

# Goss ■ Samford PLLC



Attorneys at Law

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RECEIVED

SEP 01 2015

PUBLIC SERVICE  
COMMISSION

September 1, 2015

*Via Hand-Delivery*

Mr. Jeff Derouen  
Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

Re: In the Matter of: Joint Application of Knott County Water and Sewer, Inc. and Troublesome Creek Environmental Authority, Inc. for an Order Approving the Transfer of Ownership and Control of a Jurisdictional Asset  
Case No. 2015-00301

Dear Mr. Derouen:

Please find enclosed for filing with the Commission in the above-referenced case an original and ten (10) copies of the Joint Application of Knott County Water and Sewer, Inc. and Troublesome Creek Environmental Authority, Inc.

Please return a file-stamped copy of this Joint Application to me.

Sincerely,

Mark David Goss

Enclosure

M:\Clients\6600 - Knott Co. Water & Sewer District\6500 - Transfer of Ownership (TEA-KCWSO)\Correspondence\Ltr. to Jeff Derouen - 150901.docx

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SEP 01 2015

PUBLIC SERVICE  
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KNOTT COUNTY	)	
WATER AND SEWER, INC. AND	)	
TROUBLESOME CREEK ENVIRONMENTAL	)	CASE NO.
AUTHORITY, INC. FOR AN ORDER	)	2015- <u>00301</u>
APPROVING THE TRANSFER OF	)	
OWNERSHIP AND CONTROL OF A	)	
JURISDICTIONAL ASSET	)	

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**JOINT APPLICATION**

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Come now the Applicants, Knott County Water and Sewer, Inc., (“KCWSD”) and Troublesome Creek Environmental Authority, Inc., (“TEA”) (collectively, “the Applicants”), by counsel, pursuant to KRS 278.020(5) and (6) and 807 KAR 5:001, and all other applicable statutes and regulations, and for their Joint Application for approval of the transfer of control of TEA’s Ball Creek Wastewater Treatment Plant (“Ball Creek Plant”) to KCWSD, state as follows:

**INTRODUCTION**

1. KCWSD is a Kentucky corporation, originally incorporated on April 16, 2003, that is in good standing and operating as a special district formed under KRS Chapter 74 et.seq., and regulated by the Commission pursuant to KRS Chapter 278. KCWSD’s business address is 7777 Big Branch Road Vicco, Kentucky 41773. KCWSD’s electronic mail address is [ljturner@kcwsd.com](mailto:ljturner@kcwsd.com).

2. KCWSD treats and sells potable water on wholesale and retail basis to approximately 4 wholesale customers and 2650 retail customers. KCWSD also owns and operates a wastewater

facility and appurtenant collection and transmission system in Knott County, Kentucky known as the Pippa Passes Wastewater Treatment Plant, which serves approximately 110 customers.

3. TEA is a Kentucky corporation, originally incorporated on August 11, 2006, that is in good standing and operating, as authorized by the Kentucky Public Service Commission (“Commission”), to provide treatment of sewage for the public for compensation within the Commonwealth. TEA was created on August 8, 2006, by joint action of the fiscal courts of Knott, Perry and Breathitt Counties to improve the water quality of the Troublesome Creek watershed. TEA’s business address is 917 Perry Park Road, Hazard, Kentucky, 41701. TEA’s electronic mail address is [jennifer@kradd.org](mailto:jennifer@kradd.org).

4. TEA currently owns and operates a wastewater facility and appurtenant collection and transmission system in Knott County, Kentucky, known as the Ball Creek Plant and has 28 retail customers. However, TEA does not have any management or operational personnel.

5. On September 16, 2013, KCWSD and TEA entered into a temporary Memorandum of Understanding (“MOU”), whereby KCWSD assumed temporary operational responsibility of the Ball Creek Plant effective upon signing and continuing until such time as a permanent formal transfer of control is approved by the Commission. A copy of the MOU is attached to this application as Exhibit 1. KCWSD is also collecting and processing customer payments for TEA’s 28 customers associated with the Ball Creek Plant.

6. Based on a three month average, TEA’s monthly income from the Ball Creek Plant is approximately \$844.58 and the monthly operational costs are approximately \$1,607.90. Therefore, prior to entering into the MOU, TEA had been operating the Ball Creek Plant at a deficit for many months.

7. TEA does not have the ability to borrow funds nor acquire grants for strictly operational costs, which puts the normal maintenance of the Ball Creek Plant and the ability of TEA to reliably and economically serve existing customers at risk.

### **THE PROPOSED TRANSACTION**

8. TEA proposes to transfer to KCWSD and KCWSD proposes to acquire, all utility assets and liabilities of TEA pursuant to a formal Agreement of Sale and Transfer (“Purchase Agreement”) dated October 1, 2014, and attached to this Application as Exhibit 2. This Purchase Agreement supersedes the 2013 MOU and its final consummation is conditioned upon approval of transfer of the Ball Creek Plant by the Commission.

9. According to the Purchase Agreement, and pursuant to the MOU, KCWSD assumed temporary operational control of the Ball Creek Plant on September 11, 2013, as well as the temporary responsibility to maintain the plant. Utility accounts, such as phone and electric service have already been placed in KCWSD’s name. KCWSD also currently services the 28 TEA customer accounts. Therefore, there will be no appreciable disruption of service if the transfer is approved.

10. TEA has secured consent for the transfer of control from the fiscal courts of Knott, Perry, and Breathitt Counties by way of Resolutions approving the transfer. These Resolutions are attached to this application as Exhibit 3.

11. Under the Purchase Agreement, KCWSD agreed to pay TEA a \$7,500.00 stipend per year, beginning October 1, 2014, for corporate governance purposes in order for TEA to maintain its good standing as a public corporate entity so that it can continue to develop infrastructure to improve the water quality of the Troublesome Creek watershed.

12. The rate to be charged for service to the 28 customers after the transfer is approved is the same rate contained in KCWSD's current tariff on file with the Commission.

**TECHNICAL, FINANCIAL, AND MANAGERIAL ABILITY**

13. KRS 278.020(5) requires an acquirer of a utility to demonstrate the technical, financial, and managerial ability to provide service. KCWSD has years of experience in the sewer business, is currently servicing TEA's customers associated with the Ball Creek Plant, is currently operating and maintaining the Ball Creek Plant and will ensure the continued viability of the Ball Creek Plant.

14. Testimonies of Kyle Smith, L.J. Turner, Don Gibson, Jennifer McIntosh, and Ron Johnson are attached to this Joint Application and provide evidence to support a finding that KCWSD has the technical, financial and managerial ability to operate the Ball Creek Plant, and other relevant information pertaining to this Joint Application.

**PUBLIC INTEREST STANDARD**

15. KRS 278.020(6) provides in part that "the commission shall approve any proposed acquisition when it finds that the same is to be made in accordance with law, for a proper purpose and is consistent with the public interest." The Commission has defined the "public interest" standard to require a showing either that the transfer will not adversely affect the existing level of service or rates or that any potentially adverse effects can be avoided through the commission's imposition of reasonable conditions on the acquiring party.<sup>1</sup> The transfer will have no adverse effect on TEA's customers; and, in fact, the transfer will greatly benefit TEA's customers from both a service and rates standpoint.

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<sup>1</sup> *In the Matter of Application for Approval of the Transfer of Control of Kentucky-American Water Company to RWE Akiengesellschaft and Thames Water Aqua Holdings GmbH*, Case No. 2002-00018, at 9. (P.S.C. Order, July 10, 2002).

WHEREFORE, on the basis of the foregoing, TEA and KCWSD respectfully request this Joint Application be approved to allow for the requested transfer of control.

**VERIFICATION**

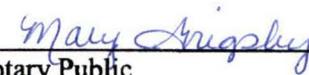
I, James Childers, Chairman of the Board of Knott County Water and Sewer, Inc., do hereby swear or affirm that I have personal knowledge of the matters set forth in the foregoing Joint Application, and that the contents thereof are true and accurate to the best of my information, knowledge, and belief.

  
\_\_\_\_\_  
JAMES CHILDERS

**COMMONWEALTH OF KENTUCKY )**

**COUNTY OF KNOTT )**

Subscribed, sworn and acknowledged to before me, by James Childers, Chairman of the Board of Knott County Water and Sewer, Inc., in and before said County and State, on this the 24 day of August, 2015.

  
\_\_\_\_\_  
Notary Public

My Commission Expires: June 10, 2017

<p><b>MARY GRIGSBY</b> NOTARY PUBLIC STATE AT LARGE, KENTUCKY COMM. #490124 MY COMMISSION EXPIRES JUNE 10, 2017</p>
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**VERIFICATION**

I, Don Gibson, Chairman of the Board of Troublesome Creek Environmental Authority, Inc., do hereby swear or affirm that I have personal knowledge of the matters set forth in the foregoing Joint Application, and that the contents thereof are true and accurate to the best of my information, knowledge, and belief.



\_\_\_\_\_  
DON GIBSON

**COMMONWEALTH OF KENTUCKY )**

**COUNTY OF KNOTT )**

Subscribed, sworn and acknowledged to before me, by Don Gibson, Chairman of the Board of Troublesome Creek Environmental Authority, Inc., in and before said County and State, on this the 25 day of August, 2015.

