKET COORDINATOR

Distribution:

DOW  
S:4  
BGD  
FBT



# Exhibit A

Civil Engineering  
Surveying & Mapping  
Potable Water  
Wastewater Treatment



Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection

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Lake Columbia-Kentucky (Wastewater)

Engineering Memorandum

Date: December 28, 2018

Wastewater Treatment Facility Understanding

The wastewater treatment facility is made up of a standard extended aeration activated sludge facility. The system has an active operating permit that is set to expire on November 30, 2019. The plant consists of an influent splitter/bar screen box, aeration tank, clarifier, and chlorine disinfection. Upon entering the site, it is very visible the plant is in disarray and is not being managed properly. Therefore, and through a combination of the actual structure and continual operational maintenance, the system has failed. This facility is a continual contamination and is surprising that any of the limits are being met. In review of the Echo website hosted by the EPA, the system has well exceeded the ammonia limits of the permit for a minimum of 12 consecutive testing periods. Additionally, the system violated CBOD, Chlorine residual, E. coli, Ammonia, and TSS. It shall also be noted that the system has been written up for violations consisting of Improper Operation and Maintenance, failure to notify, 25 counts of late and missing DMR measurements. (See Appendix 1 for overall picture)

This facility has seen it's useful life and needs a complete overhaul and/or replacement.

There is no flow equalization at this facility. The incoming gravity flow enters directly into a bar screen box structure that has failed and the bar screen has been removed. (Appendix Picture 2.) This structure should be repaired.

The aeration tank sits above the surface. It has a number of large rust holes that show obvious signs of failure. These holes could be patched. However, I have concerns on the integrity of the remaining structure as it is not typical for the plant to rust completely through to this extent. (Appendix Picture 3.) Additionally, the facility liquid in no way has a resemblance of a mixed liquor. Items that should have been caught by the bar screen are piled on the surface of the water. The facility was not running upon arriving or leaving the site. I believe this portion of the treatment facility has completely failed. (Appendix Picture 4.)

The clarifier has received a number of patch repairs. The baffle for the effluent consists of treated lumber held in place by vise-grips on a rusted through baffle. (Appendix Picture 5.) The clarifier sludge returns were not running while we were on site. The operator did turn on the skimmer temporarily while we were there and it appeared working. However, the integrity of the structure and piping is in poor shape. The wiring of the control panel is exposed, not fastened, and is a safety issue for anyone working on this facility or on the plant. (Appendix Picture 6.)

The contact chamber does not have typical baffling and may experience short circuiting. This facility has seen violations of both residual chlorine and E. Coli. This facility is obviously struggling to meet limits with it's current setup. Upgrades should consist of converting to ultraviolet. (Appendix Picture 7)

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Civil Engineering  
Surveying & Mapping  
Potable Water  
Wastewater Treatment



Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection

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The effluent quality is very poor. There were remnants of toilet paper on the banks of the receiving stream. (Appendix Picture 8)

**Improvements:** This plant will need major reconstruction. Various processes will need to be evaluated. I anticipate an entire new treatment facility with possible reuse of the existing facility as flow equalization. Additionally, the system should include a new bar screen with flow meter. The chlorine contact chamber should be abandoned and ultraviolet disinfection would be recommended.

**Wastewater Collection System: Understanding**

Per records provided by the owner, the system has approximately 33 customers. These customers are served by a gravity sewer system that was once a mobile home park. From my experience, collection systems from mobile home parks are typically poorly maintained and constructed. Inflow and infiltration will be a problem. This was confirmed by the operator in our discussions. No maps of the system were provided. The system will need to be mapped for future operation as it appeared nothing has been compiled for our review or operational maintenance purposes. The system should also be smoke tested. Video inspection is anticipated on parts of the system as well.

**Improvements Required:** Map the system. Install a flow meter. Smoke test and video inspect the collection system.

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Potable Water  
Wastewater Treatment

# 21 DESIGN

Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection

## APPENDIX



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Civil Engineering  
Surveying & Mapping  
Potable Water  
Wastewater Treatment

# 21 DESIGN

Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection



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# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment B

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Corrective Action Plan

Civil Engineering  
Surveying & Mapping  
Potable Water  
Wastewater Treatment



Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection

December 20, 2019

Wes Dement  
Kentucky Department for Environmental Protection  
Division of Enforcement  
300 Sower Blvd., 3rd Floor  
Frankfort, KY 40601

Bluegrass Utility Operating Company, Inc.  
Lake Columbia WWTF  
KYPDES Permit No. KY0077674  
Agency Interest No. 458  
Corrective Action Plan

In light of the Lake Columbia WWTF's failure to meet permitted limits we submit the following corrective action plan.

Bluegrass Utility Operating Company (BWUOC) has recently purchased this treatment plant. With the change of ownership, operational modifications have been implemented and are ongoing. With proper operation, the facility should be capable of meeting permit limits without process modification. Over the next several months, repairs will be made and monitoring will continue in order to confirm that the existing processes can meet permit limits.

#### 1. Causes of the Effluent Violations

- Total Suspended Solids (TSS)
- E. Coli

Testing results since the date of acquisition depict several samples violating various effluent limits. At operational startup, it appeared previous ownership had abandoned the facility. The initial analysis showed no wastewater treatment process was occurring and most of the facility was filled with sludge and rags. On multiple site visits prior to acquisition, the plant was not operating. The first sample failed to meet effluent limits for E. Coli due to excessive sludge in the contact chamber. The second sample failed TSS and the third failed E. Coli due to excessive I and I, detrimental to the system process. Inflow and infiltration interrupts normal treatment by reducing the treatment time in each process component. E. Coli exceedances have also occurred due to a lack of chlorine dosing at the facility. The process for dosing observed during prior site visits with the previous operator was to place chlorine tablets directly into the contact chamber. This is not the correct tablet feeding procedure.

#### 2. System Evaluation and Corrective Actions

The facility should be able to consistently meet permit limits with proper operation, but monitoring will continue through this period of operational improvement to confirm no process changes are required.

21 Design Group, Inc  
636-432-5029

CONFIDENTIAL TO CSWR

1351 Jefferson St., Suite 301  
Washington, MO 63090

Civil Engineering  
Surveying & Mapping  
Potable Water  
Wastewater Treatment



Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection

While the facility is meeting limits, some components are reaching the end of their useful life. There are concerns with the integrity of the existing treatment plant steel walls, the disassembled bar screen and disinfection contact chamber. However, since the plant is meeting limits, steel plates will be welded in where possible to extend the useful life of the steel tankage.

The inlet bar screen box appears to have been disassembled. This structure should be rebuilt to reduce fouling in the aeration and clarifier with rags that reach this facility.

The disinfection process was installed without proper means of dosing. The only way to dose is to place the tablets in the clarifier effluent weir and then place dechlorination tablets near the discharge of the contact chamber. As part of the disinfection system upgrade, separate tablet feeders for both chlorination and dechlorination processes will be installed.

Inflow and Infiltration is the primary cause for TSS exceedances and a known problem within this system. Flow monitoring will help determine the extents of I and I and will be addressed later in this memo. The collection system will be evaluated using a multi-step process. The first two steps are to smoke test and then to clean and jet the system. These tasks have been completed. The results of these two processes allow problem areas to be identified and targeted for repair/replacement. Results are being reviewed to establish an I and I improvement plan for the collection system. This will improve all aspects of treatment, more specifically it will reduce TSS violations during rain events.

A Mission remote monitoring system and magnetic flow meter will be installed to provide real time monitoring of the facility. This will improve capabilities to monitor the effect of inflow and infiltration and status of the facility. The monitoring system will improve operations and maintain reliable service for the customers.

### 3. Project Milestones

- Continue monitoring performance of facility (June 30, 2020)
- Rebuild influent bar screen (March 31, 2020)
- Install tablet feeders for chlorination and dechlorination (March 31, 2020)
- Install new magnetic flow meter and Mission monitoring system (May 31, 2020)
- Repair aeration tank by spot welding corroded areas (June 30, 2020)
- Submit status report detailing improvements and whether process changes are required (June 30, 2020)

Sincerely,

A handwritten signature in blue ink that reads 'Benjamin Kuenzel'.