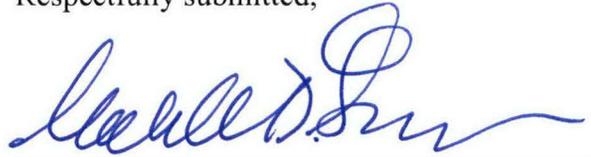


\_\_\_\_\_  
Notary Public

My Commission Expires: June 10, 2017

This the 1st day of September, 2015.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Mark David Goss", written over a horizontal line.

Mark David Goss  
David S. Samford  
L. Allyson Honaker  
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*Counsel for Troublesome Creek  
Environmental Authority, Inc. and  
Knott County Water and Sewer, Inc.*

KNOTT COUNTY WATER AND SEWER DISTRICT

7777 BIG BRANCH ROAD

VICCO, KY 41773

PHONE: 606-642-3582

FAX: 606-642-3770

EMAIL: [service@kcwsd.com](mailto:service@kcwsd.com)

September 16, 2013

Chairman Don Gibson  
Troublesome Creek  
Environmental Authority  
917 Perry Park Road  
Hazard, KY 41701

RE: T.E.A. TRANSFER TO KNOTT COUNTY WATER AND SEWER DISTRICT  
OF BALL CREEK WASTE TREATMENT PLANT

Dear Chairman Gibson:

TUESDAY  
SEPT 10  
DM

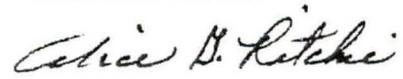
As was discussed by the parties at T.E.A.'s regular board meeting which occurred Wednesday, September 11, 2013, the District and the Authority have agreed in principle, subject to a full agreement, county approval and PSC approval if necessary, along with final board approval to the following:

- 1) The Authority will transfer debt free all assets real and personal which make up the Ball Creek Wastewater Treatment plan.
- 2) The transfer will occur within thirty (30) days of final consents by third parties.
- 3) The District will assume operational cost for the facility starting September 15, 2013. The District will retain customer payments for this purpose.
- 4) The Authority will continue to use its best efforts to fund, design and build the Highway 80 Corridor project in Knott/Perry County.
- 5) The District will pay a stipend to the Authority not to exceed \$7,500.00 per year starting in September 2013 for a period of one (1) year. After that time, the parties will review progress of Highway 80 Corridor project and the District's obligation.

SEEN AND AGREED:

  
DON GIBSON, CHAIRMAN  
TROUBLESOME CREEK  
ENVIRONMENTAL AUTHORITY

SEEN AND AGREED

  
ALICE RITCHIE, CHAIRMAN  
KNOTT COUNTY WATER AND  
SEWER DISTRICT



KNOTT COUNTY WATER AND SEWER DISTRICT

MINUTES OF MEETING

Wednesday, September 11, 2013 at 6:00 p.m.

**Call to Order:** Alice G. Ritchie, Chair, called the meeting to order at 6:00 p.m. and recognized that all Board Members were present – Delores Allen, James Childers, Dale Hamilton, David Smith, and herself.

**Recognize Media:** Ms. Ritchie welcomed Sharon and Tommy Hall from the Troublesome Creek Times Newspaper.

**Recognize Audience:** Ms. Ritchie welcomed Magistrate Barry Watts, Annette Napier, Ron Johnson, Jennifer McIntosh, Deputy Judge Executive Larry King, Don Gibson, Randall Tackett, and Randall Gibson.

**Approval of Minutes:** Minutes of the previous meeting were read. James Childers made a motion to approve the minutes as read and Dale Hamilton seconded. Motion carried to approve the minutes as read.

**Public Comments:** Deputy Judge Executive Larry King expressed a concern regarding running water in the head of Beaver and Bill Dee Mountain. Reva Campbell asked for permission to address this concern. Partially opening these two hydrants is necessary to increase the Chlorine levels in this area due to the distance from the plant. We have contacted C.I. Thornburg regarding a cost for Chlorine booster pumps for this area and as of this date we do not have a cost. Ms. Campbell will get with the Distribution Supervisor to explore alternatives to this.

**Project Updates:** Ron Johnson gave an update on the various projects. The Various Waterline Project was closed out today. The WTP Upgrade is underway. Shop drawings have been approved and materials should be onsite by the end of November. The Pippa Passes Rehab Project – Kentucky Rural Water is doing the camera work, smoke testing, and manhole inspections. A report for this phase of the project should be in by September 30. Once this phase is completed we will bid for the actual rehab of sewer lines. Phase V of the Hwy 582, Phase I of Red Fox, and Big Smith Branch will be advertised in the Lexington Herald Leader on Friday September 13. John Hall Road – the AML study has been completed and this area is AML eligible and should be included in the AML funds in 2014.

**City of Hindman:** Randall Tackett, Attorney, reported on the meeting we had with Mayor Jarrell, CPA Kevin Jacobs, and Attorney Jeremy Morgan on September 10 to try to get some understanding on plans for payment. The City of Hindman has offered to keep current and pay \$1,000 for the arrearage for two months. The City indicated they should be better financially and would know more what the City could commit to pay on the arrearage. They did ask that they be given until the 20<sup>th</sup> to pay each month. This is just until November. David Smith made a motion that it will be conditional for the next two months and then we will revisit. Dale Hamilton seconded. Motion carried.

**RESOLUTION # 11-12-13**  
**TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY**

WHEREAS Troublesome Creek Environmental Authority (TEA) has passed a Resolution allowing Knott County Water and Sewer District (KCWSD) to operate and maintain the existing plant located at Knob Bottom, and

WHEREAS in furtherance of the Agreement, TEA desires to transfer ownership to KCWSD.

NOW THEREFORE, TEA resolves to transfer ownership of the Ball Creek Waste Water Treatment Facility and Collection System, subject to the following:

- 1) The transfer shall occur as per any written agreement with KCWSD.
- 2) The transfer shall occur after receiving all appropriate third party or regulatory approvals.
- 3) TEA authorizes its Chairman to negotiate and execute all appropriate documents necessary to carry out this Resolution, and this Authority hereby ratifies his acts.

All members voting 'Aye', the Resolution passes unanimously.

  
ATTEST, Secretary of Meeting  
Date: 11/12/13

  
CHAIRMAN

**Ball Branch Sewer Plant:** Ron Johnson reported that the Troublesome Creek Environmental Authority is no longer financially able to operate this plant. The Utility Management Group, that has been managing the plant, is ready to resign without any payment for the arrearages. Troublesome Creek cannot pay the bills for another month. The Plant was built to support Chestnut Ridge Development; however, the development fell through. TCEA is a multi-county corporation to clean up streams due to septic tank failures, etc. in the Troublesome Creek watershed. Don Gibson, Chairman of TCEA, stated that TCEA is better with obtaining funding and needs to get out of the operations side. Randall Tackett stated he understands it will be a Deed of Ownership for the board. Alice G. Ritchie explained it will be a liability for now. The total utility cost is approximately \$1,500 per month and revenue generated is approximately \$800 per month. TCEA could still be operational if we pay a stipend of approximately \$500 per month, not to exceed \$7500 per year, so they can work on obtaining funding for additional lines to feed to the Ball Branch Sewer Plant that would enable it to carry itself financially. Randall Tackett explained this transition would be in phases – Phase I would be the deed, easements, etc. Phase 2 would be when additional lines are funded and constructed they would be turned over to the Knott County Water and Sewer District. Mr. Tackett asked if there could be a commitment from TCEA that they will not abandon getting these lines done to turn over to KCWSD. David Smith asked about PSC concerns regarding this transition? Ron Johnson stated that Roger Rectenwald is working with PSC regarding this transition. Additionally, this transition can only happen pending the approval of the Knott, Breathitt, and Perry County Fiscal Courts.

**Adjourn for Closed Session:** David Smith made a motion to adjourn the meeting for a closed session and Delores Allen seconded. Motion carried and the meeting adjourned for closed session at 7:05 p.m.

**Call Back to Order:** Alice G. Ritchie, Chair, called the meeting back to order at 7:30 p.m. David Smith made a motion, pending review and approval of proposed agreement between KCWSD and TCEA, that we (KCWSD) would assume this asset and associated liability pending approval by all appropriate agencies. Pending approval of these agencies, KCWSD will pay those fixed costs associated with the Ball Branch Wastewater Treatment Plant. Dale Hamilton seconded. James Childers abstained because of his affiliation with TCEA. Motion carried.

**Pay Requests:** Annette Napier presented the pay requests for the various projects for review and approval.

**Claims List:** Reva Campbell explained that a copy of the claims list is in each Board Member's packet for review and approval.

James Childers made a motion to approve the Pay Requests/Claims List as presented and Delores Allen seconded. Motion carried.

**Adjourn:** Dale Hamilton made a motion to adjourn the meeting and Delores Allen seconded. Motion carried. The meeting adjourned at 7:35 p.m.

APPROVAL OF MINUTES:

Alice G. Ritchie 10-9-13  
Alice G. Ritchie, Chair Date

Dale Hamilton 10-9-13  
Dale Hamilton, Vice Chair Date

Delores Allen 10-9-13  
Delores Allen, Secretary/Treasurer Date

James O. Childers 10-9-13  
Board Member Date

D.K. Smith 10/9/13  
Board Member Date

**Resolution**  
**Troublesome Creek Environmental Authority Transfer of Operations and  
Maintenance to Knott County Water & Sewer District**

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**WHEREAS**, Troublesome Creek Environmental Authority (TEA) has entered into an agreement with Knott County Water and Sewer District to operate and maintain the existing plant located at Knob Bottom, and

**NOW THEREFORE**, Troublesome Creek Environmental Authority hereby authorizes Knott County Water and Sewer District to operate and manage the Ball Creek Wastewater Treatment Facility and Collection System as of October 7, 2013 with full authority to maintain and operate in compliance with all state and federal regulations.

Done this 8<sup>th</sup> day of October, 2013.

**MOTION CARRIED,**



ATTEST



Chairman

**AGREEMENT OF SALE AND TRANSFER**

THIS AGREEMENT OF SALE AND TRANSFER made and entered into this 1st day of OCTober, 2014, by and between **TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.** ("TEA") a Public Corporation, Party of the First Part, and **KNOTT COUNTY WATER AND SEWER, INC.**, a Kentucky Special District, ("KCW&S"), Party of the Second Part.

**WITNESSETH**

WHEREAS, TEA is the owner and operator of a waste water treatment plant facility located on Ball Creek, Knott County, Kentucky, the "Ball Creek Plant", and

WHEREAS, KCW&S by its enabling statute KRS 74.407 has the legal authority to acquire and operate waste water plants, and

WHEREAS, TEA has decided to phase out the operating portion of its mission so as to concentrate on the building of other waste water plants on the Troublesome Creek watershed, and

WHEREAS, to expedite that conversion TEA now desires to transfer the Ball Creek waste water plant to the KCW&S, and

WHEREAS, KCW&S has the financial, technical and managerial ability to operate the Ball Creek Plant, and

WHEREAS, KCW&S desires to accept same under the conditions set forth herein, and

WHEREAS, TEA and KCW&S recognize that regulatory approval for transfer of the Ball Creek Plant must be obtained from the Kentucky Public Service Commission pursuant to KRS 278.218.

NOW THEREFORE, in consideration of One Dollar (\$1.00) cash in hand paid, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

**1) Transfer of Operational Control:**

A) Current Operation: Effective September 11, 2013, KCW&S assumed temporary operational control of the Ball Creek Plant under a Memorandum Letter Agreement with TEA. KCW&S further assumed temporary responsibility to maintain the plant. KCW&S has already placed utilities accounts such as electric and phone in its name. KCW&S personnel who currently man the Pippa Passes Waste Water Plant have been dividing their time in



operating the Ball Creek Plant. Any accounts receivable accumulated before September 11, 2013 remained the property of the TEA. During the time between September 11, 2013 and the closing, contemplated herein, KCW&S agreed to pay for all utilities consumed by the Ball Creek Plant. In order to subsidize this obligation of KCW&S, TEA has agreed to allow KCW&S to retain all customer payments it currently collects and apply same to the utilities or maintenance cost.

B) Customer Services: Currently, KCW&S has possession and services twenty eight (28) TEA customer accounts. Upon assuming permanent control there will be no interruption of service to customers.

C) Closing: At closing permanent operational control of the Ball Creek Plant shall be transferred from TEA to KCW&S.

## 2) Transfer of Assets:

a) At closing TEA hereby agrees to transfer, assign or otherwise convey all rights, titles and interest in and to the Ball Creek Waste Water Treatment Plant located at the mouth of Knob Bottom Hollow on Ball Creek, Knott County, Kentucky, including all real estate and improvements at the facility; all equipment, supplies and tools associated with the facility; all pumps and lines; all operational books and warranty information; all grinder stations or transfer lines from customers, including all easements; all customer contracts, and customer files. A specific list of all assets with book or fair market value of same is listed on the attached **Exhibit A**.

b) TEA warrants now and at closing that all assets both real, personal or mixed that are to be transferred herein are free of debt or any liens or encumbrances subject to a contingent obligation stated at Article 9, herein.

c) TEA warrants now and at closing that KCW&S shall not be liable to refund any monies owed to any private or public funding entity used to construct the Ball Creek Plant.

d) TEA is a duly organized and currently in good standing public corporation organized under Chapter 273 of the Kentucky Revised Statutes and has the requisite corporate power and authority to complete this agreement.

e) Between now and closing, TEA will not undertake any new debt or obligations concerning the Ball Creek Plant will not change its public corporate status nor will it materially change its mission.

3) Acceptance: The KCW&S accepts ownership and operational authority of the Ball Creek Plant so long as it is operational; is debt and lien free with the exception mentioned in Article 9.

#### 4) Pre Closing:

A) Consent: TEA has secured the consent of Knott County, Perry County, and Breathitt County to this transfer in the form of a Resolution to which all are collectively attached hereto as **Exhibit B**. To accomplish state regulatory permission, both parties will file a joint application with the Public Service Commission for approval of the transfer and agree to Article in good faith and with diligence to see this approval to a timely conclusion.

B) Regulatory Deficiencies: TEA informs KCW&S that the Ball Creek Plant has some unresolved deficiencies detected by January 24, 2013 inspection conducted by, the Kentucky Public Service Commission ("PSC").

Those deficiencies include:

1. Lack of EMT Certification on site operation
2. Lack of records of inspections of utilities collecting sewer and manholes
3. Failure to repair of Waste Water Comminutor
4. Need to amend Tariff to allow sewer user agreement

TEA will work diligently in cooperation with KCW&S to resolve these deficiencies prior to closing. But to extent deficiencies remain at closing KCW&S agrees to assume responsibility for mitigation /resolution of the remaining deficiencies.

C) Discharge Permit: TEA currently operates the Ball Creek Plant under a Kentucky Pollutant Discharge Elimination System Permit KPDES KY 0107956 "the Permit" said permit will be assigned to KCW&S at closing.

**5) Closing:** TEA and KCW&S shall close within thirty (30) days of a final and non-appealable order from the Kentucky PSC approving the transfer. KCW&S shall give written notice to TEA of time and date specific for the closing. Closing shall occur at the offices of KCW&S.

#### A) TEA Obligation at Closing:

- 1) TEA shall tender a General Warranty Deed for the real estate in a form attached as **Exhibit C**, and a Bill of Sale for all personalty in a form attached as **Exhibit D**, and an Assignment for all easements in a form attached as **Exhibit E**.
- 2) Deliver all manuals and operating books, pamphlets or software necessary to operate or maintain the Ball Creek Plant.
- 3) Deliver all customer files and accounting history.
- 4) Deliver all keys or passcodes necessary to open or initiate software for operations of the Ball Creek Plant.

5. TEA will sign as "Prior Owner" the change of ownership certification required by Division of water for Transfer of KPDES Permit attached as part of **Exhibit E**.

B) KCW&S's Obligation at Closing:

- 1) KCW&S shall take complete possession and permanent operational responsibility of the Ball Creek Plant.
- 2) KCW&S shall not be obligated to retain any personnel currently employed by TEA at the Plant.
- 3) KCW&S will assume responsibility for and pay for all utilities consumed at the facility from the date of this closing in its own name.
- 4) KCW&S will notify all customers that the temporary status of their account will now become permanent with KCW&S being the provider. The former TEA customers shall then be under the KCW&S tariff rate as approved by the Public Service Commission. The current TEA basic residential rate is \$28.00; the new basic residential rate under KCW&S Tariff is \$26.25 as shown by the tariff rate attached as **Exhibit F**.
- 5) KCW&S will execute and file the change in ownership certification for the KDES Permit with the Division of Water.

**6) Post Closing:** It is the intent of TEA following conclusion of this transaction to remain a viable entity seeking to complete residual projects in Knott County and also construction of waste water treatment plants in Perry County and Breathitt County.

**7) Ongoing Knott County Project:** TEA has informed KCW&S of its plan which is partially funded but not yet designed to extend the sewer lines through the Highway 80 corridor in Knott County to as far as the Jamestown Village in neighborhood in Perry County. It is expected that completion of this project will add a approximately 150 new sewer customers. It is the intent of TEA to complete funding, design and build this Highway 80 sewer extension project and agrees to use its best efforts to do so. Once done, TEA agrees to assign, transfer or otherwise convey the infrastructure and customer base of the Highway 80 sewer project to KCW&S, thereby enhancing greatly, the customer base necessary to the successful operation of the Ball Creek Facility. In this regard, TEA agrees to give a quarterly update of its progress toward securing the completion of the Highway 80 sewer project to KCW&S.

**8. Payment:** KCW&S declares that it is crucial to financially support TEA, so the Highway 80 Corridor sewer line project can be completed. Starting with the date of this Agreement, KCW&S shall pay a stipend not to exceed \$7,500.00 per year to TEA. These payments are earmarked for corporate governance purposes which are necessary for TEA to maintain its good standing as a public corporate entity. Such cost includes, Secretary of State annual fees, Audit of Finances by CPA, other dues and fees, Directors Insurance and publication

notices. This stipend will be paid on a draw basis. TEA will present a copy of the particular bill to KCW&S who in turn will issue funds to TEA for payment.

This stipend is deemed to be a draw against the total yearly amount, so if any portion is unused there will be no carry forward of unused funds into the next year. The yearly stipend will continue for two years or until the Highway 80 sewer project is completed.