Benjamin Kuenzel, PE  
Principal of 21 Design Group, Inc.

21 Design Group, Inc  
636-432-5029

CONFIDENTIAL TO CSWR

1351 Jefferson St., Suite 301  
Washington, MO 63090



# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment C

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Correction Action Plan Approval Letter

ANDY BESHEAR  
GOVERNOR



REBECCA W. GOODMAN  
SECRETARY

**ENERGY AND ENVIRONMENT CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON  
COMMISSIONER

300 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40601

February 17, 2020

Jake Freeman  
Central States Water Resources  
500 Northwest Plaza Dr., Suite 500  
St. Ann, MO 63074

Re: AI Name: Lake Columbia WWTP  
AI No. 458  
Case No. DOW-19-3-0153  
Activity No. ERF20190001  
Facility ID: KY0077674  
Bullitt County

Dear Mr. Freeman:

Thank you for your submission of a Corrective Action Plan ("CAP") dated December 20, 2019, for the facility listed above, which the Cabinet has reviewed and accepted. The Division of Water has no comments regarding this CAP. Feel free to contact me at 502-782-8638 or [wesley.dement@ky.gov](mailto:wesley.dement@ky.gov) should you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Wesley T. Dement".

Wesley T. Dement,  
Environmental Enforcement Specialist  
Division of Enforcement

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment D

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Corrective Action Plan Revision



**BLUEGRASS WATER**  
Utility Operating Company  
A CSWR Managed Utility

July 29, 2020

Michael Kroeger (CC. Wesley Dement)  
Kentucky Department for Environmental Protection  
Division of Enforcement  
300 Sower Blvd., 3rd Floor  
Frankfort, KY 40601

Bluegrass Water Utility Operating Company, Inc.  
Lake Columbia WWTF  
KYPDES Permit No. KY0077674  
Agency Interest No. 458

Corrective Action Plan Revision:

I am pleased to submit this update to the Corrective Action Plan for the Lake Columbia WWTF approved by EEC/DEP on 1/28/2020. The scope of the original CAP was completed within the projected schedule of the CAP. Triage and repair work has been completed and the aeration plant is in better shape than it was at acquisition. At acquisition, the plant headworks was completely deteriorated, the aeration basin had large holes rusted through in many places, the sludge returns and aeration piping were damaged and not functioning properly, the blower housing was falling apart and the blower was damaged, walkways and handrails were missing or damaged, the contact chamber was falling apart and had holes rusted in it, and there was evidence of overflows from different parts of the plant. The contact chamber and headworks/barscreen tanks were determined to be in need of complete overhaul due to poor condition. Yard piping was replaced to route wastewater from the headworks to the plant and from the plant to the contact chamber. The aeration tankage was sanded, welded and patched, and painted to extend the life of the tanks. The damaged portions of the aeration system were repaired and/or replaced as needed to restore proper function and treatment to the plant. New walkways and handrails were installed. With these upgrades the plant is currently meeting limits, however the plant still struggles during rain events and has very little capacity for handling solids, requiring regular solids removal to prevent a reduced treatment capacity.

Per the original CAP, our evaluation following triage improvements has determined that the facility does require a construction permit to complete improvements. To improve the facility's ability to handle solids and to prevent the plant from being overwhelmed during rain events, a construction permit application has been submitted for the installation of wet weather storage basin and a new sludge digester. The construction permit has been issued and we have begun to order parts and materials. We believe that work will proceed fairly quickly expect to complete the improvements at Lake Columbia by February 18, 2022. Following the improvements included in the construction permit the facility should be able to consistently comply with permitted limits.

Sincerely,

1650 Des Peres Rd., Suite 303, St. Louis, MO 63131  
[www.centralstateswaterresources.com](http://www.centralstateswaterresources.com)



**JON MEANY**  
Utility Engineer

 (314) 380-8537 Ext. 215  
 (314) 482-0342  
 (314) 736-4759  
 jmeany@cswrgroup.com  
 1650 Des Peres Rd., Suite 303,  
Des Peres, MO 63131

1650 Des Peres Rd., Suite 303, St. Louis, MO 63131  
[www.centralstateswaterresources.com](http://www.centralstateswaterresources.com)

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

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Attachment E

Pictures



**Lake Columbia WWTF**



**Aeration Basin**



**New Chlorine Contact Basin**



**Monitoring System and Blower/motor unit**





**Effluent Discharge Pipe**



**Receiving Stream**





**Andy Beshear**  
Governor

**Rebecca W. Goodman**  
Secretary  
Energy and Environment Cabinet

Commonwealth of Kentucky  
**Public Service Commission**  
211 Sower Blvd.  
P.O. Box 615  
Frankfort, Kentucky 40602-0615  
Telephone: (502) 564-3940  
Fax: (502) 564-3460  
psc.ky.gov

**Michael J. Schmitt**  
Chairman

**Kent A. Chandler**  
Vice Chairman

**Talina R. Mathews**  
Commissioner

June 25, 2021

Josiah Cox  
CEO  
Central States Water Resources  
500 Northwest Plaza Drive, Suite 500  
St. Ann, MO 63074

Re: First Periodic Waste Water Inspection  
Bluegrass Water Utility Operating Company, LLC – Fox Run Waste Water System  
Franklin County, KY

Dear Mr. Cox:

Public Service Commission staff performed a periodic inspection of the Bluegrass Water Utility Operating Company, LLC – Fox Run waste water system located in Franklin County, KY on April 19, 2021, reviewing utility operations and management practices pursuant to Commission regulations. The report of this inspection is enclosed with this letter.

Based on the inspector's observations, the following deficiencies were identified during this inspection:

1. The lift station located at the treatment plant (lift station #1) is a duplex type lift station. At the time of the inspection, lift station #1 was operating with one sump pump. There was no back up pump in place in case the primary pump failed. This is contrary to 807 KAR 5:071, Section 7(1).
2. Lift station #1 has no lid or covering for safety of personnel and protection from the elements. This is contrary to 807 KAR 5:071, Section 7(1).
3. Lift station #1 electrical controls for the sump pump were exposed to the elements. This is contrary to 807 KAR 5:071, Section 7(1).
4. The entrance gate to the treatment plant and some areas of the security fence around the plant need repaired as per 807 KAR 5:071, Section 7(1).

For the four deficiencies listed above, an explanation of why these deficiencies occurred and how these deficiencies will be remedied and prevented in the future needs to be provided. A letter addressing the organization's actions regarding the deficiencies shall be submitted within 30 days from the date of this letter.

Please review the enclosed inspection report in its entirety as you will find further information noted in regard to the inspection. If you have any questions regarding this inspection, feel free to contact me at 502-330-5986 or via email at [Brian.Rice@ky.gov](mailto:Brian.Rice@ky.gov).

Sincerely,

Brian L. Rice  
Utility Inspector  
Public Service Commission

Enclosure(s)

Copy: Ali Alexander, R.G., Environmental Compliance Officer, Central States Water Resources  
Terry Merritt, VP of Midwest Water Operations  
1351 Jefferson Street, Suite 301  
Washington, MO 63090



# Kentucky Public Service Commission

## Periodic Compliance Inspection

**Utility:** Bluegrass Water Utility Operating Company, LLC. – Fox Run

**Utility's Principal office location:** 500 Northwest Plaza Drive Suite 500, St. Ann, MO

**Wastewater Treatment Facility Location:** Frankfort, KY

**Utility representative during inspection:** Alica (Ali) Alexander, R. G. – Environmental Compliance Officer, James Smith

**Counties Served:** Franklin

**Customers:** Approximately 34

**Inspector:** Brian L. Rice

**Date(s) of inspection:** April 19, 2021

**Last Inspection Date:** July 1, 2014

**Deficiencies noted during the last Inspection:** 21 (13 office, 8 O&M & 2 Areas of Concern)

**Have deficiencies been corrected since last inspection?**

Yes

No

N/A

**Note:** The wastewater system owned by Fox Run Utilities, LLC was transferred to Bluegrass Water Utility Operating Company, LLC back in August of 2019 in case number 2019-00104.

**Note:** Thirteen deficiencies were due to Fox Run Utilities, LLC not having an office. The new owner has addressed this.