**9) Future Contingent Obligation:** TEA has represented and warranted that the transfers of assets are debt free, except that TEA declares that it has an operational obligation to a private company, Western Pocahontas Properties (WPP). A copy of the letter agreement setting out this future contingent obligation is attached as **Exhibit G**. TEA represents to KCW&S that as of the date of this Agreement WPP has not made any demand for tap fees.

**10) Post Closing Cooperation:** TEA will continue to cooperate with KCW&S by taking any appropriate action or sign any documents necessary to effectuate this Agreement.

**11) Notices:** Any notice, request, or instruction to be given hereunder by either party to the other shall be in writing and delivered personally or sent by U. S. Mail or other common carrier to the intended recipient thereof, as follows:

If to TEA, addressed to: Attention: Chairperson  
Troublesome Creek Environmental Authority  
  
c/o KRADD  
917 Perry Park Road  
Hazard, KY 41701

If to KCW&S, addressed to: Attention: Chairperson  
Knott County Water and Sewer, Inc.  
7777 Big Branch Road  
Vicco, KY 41773

With a copy to: Calvin R. Tackett, Esquire  
40 Main Street  
Whitesburg, KY 41858

or to such other place and with such other copies as any party may designate after giving prior written notice to the others in the manner provided in this section.

**12) Choice of Law:** This Agreement and attached exhibits shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the Commonwealth of Kentucky with venue located in Knott Circuit Court, Hindman, KY.

**13) Entire Agreement Amendments and Waivers:** This Agreement and attached exhibits constitutes the entire Agreements between the parties pertaining to the subject matter hereof and supersedes all prior and contemporaneous agreements, understandings, negotiations and discussions, whether oral or written, of the parties, and there are no warranties, representations or other agreements between the parties in connection with the subject matter hereof except as set forth specifically herein or contemplated hereby. No supplement, modification or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

**14) Multiple Counterparts:** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

**15) Invalidity:** In the event that any one or more of the provisions contained in this Agreement or in any other instrument referred to herein, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument.

**16) Headings:** The headings of the several Articles and Section herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

**17) Time is of the Essence:** The parties agree that time is of the essence in the performance of this Agreement.

In witness whereof, the Parties have hereunto set their hand this day and date aforesaid.

**TROUBLESOME CREEK  
ENVIRONMENTAL AUTHORITY, INC.**

By: Don PSL

Title: CHAIRMAN

**KNOTT COUNTY WATER  
AND SEWER, INC.**

By: James O. Childers

Title: CHAIRMAN

COMMONWEALTH OF KENTUCKY

COUNTY OF PERRY

I, John Campbell Jr, a Notary Public in and for the County and State aforesaid, do certify that the foregoing Agreement between Troublesome Creek Environmental Authority, Inc. and Knott County Water and Sewer, Inc. was this day produced to me and duly acknowledged before me in said County by Dan Gibson, personally known to me to be the Chairman of Troublesome Creek Environmental Authority, Inc., to be the act and deed of said corporation and of his self as Chairman thereof, hereunto duly authorized.

Given under my hand this 1<sup>st</sup> day of October, 2014.

My commission expires: 10/3/2016

  
NOTARY PUBLIC

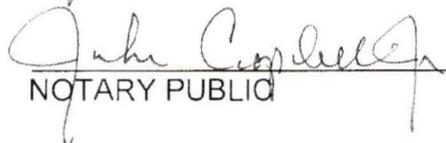
COMMONWEALTH OF KENTUCKY

COUNTY OF PERRY

I, John Campbell Jr, a Notary Public in and for the County and State aforesaid, do certify that the foregoing Agreement between Troublesome Creek Environmental Authority, Inc. and Knott County Water and Sewer, Inc. was this day produced to me and duly acknowledged before me in said County by James O. Childers, personally known to me to be the Chairman of KNOTT COUNTY WATER AND SEWER, INC., to be the act and deed of said corporation and of his self as Chairman thereof, hereunto duly authorized.

Given under my hand this 1<sup>st</sup> day of October, 2014.

My commission expires: 10/3/2016

  
NOTARY PUBLIC

## EXHIBIT INDEX

Exhibit A	List of all assets book or market value
Exhibit B	Three County Consents
Exhibit C	General Warranty Deed
Exhibit D	Bill of Sale (Personalty) with Exhibit A
Exhibit E	Assignment of Easements with Exhibit A and KPDES Permit
Exhibit F	Tariff Rate
Exhibit G	WPP Letter Agreement

**EXHIBIT A**

**List of all assets book or market value**

## EXHIBIT A

### ASSETS TO BE TRANSFERRED AND ASSOCIATED FAIR MARKET VALUE

#### I. REAL PROPERTY

##### A) REAL ESTATE

A General Warranty deed from Troublesome Creek Environmental Authority, Inc. to Knott County Water & Sewer, Inc., for 1.34 surveyed acres lying on Knob Bottom Hollow, Knott County, Kentucky including a perpetual easement for ingress and egress from the subject property to the public road.

##### B) REAL ESTATE IMPROVEMENTS

Located on the 1.34 acres housing

“...a 100,000 gallon-per-day sequential batch reactor wastewater treatment plant; 4,520 linear feet of 12-inch polyvinylchloride gravity sewer main; 27,580 linear feet of 2-inch high-density polyethylene (“HDPE”) force main; 6,450 linear feet of HDPE force main; a 200 gallon-per-minute regional lift station.

##### C) EASEMENTS

Assignment of sewer line rights of ways including:

<u>Grantor</u>	<u>Dated</u>	<u>Deed/Page</u>
1. Kentucky Fuel Corporation	9/27/2010	255/664
2. Western Pocahontas Properties	4/13/2010	255/669
3. Sharon Kay Slone	12/14/2010	255/676
4. Willfarm Properties, LLC	10/13/2010	255/681
5. Ida Sparkman Combs, et al	4/23/2010	255/685
6. Gracy and Stanley Amburgey	11/1/2009	255/692
7. Carley and Easter Banks	10/28/2009	255/696
8. Robert E. and Marie Noble	11/28/2009	255/700
9. Isom B and Irene Ritchie	10/28/2009	255/704
10. Bobby and Bulah Gayheart	10/28/2009	255/708
11. Paul Ronald and Shirley Williamson	10/28/2009	255/712

- |  |            |         |
|--|------------|---------|
| 12. Wade and Jeanette Miller   | 10/28/2009 | 255/716 |
| 13. Jeff (JM) and Jacklyn Cornett  | 10/26/2009 | 255/720 |
| 14. Vivian Patrick, et al  | 11/20/2009 | 255/725 |
| 15. Freeland Patton  | 6/8/2010   | 255/730 |
| 16. Douglas A. Sexton  | 5/26/2010  | 255/736 |
| 17. Rheba and Shaun Hall   | 6/8/2010   | 255/741 |
| 18. Rudolph and Pearl Noble  | 8/8/2010   | 255/745 |
| 19. Timothy and Carol Amburgey   | 8/9/2010   | 255/750 |
| 20. Kentucky Department of Transportation Cabinet  |            |         |
| 21. Any and all unrecorded easements consents or prescriptive rights acquired over time. |            |         |

D) EASEMENT IMPROVEMENTS

6450 LF HD PE2" line with approximately 50 grinder stations.

**II VALUATION**

A) REAL ESTATE

The parties adopt the original purchase price as the value. **\$30,000.00**

B) REAL ESTATE IMPROVEMENTS

Since the plant is relatively new the parties accept cost of construction components as a fair market value.

	<u>Value:</u>
Waste Water Treatment Plant	<b>\$1,913,471.00</b>
Force Main and Gravity Collection System	<b>\$1,427,675.00</b>
Office, Lab and Maintenance Facilities	<b>\$ 474,030.00</b>

C) EASEMENTS

VALUE: A comparable sale valuation is not applicable to easements so value was established by acquisition cost.

(Legal & Execution Cost)  $\$350.00 \times 20 = \mathbf{\$7,000.00}$

D) EASEMENT IMPROVEMENTS

The valuation of the easement improvements is embraced within the "Force Main and Gravity Collection System"

Being a part of Value

\$1,427,675.00

**EXHIBIT B**

**Three County Consents**

Resolution

Troublesome Creek Environmental Authority transfer of assets to Knott County  
Water & Sewer District

WHEREAS, Troublesome Creek Environmental Authority (TEA) constructed a wastewater plant in 2012 located on Ball Creek in Knott County to allow for expansion/development of Chestnut Mountain, and

WHEREAS, development of Chestnut Mountain has not occurred and the customer base is not financially adequate to allow the Authority to continue the operations,

NOW THEREFORE, The KNOTT County Fiscal Court hereby approves the transfer of sanitary sewer assets, the Ball Creek WWTP and Collection System, from the Troublesome Creek Environmental Authority to the Knott County Water and Sewer District to own and operate henceforth.

Done this 16<sup>th</sup> day of September, 2013.