**If no, provide a response as to why these deficiencies have not been addressed.**

### **Person(s) who should receive this inspection report:**

Josiah Cox  
Central States Water Resources, CEO  
500 Northwest Plaza Drive, Suite 500  
St. Ann, MO 63074  
[jcox@cswrgroup.com](mailto:jcox@cswrgroup.com)  
314.736.4672

Terry Merritt  
Midwest Water Operations, VP  
1351 Jefferson Street, Suite 301  
Washington, MO 63090  
[tmerritt@midwestwaterop.com](mailto:tmerritt@midwestwaterop.com)  
636.432.3001

# Kentucky Public Service Commission

## Periodic Compliance Inspection

### General Questions

Treatment Facility: Yes  No  N/A

Collection System: Yes  No  N/A

### Utility Information

**Total number of Employees:** Bluegrass Water Utility Operating Company, LLC has no employees. BWUOC contracts with Midwest Water Operations to operate and maintain the wastewater facility.

**Does the utility have its own maintenance staff?** Yes  No  N/A

If not, give the name the person(s) doing the work:

### 807 KAR 5:006 (General Rules)

**Section 2: General Provisions.** Reference to standards or codes in 807 KAR Chapter 5 shall not prohibit a utility from continuing or initiating experimental work and installations to improve, decrease the cost of, or increase the safety of its service.

### Section 7: Billings, Meter Readings, and Information.

**Billing and Collection is done by:** Bluegrass Water Utility Operating Company, LLC has contracted with Nitro Billing Services

**Does each bill for utility service issued periodically by a utility clearly show the following?**

<b>The date the bill was issued:</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
<b>Class of service:</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
<b>Present and last preceding meter readings:</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
<b>Date of the present reading:</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
<b>Number of units consumed:</b>	Yes <input type="checkbox"/>	No <input type="checkbox"/>	N/A <input checked="" type="checkbox"/>
<b>Net amount for service rendered:</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
<b>All taxes:</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
<b>Adjustments, if applicable:</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
<b>The gross amount of the bill:</b>	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>	N/A <input type="checkbox"/>
<b>The date after which a penalty may apply to the gross amount:</b>			

# Kentucky Public Service Commission

## Periodic Compliance Inspection

If the bill is estimated or calculated: Yes  No  N/A   
Is the rate schedule under which the bill is computed posted on the utility's Web site (if it maintains a Web site)? Yes  No  N/A   
Also furnished by one (1) of the following methods, by:  
Printing it on the bill: Yes  No  N/A   
Publishing it in a newspaper of general circulation once each year: Yes  No  N/A   
Mailing it to each customer once each year; or: Yes  No  N/A   
Provide a place on each bill for a customer to indicate the customer's desire for a copy of the applicable rates: Yes  No  N/A

Does the utility maintain the information required by this subsection, and is it available to the commission and any customer requesting this information?  
Yes  No  N/A

### Section 8. Deposits:

Is the utility requiring a minimum cash deposit or other guarantee from customers to secure payment of bills? Yes  No  N/A

### Section 10: Customer Complaints to the Utility

Upon complaint to a utility by a customer at the utility's office, by telephone or in writing, does the utility make a prompt and complete investigation and advise the customer of the utility's findings? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky. All customer complaints will be made via telephone.

Does the utility keep a record of all written complaints concerning the utility's service? Yes  No  N/A

Does the record include the following?  
The customer's name and address: Yes  No  N/A   
The date and nature of the complaint: Yes  No  N/A   
The disposition of the complaint: Yes  No  N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

Does the utility maintain these records for two (2) years from the date of resolution of the complaint? Yes  No  N/A

If a written complaint or a complaint made in person at the utility's office is not resolved, does the utility provide written notice to the customer of his or her right to file a complaint with the commission? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky. All customer complaints will be made via telephone.

Does the utility provide the customer with the mailing address, Web site address, and telephone number of the commission? Yes  No  N/A

If a telephonic complaint is not resolved, does the utility provide at least oral notice to the customer of his or her right to file a complaint with the commission? Yes  No  N/A

### Section 14: Utility Customer Relations

Does the utility post and maintain regular business hours and provide representatives available to assist its customers and to respond to inquiries from the commission regarding customer complaints? Yes  No  N/A

Does the utility designate at least one (1) representative to be available to answer customer questions, resolve disputes, and negotiate partial payment plans at the utility's office? Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky. All customer questions, disputes, and partial payment plan negotiations will be handle over the telephone.

If the utility has an annual operating revenue of \$250,000 or more, does the utility have a designated representative available during the utility's established working hours not fewer than seven (7) hours per day, five (5) days per week excluding legal holidays? Yes  No  N/A

If the utility has an annual operating revenue of less than \$250,000, does the utility have a designated representative available during the utility's established working hours not fewer



# Kentucky Public Service Commission

## Periodic Compliance Inspection

than seven (7) hours per day, one (1) days per week?

Yes  No  N/A

Does the utility provide the following?

Maintain a telephone:

Yes  No  N/A

Publish the telephone number in all service areas:

Yes  No  N/A

Permit all customers to contact the utility's designated representative without charge:

Yes  No  N/A

Does the utility prominently display in each office open to the public for customer service (and shall post on its Web site, if it maintains a Web site) a summary, prepared and provided by the commission, of the customer's rights pursuant to this section and Section 16 of this administrative regulation?

Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky but does maintain a website with the necessary information for customers.

### Section 20: Access to Property:

Do employees of the utility (whose duties require them to enter the customer's premises) wear a distinguishing uniform or other insignia, identifying them as an employee of the utility, and show a badge or other identification that shall identify them as an employee of the utility?

Yes  No  N/A

**Note:** Bluegrass Water does not have any employees.

### Section 23: System Maps and Records:

Does the utility have on file at its principal office located within the state and shall file upon request with the commission a map or maps of suitable scale of the general territory it serves or holds itself ready to serve?

Yes  No  N/A

**Note:** Bluegrass Water does not have an office located in Kentucky; however, all Bluegrass Water's system maps are available on Central States Water resources website via a link to the Kentucky Infrastructure Authority.

# Kentucky Public Service Commission

## Periodic Compliance Inspection

Is the map or maps available in electronic format as a PDF file or as a digital geographic database? Yes  No  N/A

Is the following data available on the map or maps?

Operating districts Yes  No  N/A

Rate districts: Yes  No  N/A

Communities served: Yes  No  N/A

### Section 24: Location of Records.

All records required by 807 KAR Chapter 5 shall be kept in the office of the utility and shall be made available to representatives, agents, or staff of the commission upon reasonable notice at all reasonable hours.

Are all records required by 807 KAR Chapter 5 kept in the office of the utility and shall be made available to representatives, agents, or staff of the commission upon reasonable notice at all reasonable hours? Yes  No  N/A

### Section 25: Safety Program:

Each utility shall adopt and execute a safety program, appropriate to the size and type of its operations. At a minimum, the safety program shall:

- (1) Establish a safety manual with written guidelines for safe working practices and procedures to be followed by utility employees;
- (2) Instruct employees in safe methods of performing their work.
- (3) Instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation, or drowning, in accepted methods of artificial respiration.

Has the utility adopted and executed a safety program, appropriate to the size and type of its operations? Yes  No  N/A

At a minimum, does the safety program include the following?

A safety manual with written guidelines for safe working practices and procedures to be followed by utility employees: Yes  No  N/A

**Note:** Contractor Safe Practices Handbook

# Kentucky Public Service Commission

## Periodic Compliance Inspection

Instruct employees in safe methods of performing their work.

Yes  No  N/A

**Note:** Bluegrass Water has no employees

Instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation, or drowning, in accepted methods of artificial respiration:

Yes  No  N/A

**Note:** Bluegrass Water has no employees

### Section 26: Inspection of Systems:

(1) A utility shall adopt inspection procedures to assure safe and adequate operation of the utility's facilities and compliance with KRS Chapter 278 and 807 KAR Chapter 5 and shall file these procedures with the commission for review.

(2) Upon receipt of a report of a potentially hazardous condition at a utility facility, the utility shall inspect all portions of the system that are the subject of the report.