MOTION CARRIED,



ATTEST



County Judge Executive

**Resolution**  
**of the**  
Perry **County Fiscal Court**

A RESOLUTION ALLOWING TROUBLESOME CREEK ENVIRONMENTAL  
AUTHORITY TO TRANSFER OWNERSHIP AND CONTROL OF THE BALL  
CREEK WASTE WATER TREATMENT PLANT AND ALL OF EQUIPMENT  
AND APPURTENANCES TO KNOTT COUNTY WATER & SEWER DISTRICT

WHEREAS, Troublesome Creek Environmental Authority was formed as a municipal public corporation by the Judge Executives of Breathitt County, Knott County, and Perry County on August 11, 2006, and

WHEREAS, Troublesome Creek Environmental Authority was organized for the purpose of improving water quality of the Troublesome Creek watershed by constructing and operating waste water management facilities on the Troublesome Creek, and

WHEREAS, Troublesome Creek Environmental Authority has diligently carried out that mission by constructing the Ball Creek Waste Water Treatment Plant located in Knott County, Kentucky, and

WHEREAS, Troublesome Creek Environmental Authority has determined and made findings to that effect that the economics and time constraints of managing and owning a waste water treatment plant is currently beyond the capacity of Troublesome Creek Environmental Authority to accomplish, and

WHEREAS, Troublesome Creek Environmental Authority has reached an Agreement with Knott County Water & Sewer District, a public non-profit entity, to assume responsibility for operation and management of the Ball Creek Waste Water Treatment Plant, and

WHEREAS, Troublesome Creek Environmental Authority feels this Agreement is in the best interest of Troublesome Creek Environmental Authority, the counties which formed it and the people it serves to enter into this Agreement, and

WHEREAS, it is necessary for Troublesome Creek Environmental Authority and the District to enter into a Letter Agreement first in order to secure third party approval before entering into a full contractual agreement.

NOW THEREFORE, BE IT RESOLVED that the following shall occur:

1) Troublesome Creek Environmental Authority is directed to enter into an Agreement with the Knott County Water and Sewer District to transfer ownership, operations and maintenance of the Ball Creek Waste Water facility, its equipment and appurtenances to the District, the details of which are left to the respective Authority and District.

2) That Perry County hereby consents, ratifies and condescends to such a transfer without any further action by this County.

Said Resolution being duly made, seconded and voted unanimously in the affirmative, it is hereby PASSED.

ATTEST:

Date: 10-31-13

Clerk: Shawn Adams  
Fiscal Court Clerk

Jimmy B. Hahn  
JUDGE EXECUTIVE

**Resolution**  
**of the**  
Breathitt **County Fiscal Court**

A RESOLUTION ALLOWING TROUBLESOME CREEK ENVIRONMENTAL  
AUTHORITY TO TRANSFER OWNERSHIP AND CONTROL OF THE BALL  
CREEK WASTE WATER TREATMENT PLANT AND ALL OF EQUIPMENT  
AND APPURTENANCES TO KNOTT COUNTY WATER & SEWER DISTRICT

WHEREAS, Troublesome Creek Environmental Authority was formed as a municipal public corporation by the Judge Executives of Breathitt County, Knott County, and Perry County on August 11, 2006, and

WHEREAS, Troublesome Creek Environmental Authority was organized for the purpose of improving water quality of the Troublesome Creek watershed by constructing and operating waste water management facilities on the Troublesome Creek, and

WHEREAS, Troublesome Creek Environmental Authority has diligently carried out that mission by constructing the Ball Creek Waste Water Treatment Plant located in Knott County, Kentucky, and

WHEREAS, Troublesome Creek Environmental Authority has determined and made findings to that effect that the economics and time constraints of managing and owning a waste water treatment plant is currently beyond the capacity of Troublesome Creek Environmental Authority to accomplish, and

WHEREAS, Troublesome Creek Environmental Authority has reached an Agreement with Knott County Water & Sewer District, a public non-profit entity, to assume responsibility for operation and management of the Ball Creek Waste Water Treatment Plant, and

WHEREAS, Troublesome Creek Environmental Authority feels this Agreement is in the best interest of Troublesome Creek Environmental Authority, the counties which formed it and the people it serves to enter into this Agreement, and

WHEREAS, it is necessary for Troublesome Creek Environmental Authority and the District to enter into a Letter Agreement first in order to secure third party approval before entering into a full contractual agreement.

NOW THEREFORE, BE IT RESOLVED that the following shall occur:

1) Troublesome Creek Environmental Authority is directed to enter into an Agreement with the Knott County Water and Sewer District to transfer ownership, operations and maintenance of the Ball Creek Waste Water facility, its equipment and appurtenances to the District, the details of which are left to the respective Authority and District.

That Breathitt County hereby consents, ratifies and condescends to such a transfer without any further action by this County.

Said Resolution being duly made, seconded and voted unanimously in the affirmative, it is hereby PASSED.

ATTEST:

Date: 9-24-13

Clerk: Kay Barnett

  
JUDGE EXECUTIVE

**EXHIBIT C**

**General Warranty Deed**

## DEED OF CONVEYANCE

THIS DEED OF CONVEYANCE made and entered into this the \_\_\_\_\_ day of \_\_\_\_\_, 2014, by and between **TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.** a Public Corporation created pursuant to KRS 58.180, of 917 Perry Park Road, Hazard, Kentucky 41701 Party of the First Part and, **KNOTT COUNTY WATER & SEWER, INC.**, a Kentucky Special District, of 7777 Big Branch Road, Vicco, KY 41773, Party of the Second Part.

### WITNESSETH:

That for and in consideration of One Dollar (\$1.00) cash in hand paid the receipt and sufficiency of which is hereby acknowledged, the party of the first part grants and conveys to the party of the second part the surface estate only of the property described as follows:

Description for a certain tract or parcel of land lying and being in the Commonwealth of Kentucky, county of Knott, near the community of Vest, approximately 2.5 miles west along KY Route 1087 from the junction of KY Route 1087 and 4 lane KY Route 80 at Softshell, and being more particularly described as follows:

Unless otherwise stated any monument referred to as a capped pin set is an 18" inch rebar 5/8" inch in diameter with a plastic cap inscribed R. M. Johnson Engineering, PLS 3521 or Roy D. Patrick PLS 3521.

Beginning at a point in the center of Knob Bottom Hollow, said point being a common point in a tract of land now or formerly owned by CONSOL of Kentucky, Inc. as recorded in a deed from Cullen B. Owens, et al, dated September 15, 1999 in Deed Book 192, Page 405, records of the Knott County Court Clerk's Office. Said point has an approximate Kentucky South Zone 1983 Datum State Plane Coordinate value of north: 2,038,957.0971 and east: 2,442,062.5002 and is referenced by a line extending N 62° 32' 45" E, a distance of 151.80' feet from the inlet end of a culvert with concrete headwall running underneath KY Route 1087 at the mouth of Knob Bottom Hollow, and by a line extending N 67° 36' 13" E, a distance of 186.38' feet from the outlet end of the same culvert with concrete headwall running underneath KY Route 1087, thence leaving the center of Knob Bottom

Hollow, severing the CONSOL of Kentucky, Inc. tract, following the new lines of CONSOL of Kentucky, Inc., for twenty-six (26) calls as follows:

- N 01° 20' 26" E, a distance of 8.14' feet to a capped pin set;
- N 37° 59' 08" W, a distance of 17.93' feet to a capped pin set;
- N 08° 46' 37" E, a distance of 86.88' feet to a capped pin set;
- N 07° 40' 29" E, a distance of 154.64' feet to a capped pin set;
- N 03° 28' 12" E, a distance of 97.88' feet to a capped pin set;
- N 13° 02' 21" E, a distance of 160.78' feet to a capped pin set;
- N 82° 33' 45" E, a distance of 43.06' feet to a capped pin set;
- N 82° 33' 45" E, a distance of 74.50' feet to a point in the center of Knob Bottom Hollow; thence following the center of Knob Bottom Hollow;
- S 00° 25' 10" E, a distance of 42.90' feet to a point;
- S 07° 08' 31" E, a distance of 37.68' feet to a point;
- S 04° 31' 11" E, a distance of 46.53' feet to a point;
- S 00° 25' 47" E, a distance of 44.33' feet to a point;
- S 05° 02' 11" W, a distance of 113.25' feet to a point;
- S 07° 02' 57" E, a distance of 50.72' feet to a point;
- S 02° 09' 00" W, a distance of 56.51' feet to a point;
- S 09° 36' 27" W, a distance of 46.33' feet to a point;
- S 02° 05' 49" E, a distance of 49.34' feet to a point;
- S 08° 29' 14" W, a distance of 31.87' feet to a point;
- S 20° 47' 29" W, a distance of 32.88' feet to a point;
- S 36° 52' 12" W, a distance of 19.79' feet to a point;

S 77° 28' 16" W, a distance of 23.98' feet to a point;  
N 73° 36' 42" W, a distance of 38.48' feet to a point;  
N 36° 59' 43" W, a distance of 15.01' feet to a point;  
N 79° 19' 49" W, a distance of 11.53' feet to a point;  
N 88° 32' 50" W, a distance of 45.35' feet to a point;  
N 64° 30' 26" W, a distance of 27.48' feet to the beginning

containing 2.01 acres more or less, as per a survey by R. M. Johnson Engineering, Inc. completed on July 16, 2008.

It is understood by all parties that there shall exist a perpetual easement being 20' feet in width, to allow for ingress and egress and installation of any utilities or other appurtenances that might be necessary for the use and convenience of the owners of the tract of land herein being described above, provided that the perpetual easement be kept free and clear of any obstructions as to allow for ingress and egress to the adjoining property remaining owned by CONSOL of Kentucky, Inc., and being more particularly described as follows:

Beginning at the intersection of the centerline of the access road leading to the property being described herein, and the eastern edge of KY Route 1087, said point has an approximate Kentucky South Zone 1983 Datum State Plane Coordinate value of north: 2,038,917.8847 and east: 2,441,898.6519, and is referenced by a line extending S 43° 26' 24" E, a distance of 42.38' feet from the inlet end of a culvert and concrete headwall running underneath KY Route 1087 at the mouth of Knob Bottom Hollow, and by a line extending S 14° 55' 26" W, a distance of 32.91' feet from the outlet end of the same culvert with concrete headwall running underneath KY Route 1087, thence leaving the eastern edge of KY Route 1087 and following the centerline of said perpetual easement for seven (7) calls as follows:

N 83° 44' 24" E, a distance of 27.33' feet to a point;  
N 89° 24' 24" E, a distance of 33.21' feet to a point;  
N 76° 47' 28" E, a distance of 23.33' feet to a point;  
N 62° 24' 25" E, a distance of 21.16' feet to a point;

N 70° 35' 15" E, a distance of 32.86' feet to a point;  
N 55° 22' 09" E, a distance of 23.25' feet to a point;  
N 29° 01' 24" E, a distance of 13.53' feet to a point in the lines of  
the tract of land being described herein above and there ending.

Being the same land conveyed to Troublesome Creek Environmental Authority, Inc., by deed CONSOL of Kentucky Inc., dated October 1, 2009, recorded in Deed Book 249, Page 82, records of Knott County Court Clerk's Office.

Previous owner CONSOL of Kentucky, Inc. retains the rights to the water monitoring well located on the property and reasonable rights of ingress and egress to that well including but not limited to the right to connect electric power to the well and a water pipeline as reference in Deed Book 249, Page 82, records of Knott County Court Clerk's Office and also the coal underlying this property has been extracted and the surface overlying or adjacent to the underground workings may be subject to subsidence. Any structures erected hereafter should be designed and constructed so as to prevent or minimize any subsidence damage.

All coal, oil, gas and other minerals, mineral by products and minerals owned by CONSOL of Kentucky, Inc. are excepted from this conveyance and expressly reserves unto itself, its successors and assigns all of the necessary rights and privileges to mine, drill for, produce and transport the coal and other minerals from the property described hereinabove.

#### CONSIDERATION CERTIFICATE

**WE, Troublesome Creek Environmental Authority, Inc.**, party of the first part and **Knott County Water and Sewer, Inc.**, party of the second part, do hereby certify and swear, pursuant to KRS Chapter 382, that the Fair Market Value of the hereinabove described real property is \$\_\_\_\_\_.

**TO HAVE AND TO HOLD** said tract of land, with all appurtenances thereunto belonging unto the party of the second part, its successors and assigns and with covenant of Special Warranty.

**IN WITNESS WHEREOF**, the party of the first part and party of the second part  
have hereunto subscribed their names the day and year aforesaid.

**TROUBLESOME CREEK  
ENVIRONMENTAL AUTHORITY, INC.**

By: \_\_\_\_\_  
DON GIBSON  
Its: Chairman of the Board

**KNOTT COUNTY WATER & SEWER, INC.**

By: \_\_\_\_\_  
JAMES O. CHILDERS  
Its: Chairman of the Board

The in-care-address for the  
2014 Knott County Tax Bill:

Knott County Water & Sewer, Inc.  
7777 Big Branch Road  
Vico, KY 41773

STATE OF KENTUCKY

COUNTY OF \_\_\_\_\_

The foregoing deed and consideration statement was subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2014 by Don Gibson, as Chairman of the Board of Troublesome Creek Environmental Authority, Inc., a Public Corporation, for and on behalf of the corporation.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

STATE OF KENTUCKY

COUNTY OF \_\_\_\_\_

The foregoing consideration statement was subscribed and sworn to before me this \_\_\_\_\_ day of \_\_\_\_\_, 2014 by \_\_\_\_\_, as Chairman of the Board of Knott County Water & Sewer, Inc. for and on behalf of the corporation.

My commission expires: \_\_\_\_\_

\_\_\_\_\_  
Notary Public

THIS DOCUMENT PREPARED BY:

\_\_\_\_\_  
Calvin R. Tackett  
Attorney at Law  
40 Main Street  
Whitesburg, KY 41858

COMMONWEALTH OF KENTUCKY

COUNTY OF KNOTT

I, \_\_\_\_\_, clerk of the county court in and for the county and commonwealth aforesaid, certify that the foregoing Deed was on the \_\_\_\_\_ day of \_\_\_\_\_, 2014, at \_\_\_\_\_ o'clock \_\_\_\_\_.m. lodged for record whereupon the same with the foregoing and this certificate has been duly recorded in my office in Deed Book \_\_\_\_\_, Page \_\_\_\_\_.

Witness my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

\_\_\_\_\_  
CLERK

BY: \_\_\_\_\_ D.C.

**EXHIBIT D**

**Bill of Sale (Personalty) with Exhibit A**

## BILL OF SALE

**THIS BILL OF SALE** made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2014, by and between **TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.**, a Public Corporation, of 917 Perry Park Road, Hazard, KY 41701 (hereinafter "TEA"), Party of the First Part, and **KNOTT COUNTY WATER AND SEWER, INC.**, a Kentucky Special District, of 7777 Vicco, KY 41773, (hereinafter "KCW&S") Party of Second Part.

### WITNESSETH:

That for and in consideration of the sum of One Dollar (\$1.00), cash in hand paid, and the assumption of various contractual obligations that Party of First Part has assumed in relation to the property herein identified, the Party of the First Part does hereby assign, sell, transfer and convey unto the Party of the Second Part, their agents and assigns, the following described property:

All personalty attached hereto as **Exhibit A**.

The Party of the First Part does not warrant that the equipment is in any particular working order, and Party of the Second Part accepts same in "as is" condition except that any manufactures warranty shall be transferred intact to Party of Second Part.

The Party of the First Part does hereby generally warrant unto the Party of the Second Part that Party of the First Part has good and merchantable title to the property aforesaid, and that the same is free and clear of any liens or encumbrances whatsoever.

The Party of the First Part also represents unto the Party of the Second Part that it has the legal authority to enter into this Bill of Sale and convey title to the aforesaid property.

The Party of the First Part does hereby agree that they shall immediately deliver possession of the aforesaid property including any shop books, manuals or warranties to the Party of the Second Part, their agents and assigns.

PARTY OF THE FIRST PART:

**TROUBLESOME CREEK  
ENVIRONMENTAL AUTHORITY, INC.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

PARTY OF THE SECOND PART:

**KNOTT COUNTY WATER  
AND SEWER, INC.**

By: \_\_\_\_\_

Title: \_\_\_\_\_

## EXHIBIT A

### PERSONALITY

All motors, pumps, mobile equipment, supplies and tools with manuals & warranties which make up the Force Main and Gravity Collection System. Also including office lab and maintenance items found within the Waste Water Treatment Plant located at Knob Bottom Hollow, Knott County, Kentucky.

**EXHIBIT E**

**Assignment of Easements with Exhibit A and KPDES Permit**

**ASSIGNMENT**

**THIS ASSIGNMENT** made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2014 between **TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY, INC.** a Public Corporation, of 917 Perry Park Road, Hazard, KY 41701 (hereinafter "TEA"), Party of the First Part, and **KNOTT COUNTY WATER AND SEWER, INC.**, a Kentucky Special District, of 777 Vicco, KY 41773, (hereinafter "KCW&S") Party of Second Part.

**WITNESSETH:**

WHEREAS, Troublesome Creek Environmental Authority, Inc. is the owner of certain right of way easements acquired as a part of a operation of the Ball Creek Waste Water Treatment Plant ("the Property"), hereinafter described, and

WHEREAS, Knott County Water and Sewer, Inc. has become the successor in interest owner and operator of the Ball Creek Waste Water Treatment Plant, and

WHEREAS, TEA is desirous of assigning all its rights, title and interest in and to the property hereinafter described to KCW&S, and

WHEREAS, KCW&S is desirous of accepting said property, and

NOW THEREFORE, TEA does hereby assigns, transfers, conveys and sets over absolutely, all of its rights, title and interest to the property interest hereinafter described to KCW&S, as follows:

Being each and every easement whether recorded or not and attached hereto as **Exhibit A.**

TEA warrants specially the title to the easements. TEA agrees to execute any other documents if necessary to complete the intent of the Parties. It is the intent of TEA to convey unto KCW&S each and every easement for sewer lines held by it that lies in Knott County, as of the date of this Agreement, whether specifically identified or not herein.

IN WITNESS WHEREOF, the parties have hereunto set their hand this day and date aforesaid.

PARTY OF THE FIRST PART:

**TROUBLESOME CREEK ENVIRONMENTAL  
AUTHORITY, INC.**

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

PARTY OF THE SECOND PART:

**KNOTT COUNTY WATER AND  
SEWER, INC.**

BY: \_\_\_\_\_

TITLE: \_\_\_\_\_

COMMONWEALTH OF KENTUCKY

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a Notary Public in and for the County and State aforesaid, do certify that the foregoing Assignment between Troublesome Creek Environmental Authority, Inc. and Knott County Water and Sewer, Inc. was this day produced to me and duly acknowledged before me in said County by \_\_\_\_\_, personally known to me to be the \_\_\_\_\_ of Troublesome Creek Environmental Authority, Inc., to be the act and deed of said corporation and of h\_\_\_\_\_self as \_\_\_\_\_ thereof, hereunto duly authorized.