(3) Appropriate records shall be kept by a utility to identify the inspection made, the date and time of inspection, the person conducting the inspection, deficiencies found, and action taken to correct the deficiencies.

Has the utility adopted inspection procedures to assure safe and adequate operation of the utility's facilities and compliance with KRS Chapter 278 and 807 KAR Chapter 5?

Yes  No  N/A

Have these inspection procedures been filed with the commission for review?

Yes  No  N/A

Upon receipt of a report of a potentially hazardous condition at a utility facility, does the utility inspect all portions of the system that are the subject of the report?

Yes  No  N/A

Are appropriate records kept by a utility to identify the inspection made, the date and time of inspection, the person conducting the inspection, deficiencies found, and action taken to correct the deficiencies?

Yes  No  N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

**Section 27: Reporting of Accidents, Property Damage, or Loss of Service:** (1) Within two (2) hours following discovery each utility, other than a natural gas utility, shall notify the commission by telephone or electronic mail of a utility related accident that results in:

- (a) Death or shock or burn requiring medical treatment at a hospital or similar medical facility, or any accident requiring inpatient overnight hospitalization;
- (b) Actual or potential property damage of \$25,000 or more; or
- (c) Loss of service for four (4) or more hours to ten (10) percent or 500 or more of the utility's customers, whichever is less.

(2) A summary written report shall be submitted by the utility to the commission within seven (7) calendar days of the utility related accident. For good cause shown, the executive director of the commission, shall, upon application in writing, allow a reasonable extension of time for submission of this report.

Has the Utility had any Accidents, Property Damage, or Loss of Service?

Yes  No  N/A

If yes, was the Commission notified by telephone or electronic mail within two (2) hours of discovery of a utility related accident that resulted in the following:

Death, shock, or burn requiring medical treatment at a hospital or similar medical facility, or any accident requiring inpatient overnight hospitalization:

Yes  No  N/A

Actual or potential property damage of \$25,000 or more:

Yes  No  N/A

Loss of service for four (4) or more hours to ten (10) percent or 500 or more of the utility's customers, whichever is less:

Yes  No  N/A

Was a summary written report submitted by the utility to the commission within seven (7) calendar days of the utility related accident?

Yes  No  N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

### Section 28: Deviations from Administrative Regulation:

In special cases, for good cause shown, the commission shall permit deviations from this administrative regulation.

Has the utility been permitted by the commission to deviate from these administrative regulations? Yes  No  N/A

If so, provide the case no.

### 807 KAR 5:011 (Tariffs)

### Section 12: Posting tariffs, Administrative Regulations, and Statutes

Does the utility display a suitable placard, in large type, that states that the utility's tariff and statutes are available for public inspection? Yes  No  N/A

**Note:** Bluegrass Water does not have an office in Kentucky; however, the tariffs and statutes are available on Central States Water Resources website.

Does the utility provide a suitable table or desk in its office or place of business on which the public may view all effective tariffs? Yes  No  N/A

**Note:** Bluegrass Water does not have an office in Kentucky.

### Section 13: Special Contracts

Does the utility have any special contracts that establish rates, charges, or conditions of service not contained in its tariff?

Yes  No  N/A

If yes, has the utility filed the special contracts with the PSC?

Yes  No  N/A

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

### 807 KAR 5:071 (Sewage)

**Section 1: General.** The purpose of this administrative regulation is to provide standard rules administrative regulations governing the service of sewage utilities operating under the Jurisdiction of the Public Service Commission.

#### **Section 4: Information Available to Customers.**

(1) **System maps or records.** Each utility shall maintain up-to-date maps, plans, or records of its entire force main and collection systems, with such other information as may be necessary to enable the utility to advise prospective customers, and others entitled to the information, as to the facilities available for serving any locality.

(2) **Rates, rules, and regulations.** A schedule of approved rates for sewage service applicable for each class of customers and the approved rules and regulations of the sewage utility shall be available to any customer or prospective customer upon request.

Does the Utility have a current map and/or plans for its system?

Yes

No

N/A

#### **Section 5. Quality of Service.**

(1) **General.** Each utility shall maintain and operate sewage treatment facilities of adequate size and properly equipped to collect, transport, and treat sewage, and discharge the effluent at the degree of purity required by the health laws of the State of Kentucky, and all other regulatory agencies, federal, state, and local, having jurisdiction over such matters.

(2) **Limitations of service.** No sewage disposal company shall be obliged to receive for treatment or disposal any material except sewage as defined by Section 2(7) of this administrative regulation. In compliance with the administrative regulation, the utility shall make all reasonable efforts to eliminate or prevent the entry of surface or ground water, or any corrosive or toxic industrial liquid waste into its sanitary sewer system. A utility may request assistance from the appropriate state, county, or municipal authorities in its efforts, but such a request does not relieve the utility of its aforementioned responsibilities.

# Kentucky Public Service Commission

## Periodic Compliance Inspection

Is the utility in compliance with the Division of Water?      Yes       No       N/A

**Note: See the following attachments:**

Attachment A – Agreed Order between Bluegrass Water and Energy and Environment Cabinet.

Attachment B – Bluegrass Water’s Corrective Action Plan (CAP) dated December 13, 2019

Attachment C – EEC Comment & Approval Letter

Attachment D – Bluegrass Water Revision Corrective Action Plan dated July 29, 2020

**Is the utility making every reasonable effort to eliminate or prevent the entry of surface or ground water, or any corrosive or toxic industrial liquid waste into its sanitary sewer system?**

Yes       No       N/A

**Section 6: Continuity of Service.**

**(1) Emergency interruptions. Each utility shall make all reasonable efforts to prevent interruptions of service and when such interruptions occur shall endeavor to reestablish service with the shortest possible delay consistent with the safety of its customers and the general public.**

**(2) Scheduled interruptions. Whenever any utility finds it necessary to schedule an interruption of its service, it shall notify all customers to be affected by the interruption stating the time and anticipated duration of the interruption. Whenever possible, scheduled interruptions shall be made at such hours as will provide least inconvenience to the customers.**

**(3) Record of interruptions. Each utility shall keep a complete record of all interruptions on its system. This record shall show the cause of interruption, date, time, duration, remedy, and steps taken to prevent recurrence.**

**Is the utility making all reasonable efforts to prevent interruptions of service and when such interruptions occur shall endeavor to reestablish service with the shortest possible delay consistent with the safety of its customers and the general public?**

Yes       No       N/A

# Kentucky Public Service Commission

## Periodic Compliance Inspection

If the utility schedules an interruption of service are all customers notified that are affected by the interruption? Yes  No  N/A

Does the utility make all reasonable efforts to schedule interruptions at such hours as will provide least inconvenience to the customers? Yes  No  N/A

Does the utility maintain a record of all interruptions of service with regard to the following items? Yes  No  N/A

Cause of interruption

Yes  No  N/A

Date

Yes  No  N/A

Time

Yes  No  N/A

Duration

Yes  No  N/A

Remedy

Yes  No  N/A

# of customers affected

Yes  No  N/A

Steps taken to prevent recurrence

Yes  No  N/A

### Section 7. Design, Construction, and Operation.

(1) General. The sewage treatment facilities of the sewage utility shall be constructed, installed, maintained and operated in accordance with accepted good engineering practice to assure, as far as reasonably possible, continuity of service, uniformity in the quality of service furnished; and the safety of persons and property.

(2) Design and construction requirements. The design and construction of the sewage utility's collecting sewers, treatment plant and facilities, and all additions thereto and modifications thereof, shall conform to the requirements of the Kentucky Department for Natural Resources and Environmental Protection, Bureau of Environmental Quality, Division of Water Quality.

(3) Adequacy of facilities. The capacity of the sewage utility's sewage treatment facilities for the collection, treatment and disposal of sewage and sewage effluent must be sufficiently sized to meet all normal demands for service and provide a reasonable reserve for emergencies.