Given under my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

COMMONWEALTH OF KENTUCKY

COUNTY OF \_\_\_\_\_

I, \_\_\_\_\_, a Notary Public in and for the County and State aforesaid, do certify that the foregoing Assignment between Troublesome Creek Environmental Authority, Inc. and Knott County Water and Sewer, Inc. was this day produced to me and duly acknowledged before me in said County by \_\_\_\_\_, personally known to me to be the \_\_\_\_\_ of KNOTT COUNTY WATER AND SEWER, INC., to be the act and deed of said corporation and of h\_\_\_\_\_self as \_\_\_\_\_thereof, hereunto duly authorized.

Given under my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2014.

My commission expires: \_\_\_\_\_.

\_\_\_\_\_  
NOTARY PUBLIC

This document prepared by:

\_\_\_\_\_  
Calvin R. Tackett, Esquire  
40 Main Street  
Whitesburg, KY 41858

**EXHIBIT A**

**EXHIBIT A**

Assignment of sewer line rights of ways including:

<u>Grantor</u>	<u>Dated</u>	<u>Deed/Page</u>
1. Kentucky Fuel Corporation	9/27/2010	255/664
2. Western Pocahontas Properties	4/13/2010	255/669
3. Sharon Kay Slone	12/14/2010	255/676
4. Willfarm Properties, LLC	10/13/2010	255/681
5. Ida Sparkman Combs, et al	4/23/2010	255/685
6. Gracy and Stanley Amburgey	11/1/2009	255/692
7. Carley and Easter Banks	10/28/2009	255/696
8. Robert E. and Marie Noble	11/28/2009	255/700
9. Isom B and Irene Ritchie	10/28/2009	255/704
10. Bobby and Bulah Gayheart	10/28/2009	255/708
11. Paul Ronald and Shirley Williamson	10/28/2009	255/712
12. Wade and Jeanette Miller	10/28/2009	255/716
13. Jeff (JM) and Jacklyn Cornett	10/26/2009	255/720
14. Vivian Patrick, et al	11/20/2009	255/725
15. Freeland Patton	6/8/2010	255/730
16. Douglas A. Sexton	5/26/2010	255/736
17. Rheba and Shaun Hall	6/8/2010	255/741
18. Rudolph and Pearl Noble	8/8/2010	255/745
19. Timothy and Carol Amburgey	8/9/2010	255/750
20. Kentucky Department of Transportation Cabinet		
21. Any and all unrecorded easements consents or prescriptive rights acquired overtime.		

## CHANGE IN OWNERSHIP CERTIFICATION

Facility Name <b>Ball Creek Wastewater Treatment Plant</b>	KPDES No. <input checked="" type="checkbox"/> KNDOP No. <input type="checkbox"/> Other <input type="checkbox"/> Permit Number: <b>KY0107956</b>
Previous Facility Name (if changed) <b>N/A</b>	County <p style="text-align: center;"><b>Knott</b></p>

Name of New Owner or Authorized Representative	
Company Name	<b>Knott County Water and Sewer, Inc.</b>
Address of New Owner (Street, City, State, Zip Code)	<b>7777 Big Branch Road</b>
Telephone No. of Owner/Authorized Representative	<b>(606 ) 642-3582</b>
Location Address of Facility	<b>Ky Route 1087 Vest, Ky 41772</b>
Effective Date of Transfer	<b>10/01/14</b>
Previous Owner Name	<b>Troublesome Creek Environmental Authority</b>

Indicate an alternate address where the Discharge Monitoring Report (DMR) forms should be sent **only if different from the new owner name or address listed above**. These DMR forms are preprinted with permit limitations and are mailed out each quarter.

Alternate DMR Mailing Name	<b>Chairperson James Childers</b>
Alternate DMR Mailing Address	<b>390 Hurricane Branch Leburn, KY 41831</b>

**If Submitted by New Owner:**

I hereby certify that I have or that I will assume ownership and all responsibility for meeting the permit conditions of the Commonwealth of Kentucky relating to water quality at the permitted facility listed above on the effective date of transfer indicated.

Signature of New Owner or Authorized Representative <b>James C. Childers CHAIRPERSON Knott County Water and Sewer District</b>	Date <b>10-1-14</b>
---	------------------------

**If Submitted by Prior Owner:**

I hereby certify that I have agreed to transfer of ownership and all responsibility for meeting the permit conditions of the Commonwealth of Kentucky relating to water quality at the permitted facility listed above on the effective date of transfer indicated. If the new owner has not signed this certification, I have attached a signed copy of the contractual agreement related to the transfer of this facility.

Signature of Previous Owner or Authorized Representative <b>CHAIRMAN TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY</b>	Date <b>10-1-14</b>
---	------------------------

**A transfer of a permit is not effective until acknowledged by the Cabinet.**

**Questions on completing this form?**      Contact the Surface Water Permits Branch at (502) 564-3410.

**Complete and return this form to:**      Division of Water, Surface Water Permits Branch  
 200 Fair Oaks Lane  
 Frankfort, KY 40601



STEVEN L. BESHEAR  
GOVERNOR

**ENERGY AND ENVIRONMENT CABINET**  
DEPARTMENT FOR ENVIRONMENTAL PROTECTION  
DIVISION OF WATER  
200 FAIR OAKS LANE  
FRANKFORT, KENTUCKY 40601  
www.kentucky.gov

LEONARD K. PETERS  
SECRETARY

**FACT SHEET**

**KENTUCKY POLLUTANT DISCHARGE ELIMINATION SYSTEM  
PERMIT TO DISCHARGE TREATED WASTEWATER  
INTO WATERS OF THE COMMONWEALTH**

KPDES No.: KY0107956      Permit Writer: William Shane      Date: June 20, 2011  
AI No.: 101248

**1. SYNOPSIS OF APPLICATION**

a. Name and Address of Applicant

Troublesome Creek Environmental Authority  
c/o Kentucky River Area Development District  
917 Perry Park Road  
Hazard, Kentucky 41701

b. Facility Location

Ball Creek Wastewater Treatment Plant  
KY Route 1087  
Vest, Kentucky 41772

c. Description of Applicant's Operation

Wastewater treatment plant treating municipal and commercial wastewater

d. Design Capacity

0.100 MGD

e. Description of Existing Pollution Abatement Facilities

Treatment processes include bar screening, sequential batch reactors, equalization basin, ultraviolet (UV) light disinfection, post aeration, sludge collection and dewatering, landfill disposal of dewatered sludge

f. Permitting Action

This is a first issuance of a minor KPDES permit for a regional planning authority owned wastewater treatment plant serving the Troublesome Creek headwater area in Knott County.

2. **RECEIVING WATER**

a. Name/Mile Point

Facility discharges to Knob Bottom Branch at latitude 37°23'44" and longitude 82°59'24".

b. Stream Segment Use Classification

Pursuant to 401 KAR 10:026, Section 5, Knob Bottom Branch carries the following classifications: Warmwater Aquatic Habitat, Primary Contact Recreation, Secondary Contact Recreation, Domestic Water Supply

c. Stream Segment Categorization

Pursuant to 401 KAR 10:030, Section 1 Knob Bottom Branch is categorized as High Quality Waters

d. Stream Low Flow Condition

The 7-day, 10-year low flow and harmonic mean conditions of Knob Bottom Branch are 0.0 and 1.0 cfs, respectively.

The nearest downstream drinking water intake is Jackson Municipal Water Works, located approximately 48 miles downstream. At the point of intake, the 7-day, 10-year low flow and harmonic mean conditions of North Fork Kentucky River are 42.0 and 330.0 cfs, respectively.

### 3. REPORTED DISCHARGE AND PROPOSED LIMITS

Serial Number 001 - Sanitary Wastewater (Design Flow = 0.100 MGD)

Effluent Characteristics	Reported Discharge		Proposed Limits		Applicable Water Quality Criteria and/or Effluent Guidelines
	Monthly Average	Daily Maximum	Monthly Average	Daily Maximum	
Effluent Flow (MGD)	NR	NR	Report	Report	401 KAR 5:065, Section 2(8)
Influent Flow (MGD)	NR	NR	Report	Report	401 KAR 5:065, Section 2(8)
Effluent CBOD <sub>5</sub> (mg/l)	NR	NR	10.0	15.0	401 KAR 10:031, Section 4 401 KAR 5:045, Sections 3 and 5
Influent CBOD <sub>5</sub> (mg/l)	NR	NR	Report	Report	401 KAR 5:065, Section 2(8)
Percent Removal CBOD <sub>5</sub> (%)	NR	NR	85 or greater		40 CFR 133.102(a)3
Effluent TSS (mg/l)	NR	NR	30.0	45.0	401 KAR 10:031, Section 4 401 KAR 5:045, Sections 2 and 3
Influent TSS (mg/l)	NR	NR	Report	Report	401 KAR 10:031, Section 4
Percent Removal TSS (%)	NR	NR	85 or greater		40 CFR 133.102(b)3
<i>Escherichia Coli</i> (N/100 ml)	NR	NR	130	240	401 KAR 10:031, Section 7 401 KAR 5:045, Section 4 401 KAR 5:080, Section 2(3)
Ammonia Nitrogen (as mg/l N)					
May 1 - October 31	NR	NR	4.0	6.0	401 KAR 10:031, Section 4
November 1 - April 30	NR	NR	10.0	15.0	401 KAR 5:045, Sections 3 and 5
Dissolved Oxygen (mg/l) (minimum)	NR	NR	Not less than 7.0		401 KAR 10:031, Section 4 401 KAR 5:045, Sections 3 and 5
pH (standard units)	NR	NR	6.0 (min)	9.0 (max)	401 KAR 10:031, Section 4 401 KAR 5:045, Section 4

4. **METHODOLOGY USED IN DETERMINING LIMITATIONS**

a. Serial Number

Outfall 001 Sanitary Wastewater (Design Flow = 0.100 MGD)

b. Effluent Characteristics

Flow, CBOD<sub>5</sub> (Influent/Effluent), TSS (Influent/Effluent), *Escherichia Coli*, pH, Ammonia Nitrogen, Dissolved Oxygen, Total Residual Chlorine (TRC), Total Phosphorus, Total Nitrogen.

c. Monitoring Requirements

Influent sampling shall be conducted at the nearest accessible point in the collection system but prior to commencement of treatment.