(4) Inspection of facilities. Each sewage utility shall adopt procedures for inspection of its sewage treatment facilities to assure safe and adequate operation of its facilities and compliance with commission rules. These procedures shall be filed with the commission. Unless otherwise authorized in writing by the commission, the sewage utility shall make inspections of collecting sewers and manholes on a scheduled basis at intervals not to exceed one (1) year, unless



# Kentucky Public Service Commission

## Periodic Compliance Inspection

conditions warrant more frequent inspections and shall make inspections of all mechanical equipment on a daily basis. The sewage utility shall maintain a record of findings and corrective actions required, and/or taken, by location and date.

Is the utility operating and maintaining their facility in accordance with accepted good engineering practice to assure, as far as reasonably possible, continuity of service, uniformity in the quality of service furnished, and the safety of persons and property?

Yes  No  N/A

Is the utility adhering to their inspection procedures to assure safe and adequate operation of its facilities and compliance with the Commission rules?

Yes  No  N/A

Unless otherwise authorized in writing by the commission, does the sewage utility make inspections of their collecting sewers and manholes on a scheduled basis at intervals not to exceed one (1) year, unless conditions warrant more frequent inspections?

Yes  No  N/A

Does the utility inspect all mechanical equipment on a daily basis?

Yes  No  N/A

**Note:** Each facility has in place a Mission-Manage SCADA monitoring system.

Does the utility maintain a record of findings and corrective actions required, and/or taken, by location and date?

Yes  No  N/A

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

### Deficiencies

1. The lift station located at the treatment plant (lift station #1) is a duplex type lift station. At the time of the inspection, lift station #1 was operating with one sump pump. There was no back up pump in place in case the primary pump failed. This is contrary to 807 KAR 5:071, Section 7(1).
2. Lift station #1 has no lid or covering for safety of personnel and protection from the elements. This is contrary to 807 KAR 5:071, Section 7(1).
3. Lift station #1 electrical controls for the sump pump were exposed to the elements. This is contrary to 807 KAR 5:071, Section 7(1).
4. The entrance gate to the treatment plant and some areas of the security fence around the plant need repaired as per 807 KAR 5:071, Section 7(1).

### Additional Inspector Comments

This is the first inspection of Bluegrass Water Utility Operating Company, LLC since they became a utility back in September of 2019 in case no. 2019-00104 therefore this visit was considered introductory in nature. However, there are four deficiencies mentioned above that will need a response from the utility on how they plan to address them.

Bluegrass Water entered into an Agreed Order with the Energy and Environment Cabinet back in September of 2019 for the interest of providing corrective actions to the Fox Run wastewater treatment facility. (See attachment A)

During the inspection, the following items are noticeable improvements Bluegrass Water made to the Fox Run wastewater treatment facility:

1. Improved access road.
2. Added safety/guard rails on top of the treatment plant
3. Added a Mission-Manage SCADA Control monitoring system
4. Removed trees and brush around the wastewater treatment plant.
5. Cleaned up the area around the treatment plant.
6. Added a sign with the KPDES number at the discharge point
7. Treatment plant has been painted.
8. Lift station that was damaged back in 2015 due to a fallen tree has had a major overhaul and is back in operation.
9. The ladder to the top of the plant was replaced with a safer type stairway.

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

**Comment:** During this periodic regulatory compliance inspection, it was not possible to review/discuss every record relating to all Commission requirements. Therefore, in some instances the results contained in this report are indicative of those items inspected and reviewed on a sample basis.

**Report by:**

**Date:** June 17, 2021



**Brian L. Rice**  
**Utility Inspector**  
**Kentucky Public Service Commission**

# Kentucky Public Service Commission

---

## Periodic Compliance Inspection

- Attachments: A – Agreed Order  
B – Corrective Action Plan  
C – EEC Comment & Approval Letter  
D – Revised Corrective Action Plan  
E – Pictures

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment A

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Agreed Order

J. Horne



COMMONWEALTH OF KENTUCKY  
ENERGY AND ENVIRONMENT CABINET  
DIVISION OF ENFORCEMENT  
CASE NO. DOW 19-3-0151

IN RE: Bluegrass Water Utility Operating Company, LLC  
Fox Run Subdivision Wastewater Treatment Plant  
U.S Highway 60 West  
Frankfort, KY 40601  
AI No 1388  
Activity ID No ERF20190001

**AGREED ORDER**

\*\*\*\*\*

WHEREAS, the parties to this Agreed Order, the Energy and Environment Cabinet (hereinafter "Cabinet") and Bluegrass Water Utility Operating Company, LLC (hereinafter "BWUOC") state:

**STATEMENTS OF FACT**

1. The Cabinet is charged with the statutory duty of enforcing KRS Chapter 224 and the regulations promulgated pursuant thereto.
2. BWUOC is an active Kentucky Limited Liability Company in good standing that owns and operates utilities and whose principal address, according to the Kentucky Secretary of State is 500 NW Plaza Drive, Suite 500, Saint Ann, Missouri 63074
3. Fox Run Subdivision Wastewater Treatment Plant (hereinafter "Fox Run WWTP" or "facility"), is located at U S Highway 60 West, Frankfort, Kentucky 40601. The facility has a design capacity of 0.020 million gallons per day and discharges to an unnamed tributary to South Benson Creek.
4. Fox Run WWTP is currently owned and operated by Fox Run Utilities, LLC. The facility's discharges are permitted under Kentucky Pollutant Discharge Elimination Systems

(hereinafter "KPDES") permit number KY0086967, issued by the Cabinet's Division of Water (hereinafter "DOW") The facility's KPDES permit expired on June 30, 2018, however, the DOW has administratively continued the permit to allow the facility to operate under its expired permit

5. Fox Run Utilities, LLC is an active for-profit Kentucky corporation in good standing, according to the Kentucky Secretary of State

6. BWUOC has indicated to the Cabinet that it plans to acquire Fox Run WWTP, provided it receives from the Kentucky Public Service Commission ("Commission") all approvals required to make the acquisition. If the Commission approves the acquisition, BWUOC plans to assume ownership and operation of Fox Run WWTP on or around September 15, 2019.

7. BWUOC has contracted with a third-party firm to produce an engineering memorandum detailing the status of and repairs needed at Fox Run WWTP (Exhibit A). This report was submitted to the Cabinet on or about July 29, 2019.

8. If it receives all required Commission approvals, BWUOC has indicated to the Cabinet that it plans to make substantial repairs and/or upgrades to the facility to address the deficiencies noted in Exhibit A.

**NOW THEREFORE**, in the interest of providing corrective actions to Fox Run WWTP, the parties hereby consent to the entry of this Agreed Order and agree as follows:

**REMEDIAL MEASURES**

9. BWUOC shall notify the Cabinet in writing that it has assumed ownership and operation of Fox Run WWTP within fifteen (15) days of acquiring the facility.

10. Within fifteen (15) days of assuming ownership and operation of the facility, BWUOC shall submit a "Change in Ownership Certification" to the Cabinet.

11. At all times, commencing with assuming ownership of the facility, BWUOC shall

provide for proper operation and maintenance of the facility in accordance with 401 KAR 5 065 Section 2(1)

12 Following the initial ninety (90) days of its operation of the facility, BWUOC shall submit to the Cabinet for review and acceptance, a written Corrective Action Plan (hereinafter "CAP") to bring the facility into compliance with its KPDES permit and correct the deficiencies noted in Exhibit A. The CAP shall include, but not be limited to, an identification of actions BWUOC shall implement to ensure compliance that includes; proper operation and maintenance to its sewage treatment system, collection system, and disinfection unit. The CAP shall also include a list of all actions necessary to ensure the completion of upgrades to its facility including a list of completion dates for each action. Include in the CAP a final compliance date for completion of all remedial measures listed;

- A. Upon review of the CAP, the Cabinet may, in whole or in part, (1) accept or (2) decline and provide comments to the BWUOC identifying the deficiencies. Upon receipt of Cabinet comments, the BWUOC shall have ninety (90) days to revise and resubmit the CAP for review and acceptance. Upon resubmittal, the Cabinet may, in whole or in part, (1) accept or (2) disapprove and provide comments to the BWUOC identifying the deficiencies. Upon such resubmittal, if the CAP is disapproved, the Cabinet may deem the BWUOC to be out of compliance with this Agreed Order for failure to timely submit the CAP. The parties to this Agreed Order may also agree in writing to further extend the period in which the BWUOC and the Cabinet accept a revised and resubmitted CAP.
- B. The BWUOC may request an amendment of the accepted CAP by writing



the Director of the Division of Enforcement at 300 Sower Blvd., Frankfort, Kentucky 40601 and stating the reasons for the request. If granted, the amended CAP shall not affect any provision of this Agreed Order unless expressly provided in the amended CAP. This does not require an amendment request pursuant to paragraph 20 of this Agreed Order.

C Upon Cabinet acceptance of all or any part of the CAP, the amended CAP or any accepted part thereof (provided that the accepted part is not dependent upon implementation of any part not yet accepted), shall be deemed incorporated into this Agreed Order as an enforceable requirement of this Agreed Order. This does not require an amendment request pursuant to paragraph 20 of this Agreed Order.

13 So long as BWUOC is in compliance with the terms and conditions of this Agreed Order, the Cabinet's Division of Enforcement agrees to hold any formal enforcement action for numeric permit parameter violations for the KPDES permit described in paragraph 4, in abeyance. Should BWUOC fail to comply with the terms and conditions of this Agreed Order, the Cabinet may seek formal enforcement action that would have otherwise been held in abeyance.

14 By the final compliance date in the accepted CAP, BWUOC shall be in full compliance with its KPDES permit.

15 All submittals required by the terms of this Agreed Order shall be submitted to: Division of Enforcement, Attention: Director, 300 Sower Blvd., Frankfort, Kentucky, 40601.

#### **MISCELLANEOUS PROVISIONS**

16 This Agreed Order shall be of no force and effect unless BWUOC assumes ownership and operations of Fox Run WWTP.

17. This Agreed Order addresses only the items described above. Other than the matters agreed to by entry of this Agreed Order, nothing contained herein shall be construed to waive or to limit any remedy or cause of action by the Cabinet based on statutes or regulations under its jurisdiction and BWUOC reserves its defenses thereto. The Cabinet expressly reserves its right at any time to issue administrative orders and to take any other action it deems necessary that is not inconsistent with this Agreed Order, including the right to order all necessary remedial measures, assess penalties for violations, or recover all response costs incurred, and BWUOC reserves its defenses thereto.

18. This Agreed Order shall not prevent the Cabinet from issuing, reissuing, renewing, modifying, revoking, suspending, denying, terminating, or reopening any permit to BWUOC. BWUOC reserves its defenses thereto, except that BWUOC shall not use this Agreed Order as a defense.

19. BWUOC waives its right to any hearing on the matters admitted herein. However, failure by BWUOC to comply strictly with any or all of the terms of this Agreed Order shall be grounds for the Cabinet to seek enforcement of this Agreed Order in Franklin Circuit Court and to pursue any other appropriate administrative or judicial action under KRS Chapter 224 and the regulations promulgated pursuant thereto.

20. The Agreed Order may not be amended except by a written order of the Cabinet's Secretary or his designee. BWUOC may request an amendment by writing the Director of the Division of Enforcement at 300 Sower Blvd., Frankfort, Kentucky 40601, and stating the reasons for the request. If granted, the amended Agreed Order shall not affect any provision of this Agreed Order unless expressly provided in the amended Agreed Order.

21. The Cabinet does not, by its consent to the entry of this Agreed Order, warrant or

aver in any manner that BWUOC's complete compliance with this Agreed Order will result in compliance with the provisions of KRS Chapter 224 and the regulations promulgated pursuant thereto. Notwithstanding the Cabinet's review and approval of any plans formulated pursuant to this Agreed Order, BWUOC shall remain solely responsible for compliance with the terms of KRS Chapter 224 and the regulations promulgated thereto, this Agreed Order, and any permit and compliance schedule requirements.

22. BWUOC shall give notice of this Agreed Order to any purchaser, lessee or successor in interest prior to the transfer of ownership and/or operation of any part of the facility occurring prior to termination of this Agreed Order, shall notify the Cabinet that such notice has been given, and shall follow all statutory requirements for a transfer.

23. This Agreed Order applies specifically and exclusively to the unique facilities referenced herein and is inapplicable to any other facility.

24. Compliance with this Agreed Order is not conditional on the receipt of any federal, state, or local funds.

25. This Agreed Order shall be of no force and effect unless and until it is entered by the Secretary or his designee as evidenced by his signature thereon. If this Agreed Order contains any date by which BWUOC is to take any action or cease any activity, and the Secretary enters the Agreed Order after that date, then BWUOC is nonetheless obligated to have taken the action or ceased the activity by the date contained in this Agreed Order.

#### **TERMINATION**

26. This Agreed Order shall terminate upon BWUOC's completion of all requirements described in this Agreed Order. BWUOC may submit written notice to the Cabinet when it believes all requirements have been performed. The Cabinet shall notify BWUOC in writing whether it

concur that all requirements of this Agreed Order have been completed. The Cabinet reserves its right to enforce this Agreed Order, and BWUOC reserves its right to file a petition for hearing pursuant to KRS 224.10-420(2) contesting the Cabinet's determination.

CASE NO. DOW 19-3-0151

AGREED TO BY:



\_\_\_\_\_  
Josiah Cox, President  
Bluegrass Water Utility Operating Company, LLC

8/14/19

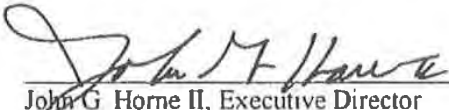
\_\_\_\_\_  
Date

CASE NO. DOW 19-3-0151

APPROVAL RECOMMENDED BY:

  
\_\_\_\_\_  
Michael B. Kroeger, Director  
Division of Enforcement

8/27/19  
Date

  
\_\_\_\_\_  
John G. Home II, Executive Director  
Office of General Counsel  
Energy and Environment Cabinet

8/27/19  
Date

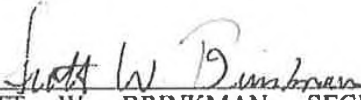
  
\_\_\_\_\_  
R. Bruce Scott, Deputy Secretary  
Energy and Environment Cabinet

8/20/19  
Date

**ORDER**

Wherefore, the foregoing Agreed Order is entered as the final Order of the Energy and Environment Cabinet this 3<sup>rd</sup> day of September, 2019.

ENERGY AND ENVIRONMENT CABINET

  
SCOTT W. BRINKMAN, SECRETARY of the  
GOVERNOR'S EXECUTIVE CABINET

**CERTIFICATE OF SERVICE**

I hereby certify that a true and accurate copy of the foregoing **AGREED ORDER** was mailed, postage prepaid, to the following this 3<sup>rd</sup> day of September, 2019.

Bluegrass Water Utility Operating Company, LLC  
Attn: Jacon Freeman  
500 NW Plaza Drive, Suite 500  
Saint Ann, MO 63074

And mailed, messenger to:

Michael B Kroeger, Director  
Division of Enforcement  
300 Sower Blvd.  
Frankfort, Kentucky 40601

John G. Home II, Executive Director  
Office of General Counsel  
Energy and Environment Cabinet  
300 Sower Blvd.  
Frankfort, Kentucky 40601

  
\_\_\_\_\_  
DOCKET COORDINATOR

Distribution:

DOW  
BGD  
S:11  
FBT



# Exhibit A

Civil Engineering  
Surveying & Mapping  
Potable Water  
Wastewater Treatment



Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection

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Fox Run Utilities (Wastewater)

Engineering Memorandum

Date: December 31, 2018

Wastewater Treatment Facility Understanding

The wastewater treatment facility is made up of a standard extended aeration activated sludge facility. It doesn't appear this system has an active permit to operate. The permit appears to have expired on June 30, 2018. The plant consists of an influent pump station, aeration tank, clarifier, polishing filter, and chlorine disinfection. The aeration appeared to have a reasonable appearance for a mixed liquor however, the clarifier had a high volume of sludge with it appearing to have the sludge blanket at the surface of the water. Typically the sludge blanket would be below around 4' of supernatant clear water on the top of the clarifier. After the clarifier, the water travels to what used to be a polishing sand filter. This filter is no longer treating as originally designed but does have some filter media in the bottom per the operator. Additionally, this tankage is now acting as a contact chamber for the liquid chlorine being injected prior to discharging to the stream. (See Appendix 1 for overall picture)

Various items of concern exist at this facility. There is minimal flow equalization at this facility from the influent pump station. There is no sludge holding to waste sludge when needed.

The influent pump station will need to be overhauled in order to ensure reliability. The size of the influent pumps are unknown. The pumps will need to be pulled, inspected, and evaluated for capacity. The facility is using a flexible black hose instead of a metal and/or buried pipe that will help avoid freezing and break down from sun exposure. This pipe should be replaced. Additionally, the operator believes there is inflow and infiltration issues in the system. Additional capacity should be added to the influent pump station to provide more consistent flow to the plant if additional analysis confirms this need. (Appendix Picture 2)

While the aeration appeared to be reasonable operating, standard testing parameters were not performed when we were present to determine the quality of the mixed liquor. Due to the upkeep of the remaining portions of the facility, I do not believe the diffusers have been checked and/or cleaned in some time. Additionally, in review of the EPA's Echo violations listed, the facility is starting to violate limits more often. It appears monitoring reports were not submitted for the first 3 quarters of 2018. Seeing this, it is difficult to determine the actual improvements necessary for repairs. However, I estimate the aeration tank being approximately 25' x 12' x 8' deep. This would provide around 18,000 gpd capacity which is close to the 20,000 gpd capacity listed on the permit. Understanding that there are only 34 customers, I anticipate this producing a normal flow rate of around 6,800 gpd. Therefore, the aeration tank appears to be sufficient from a sewage flow rate. (Appendix Picture 3)

The clarifier is currently poorly maintained. Sludge was to the surface and the was actually had a solid appearance. As poor of a condition this facility was in during the site visit, it is difficult to determine what is salvageable. The condition of the clarifier might be an operational issue in regards to control of

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Wastewater Treatment



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Transportation  
Wastewater Collection

the mixed liquor and return sludge flow, the clarifier is not operating at an optimal level. Some repairs recommended will consist of replacing the returns with new steel piping and installing surface skimmers. (Appendix Picture 4 & 5)

The polishing chamber receives flow from the clarifier and is currently acting like a contact chamber for disinfection. It is difficult to determine if this portion of the treatment process is performing as designed and consistent with the current operating permit.

The effluent quality looks clean as it was leaving facility and discharging into the creek.

Outside the addition of sludge holding and the addition of flow equalization to the influent pump station, we feel the capacity will be sufficient for the customers connected to the system. I do feel that the main issue with this facility will be simply operation and maintenance of the plant.

Improvements: Install flow equalization, install sludge holding, replace aeration system, replace sludge return lines and install a surface skimmer, and repair and repaint tankage to extend life of tankage.

#### Wastewater Collection System Understanding

Per records provided by the owner, the system has approximately 34 customers. These customers are served by a gravity sewer system. Per the operator, inflow infiltration is believed to be a problem on this facility. A flow meter should be installed to determine extent of the I and I problems. Funds should be invested into the collection system or the quality of the effluent will be an ongoing problem. No maps of the system were provided. The system will need to be mapped for future operation as it appeared nothing has been compiled for our review or operational maintenance purposes. The system should also be smoke tested. Video inspection is anticipated on parts of the system as well.

Improvements Required: Map the system. Install a flow meter. Smoke test and video inspect the collection system.

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APPENDIX



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Wastewater Treatment

# 21 DESIGN

Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection



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# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment B

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Corrective Action Plan

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Wastewater Treatment



Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection

December 23, 2019

Wes Dement  
Kentucky Department for Environmental Protection  
Division of Enforcement  
300 Sower Blvd., 3rd Floor  
Frankfort, KY 40601

Bluegrass Water Utility Operating Company, Inc.  
Fox Run WWTF  
KYPDES Permit No. KY0086967  
Agency Interest No. 1388  
Corrective Action Plan

In light of the Fox Run WWTF's failure to meet permitted limits we submit the following corrective action plan.

BWUOC has recently purchased this treatment plant. With the change of ownership, operational modifications have been implemented and are ongoing. With proper operation, the facility should be capable of meeting permit limits without process modification. Over the next several months, repairs will be made and monitoring will continue in order to confirm that the existing processes can meet permit limits.

#### 1. Causes of the Effluent Violations

- Ammonia
- Carbonaceous Biological Oxygen Demand (CBOD)
- Total Suspended Solids (TSS)
- E. Coli
- Total Residual Chlorine (TRC)
- Dissolved Oxygen (DO)

A review was performed of EPA's Echo compliance website which lists violations. The last eight quarters revealed missing DMRs. Due to the website's format for presenting results, it is unknown exactly how many DMRs were not submitted but it appears previous ownership missed approximately 16 of the last 24 DMRs. Looking at the DMRs that were submitted reveals that previous ownership all but abandoned this facility.

Testing results since the date of acquisition depict two violations on E. Coli. Inflow and infiltration is a known problem in the system and causes problems in the disinfection process in two ways. The current system uses a pump to inject liquid chlorine for disinfection. When I and I surges occur during high rainfall events, the pump can't provide enough chlorine to get the necessary concentration for disinfection. Secondly, when the surges occur, the contact chamber is not be capable of providing sufficient contact time to disinfect. I and I needs to be evaluated and reduced to resolve this issue.

21 Design Group, Inc  
636-432-5029

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1351 Jefferson St., Suite 301  
Washington, MO 63090

Civil Engineering  
Surveying & Mapping  
Potable Water  
Wastewater Treatment



Civil Site Design  
Construction Support  
Transportation  
Wastewater Collection

## 2. System Evaluation and Corrective Actions

The facility should be able to consistently meet permit limits with proper operation, but monitoring will continue through this period of operational improvement to confirm no process changes are required.

While the facility is meeting permit limits, some components must be evaluated for repair or replacement. There are concerns with the integrity of the existing treatment plant steel walls as some portions appear to be reaching the end of their useful life. However, since the plant is meeting limits, current plans are to weld in steel plates to extend the usable life of the steel tankage.

The disinfection system needs to be further evaluated to determine if there are any ways to improve the disinfection process. However, the current setup appears to be adequate to handle the current loading if I and I problems are addressed.

The facility does not have a sludge holding tank. For facilities of this size, it is recommended to have a sludge holding tank, allowing the operator more operational control of the facility's mixed liquor and reducing sludge hauling costs. Depending on priority of system needs and upgrades, a sludge holding tank may be considered for a future capital project rather than being included in initial plant improvements.

E. Coli violations are primarily due to the system's excessive inflow and infiltration. I and I is a known problem within this system. Flow monitoring will help determine the extents of I and I and will be addressed later in this memo. A multi-step process is employed on the collection system to determine the extent of inflow and infiltration. The first step involves smoke testing the system, which is already complete. Next, the sanitary sewers will be cleaned and jetted. Analysis of the information obtained from these processes will be used to create a plan to address inflow and infiltration issues. Most of the Fox Run sanitary sewers are in customer's back yards, therefore jetting work will need to be scheduled around the weather to prevent damage to customer's yards. The jetting work is currently planned for summer 2020 unless the ground adequately dries prior to that time in which the jetting will be performed earlier.

The collection system has two lift stations. The lift station located at the northern edge of the system has been in a state of disrepair for an extended period. This is evident from a tree that has fallen over on the lift station making it inaccessible and the electric provider has disconnected the power. This lift station requires major repair. There is currently no truck access to the lift station to perform the necessary repairs. Surveying and engineering work has begun to identify and acquire property or an easement to design an access road to the lift station. The other lift station is operating properly.

The treatment facility has an influent lift station that requires repair. The influent lift station does not have pumps, rails or brackets typical of a finished lift station. The previous owner utilized a trash pump to feed the plant from the lift station wet well. This pump conveyed the incoming sewage through a black flexible pipe instead of the existing influent pipe. An investigation is underway to determine if the original piping feeding the plant is still useful or if it will require repair or replacement.

21 Design Group, Inc  
636-432-5029

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Transportation  
Wastewater Collection

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A Mission remote monitoring system and magnetic flow meter will be installed to provide real time monitoring of the facility. This will improve capabilities to monitor the effect of inflow and infiltration and status of the facility. The monitoring system will improve operations and maintain reliable service for the customers.

### 3. Project Milestones

- Continue monitoring the facility for performance (July 31, 2020)
- Repair wastewater facility influent pump station (March 31, 2020)
- Install new magnetic flow meters and mission alarms (April 30, 2020)
- Repair aeration tank by spot welding corroded areas (May 31, 2020)
- Evaluate disinfection system (May 31, 2020)
- Repair collection system lift station at north end of system (TBD due to access issues)
- Clean and jet the collection system (August 31, 2020)
- Submit status report detailing improvements and whether process changes are required (August 31, 2020)

Sincerely,

A handwritten signature in blue ink that reads 'Benjamin Kuenzel'.

Benjamin Kuenzel, PE  
Principal of 21 Design Group, Inc.

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment C

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Correction Action Plan Approval Letter

ANDY BESHEAR  
GOVERNOR



REBECCA W. GOODMAN  
SECRETARY

**ENERGY AND ENVIRONMENT CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON  
COMMISSIONER

300 SOWER BOULEVARD  
FRANKFORT, KENTUCKY 40601

February 17, 2020

Jake Freeman  
Central States Water Resources  
500 Northwest Plaza Dr., Suite 500  
St. Ann, MO 63074

Re: AI Name: Fox Run WWTP  
AI No. 1388  
Case No. DOW-19-3-0151  
Activity No. ERF20190001  
Facility ID: KY0086967  
Franklin County

Dear Mr. Freeman:

Thank you for your submission of a Corrective Action Plan ("CAP") dated December 23, 2019, for the facility listed above, which the Cabinet has reviewed and accepted. The Division of Water has no comments regarding this CAP. Feel free to contact me at 502-782-8638 or [wesley.dement@ky.gov](mailto:wesley.dement@ky.gov) should you have any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read "Wesley T. Dement", written over a horizontal line.

Wesley T. Dement  
Environmental Enforcement Specialist  
Division of Enforcement

**Kentucky Public Service Commission**

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**Periodic Compliance Inspection**

Attachment D

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**Corrective Action Plan Revision**



# BLUEGRASS WATER

Utility Operating Company

A CSWR Managed Utility

July 29, 2020

Michael Kroeger (CC. Wesley Dement)  
Kentucky Department for Environmental Protection  
Division of Enforcement  
300 Sower Blvd., 3rd Floor  
Frankfort, KY 40601

Bluegrass Water Utility Operating Company, Inc.  
Fox Run WWTF  
KYPDES Permit No. KY0086967  
Agency Interest No. 1388


Corrective Action Plan Revision:

I am pleased to submit this update to the Corrective Action Plan for the Fox Run WWTF approved by EEC/DEP on 2/17/2020. The scope of the original CAP was completed within the projected schedule of the CAP. Triage and repair work has been completed and the main aeration plant is in much better shape than it was at acquisition. The access road and gates were replaced, the tanks have been patched and painted, inappropriately sourced and installed influent pumps were replaced, damaged piping has been repaired and replaced, and aeration system components have been repaired and replaced. While the system is currently meeting limits, it continues to struggle to handle the amount of sludge solids coming through the facility, requiring frequent sludge hauling, and it struggles to keep up during wet weather events.

Per the original CAP, our evaluation following triage improvements has determined that the facility does require a construction permit to complete improvements. A construction permit application was submitted in September of 2020 for these additional improvements. The permit application includes changes to aid in the facility's ability to handle sludge and wet weather surge events. The permit application calls for installation of a wet weather storage basin and sludge digester to the plant. The construction permit has been issued and we have begun to order parts and materials. We believe that work will proceed fairly quickly expect to complete the improvements at Fox Run by February 18, 2022. Following the improvements included in the construction permit the facility should be able to consistently comply with permitted limits.

Sincerely,

**JON MEANY**  
Utility Engineer

 (314) 380-8537 Ext. 215  
 (314) 482-0342  
 (314) 736-4759  
 jmeany@cswrgroup.com  
 1650 Des Peres Rd., Suite 303.  
Des Peres, MO 63131

1650 Des Peres Rd., Suite 303, St. Louis, MO 63131  
[www.centralstateswaterresources.com](http://www.centralstateswaterresources.com)

# Kentucky Public Service Commission

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## Periodic Compliance Inspection

Attachment E

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Pictures



**Fox Run WWTF**





**Entrance gate needs repaired**



**Fenced needs repaired**





**New stairs leading to the top of the plant**



**Safety Rails Added to the Plant**



Lift station with a sump pump. Lift station needs a cover.  
Electrical cord needs to be properly protected from the  
elements.





**New lift station with a monitoring system**





ANDY BESHEAR  
GOVERNOR



REBECCA W. GOODMAN  
SECRETARY

**ENERGY AND ENVIRONMENT CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION

ANTHONY R. HATTON  
COMMISSIONER

DIVISION OF WATER  
300 SOWER BLVD  
FRANKFORT, KY, 40601

July 8, 2021

Mr. Michael Dick  
Herrington Haven Subd  
Herrington Haven Rd  
Lancaster, Kentucky 40444

RE: Herrington Haven Subd -- 1469  
Permit No.: KY0053431  
Garrard County, Kentucky  
Activity ID: CIN20210001

Dear Mr. Dick:

Attached for your information and records is a copy of the wastewater compliance inspection performed at Herrington Haven Subd on April 13, 2021.

Please review the enclosed inspection report.

If you have any questions or comments concerning this inspection, please contact the Frankfort Regional Office at: (502) 330-6413.

Sincerely,

A handwritten signature in cursive script that reads "Deborah E. Singleton".

Deborah Singleton  
Environmental Inspector  
Frankfort Regional Office  
Division of Water

DES  
Enclosure:

Energy and Environment Cabinet  
Department for Environmental Protection  
Division of Water  
Wastewater Inspection Report

**AI ID:** 1469      **AI Type:** RESIDENCE- Subdivision (nec)  
**AI Name:** Herrington Haven Subd  
**AI Address:** Herrington Haven Rd

**City:** Lancaster, **State:** Kentucky **Zip:** 40444  
**County:** Garrard **Regional Office:** Frankfort Regional Office  
**Latitude:** 37.661389 **Longitude:** -84.689722  
**Site Contact:** Michael Dick  
**Title:** site contact      **Phone #:** 314.736.4672  
**Inspection Type:** WW CEI-Minor Non-Mun **Activity #:** CIN20210001  
**Incident IDs:**  
**Inspection Start Date:** April 13, 2021 **Time:** 12:00 PM **End Date:** April 13, 2021 **Time:** 12:30 PM  
**Site/Permit ID:** KY0053431

**Lead DEP Investigator:** Deborah Singleton  
**Other DEP Investigators:**  
**External Investigators:**  
**Persons Interviewed:** Michael Dick

**General Comments:** The facility has applied for and obtained KPDES Permit #KY0053431 for discharges associated with wastewater treatment facilities. The permit is current and expires on July 31, 2023.

Limited inspection The facility was clean and operational at the time of the inspection. Aeration basin had a good roll and color. Minimal odor detected. Clarifier and disinfection area were satisfactory. Effluent was clear and odorless and there was not any visual evidence of pollutants entering the waters of the Commonwealth.

**Overall Compliance Status:** Out of Comp- Viol documented

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**Investigation Results**

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**SI:** AIOO1469

**SI Description:**

**Inspector Comment:**

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**Requirement:** Does the facility hold the proper KPDES permit?. [401 KAR 5:055 Section 2]

**Compliance Status:** C-No Violations observed

**Comment:** The facility has applied for and obtained KPDES Permit #KY0053431 for discharges associated with wastewater treatment facilities. The permit is current and expires on July 31, 2023.

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**Requirement:** Have all required permits been obtained from the Division of Water prior to the construction or modification of the facility? [401 KAR 5:005 Section 1]

**Compliance Status:** C-No Violations observed

**Comment:** The facility has applied for and obtained KPDES Permit #KY0053431 for discharges associated with wastewater treatment facilities. The permit is current and expires on July 31, 2023

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**Requirement:** Is the facility being operated under the supervision of a properly certified operator? [401 KAR 5:010 Section 1]

**Compliance Status:** C-No Violations observed

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