Effluent sampling shall be conducted at the nearest point after final treatment but prior to discharge to or mixing with the receiving waters.

Effluent Flow monitoring shall be conducted continuously by recorder.

Influent Flow monitoring shall be conducted instantaneously once per week.

CBOD<sub>5</sub> (Influent/Effluent) and TSS (Influent/Effluent) monitoring shall be conducted once per week by 24 hour composite sampling.

Percent Removal shall be determined monthly by calculation.

Ammonia Nitrogen, Total Phosphorus and Total Nitrogen shall be monitored once per week by 24 hour composite sampling.

*Escherichia Coli*, pH, Dissolved Oxygen and Total Residual Chlorine shall be monitored once per week by grab sample.

d. Justification of Conditions

The Kentucky regulations cited below have been duly promulgated pursuant to the requirements of Chapter 224 of the Kentucky Revised Statutes.

*Escherichia Coli*

The limits for *Escherichia Coli* are consistent with the requirements of 401 KAR 10:031, Section 7, 401 KAR 5:045 Section 4 and 401 KAR 5:080, Section 2(3).

Flow (Influent/Effluent)

The monitoring requirements for this parameter are consistent with the requirements of 401 KAR 5:065, Section 2(8).

Influent CBOD<sub>5</sub>, Influent TSS, and Percent Removal

The monitoring requirements for influent CBOD<sub>5</sub> and influent TSS are consistent with the requirements of 401 KAR 5:065, Section 2(8). The raw influent values of these two parameters are necessary to determine compliance with the 85 percent removal requirement specified by 40 CFR 133.102 (a)3 and (b)3.

CBOD<sub>5</sub>, Ammonia Nitrogen, and Dissolved Oxygen

The limits for these parameters are consistent with the requirements of 401 KAR 10:031, Section 4, and 401 KAR 5:045, Sections 3 and 5. Section 4 of 5:031 establishes water quality criteria for the protection of Kentucky's waters. Section 5 of 5:045 requires biochemically degradable wastewaters to receive treatment in excess of secondary treatment if the Cabinet determines that the receiving water would not satisfy applicable water quality standards as a result of a facility discharge or discharges from multiple facilities.

Total Suspended Solids

The limits for this parameter are consistent with the requirements of 401 KAR 10:031, Section 4 and 5:045, Sections 2 and 3. Section 4 of 5:031 establishes water quality criteria for the protection of Kentucky's waters. Sections 2 and 3 of 5:045 require biochemically degradable wastewaters to receive secondary treatment.

pH

The limits for this parameter are consistent with the requirements of 401 KAR 10:031, Section 4 and 5:045, Section 4. Section 4 of 5:031 establishes water quality criteria for the protection of Kentucky's waters. Section 4 of 5:045 establishes the acceptable levels of these parameters for biochemically degradable wastewaters.

Total Residual Chlorine

The Ball Creek Wastewater Treatment Plant will use ultraviolet (UV) disinfection for pathogen control in lieu of chlorination. Pursuant to 401 KAR 5:080, Section 2(3), it is the Best Professional Judgment (BPJ) of DOW that reasonable potential does not exist for the discharge of chlorine. Therefore, DOW does not propose any limits or monitoring for this pollutant.

Total Phosphorus and Total Nitrogen

The monitoring requirements for these parameters are consistent with the requirements of 401 KAR 5:065, Section 2(8)(a). Total Nitrogen is TKN (as N) and nitrate/nitrite (as N).

**5. ANTIDegradation**

The conditions of 401 KAR 10:029, Section 1, have been satisfied. This permitting action is the issuance of a new KPDES permit authorizing new discharges from a regional planning authority owned regional wastewater treatment plant. In accordance with 401 KAR 10:030, Section 1(3)(b)2b the approval of a POTW's regional facility plan, pursuant to 401 KAR 5:006, shall constitute compliance with socioeconomic demonstration and alternatives analysis of 401 KAR 10:030, Section 1(3)3.

For those discharges subject to the provisions of 401 KAR 10:030 Section 1(3)(b)5, the permittee shall install, operate, and maintain wastewater treatment facilities consistent with those identified below:

The Ball Creek WWTP is a 0.10 MGD Sequential Batch Reactor (SBR). It has two separate bar screen facilities capable of handling an instantaneous peak flow of 0.400 MGD and an average daily flow of 0.100 MGD. Once influent has been screened, it flows to the Equalization (EQ) Basin. This basin is sized for conversion into a SBR in the future. The EQ Basin can hold a maximum of 54,000 gallons at any time. Wastewater flows into the SBR basins and biological treatment using aeration begins. The two basins act independently and run at different stages. This allows the plant to accept flow at all times without blockage and interruption. Each basin completely treats one batch in a maximum of 6 hours, meaning one basin treats a maximum of 4 batches per day. Once the decant and idle cycles have completed, the decant is disinfected using Ultraviolet (UV) light. The UV system can efficiently treat 1.12 MGD. A second unit is supplied for redundancy. Post aeration is provided using step aeration to ensure the correct amount of dissolved oxygen is placed into the effluent. Sludge is removed from the bottom of the SBR Basins and pumped to the Sludge Holding Tank and eventually to the Sludge Dewatering Container Filers. Once the sludge is dewatered, it is transported to a local landfill for disposal.

**6. PROPOSED COMPLIANCE SCHEDULE FOR ATTAINING EFFLUENT LIMITATIONS**

The permittee will comply with all effluent limitations by the effective date of the permit.

7. **PROPOSED SPECIAL CONDITIONS WHICH WILL HAVE A SIGNIFICANT IMPACT ON THE DISCHARGE**

**Annual Sewer User Surveys**

Consistent with the requirements of 401 KAR 5:057 and 401 KAR 5:080, Section 2(3) the permittee shall conduct annual sewer user surveys to determine if conditions warrant the development and implementation of a pretreatment program. This condition is representative of the Division of Water's "Best Professional Judgment" that such surveys are necessary to demonstrate compliance with 401 KAR 5:057.

**Best Management Practices (BMP) Plan**

Pursuant to 401 KAR 5:065, Section 2(10), a BMP requirement shall be included: to control or abate the discharge of pollutants from ancillary areas containing toxic or hazardous substances or those substances which could result in an environmental emergency; where numeric effluent limitations are infeasible; or to carry out the purposes and intent of KRS 224. The facility has several areas where support activities occur which have a potential of the discharge of such substances through storm water runoff or spillage. Some of these areas will drain to present wastewater treatment plants, others will not.

**Certified Operators**

Pursuant to 401 KAR 5:010, Section 1 wastewater systems shall be operated under the supervision of a certified operator who holds a Kentucky Certificate equivalent to the class of system being supervised.

Pursuant to 401 KAR 5:010, Section 3 the certified operator shall be reasonably available if not physically present while the system is operating.

**Outfall Signage**

The KPDES permit establishes monitoring points, effluent limitations, and other conditions to address discharges from the permitted facility pursuant to 40 CFR 122.48. In an effort to better document and clarify these locations, the permittee should place and maintain a permanent marker at each of the monitoring locations.

**Pretreatment Requirements**

Pursuant to the requirements of 40 CFR 403, July 1, 2006 as incorporated by 401 KAR 5:057, November 11, 2008 a Publicly Owned Treatment Works (POTW) is required to implement the National Pretreatment Standards to control pollutants which pass through or interfere with the treatment process of the POTW or which may contaminate the sewage sludge. These requirements include specific prohibitions and the necessity to development and implementation of Pretreatment Program if one or more specific criteria are met.

**Sludge Disposal**

The disposal or final use of sewage sludge generated during the treatment of domestic sewage in a treatment works is subject to federal requirements specified in 40 CFR Part 503 and state requirements specified in Division of Waste Management regulations 401 KAR Chapter 45.

8. **PERMIT DURATION**

Five (5) years. This facility is in the Kentucky River Basin Management Unit as per the Kentucky Watershed Management Framework.

9. **PERMIT AND PUBLIC NOTICE INFORMATION**

The application, draft permit, fact sheet and public notice are available on the DOW Public Notice web page and the Department of Environmental Protection's Pending Approvals Search web page at:

<http://water.ky.gov/Pages/PublicNotices.aspx>

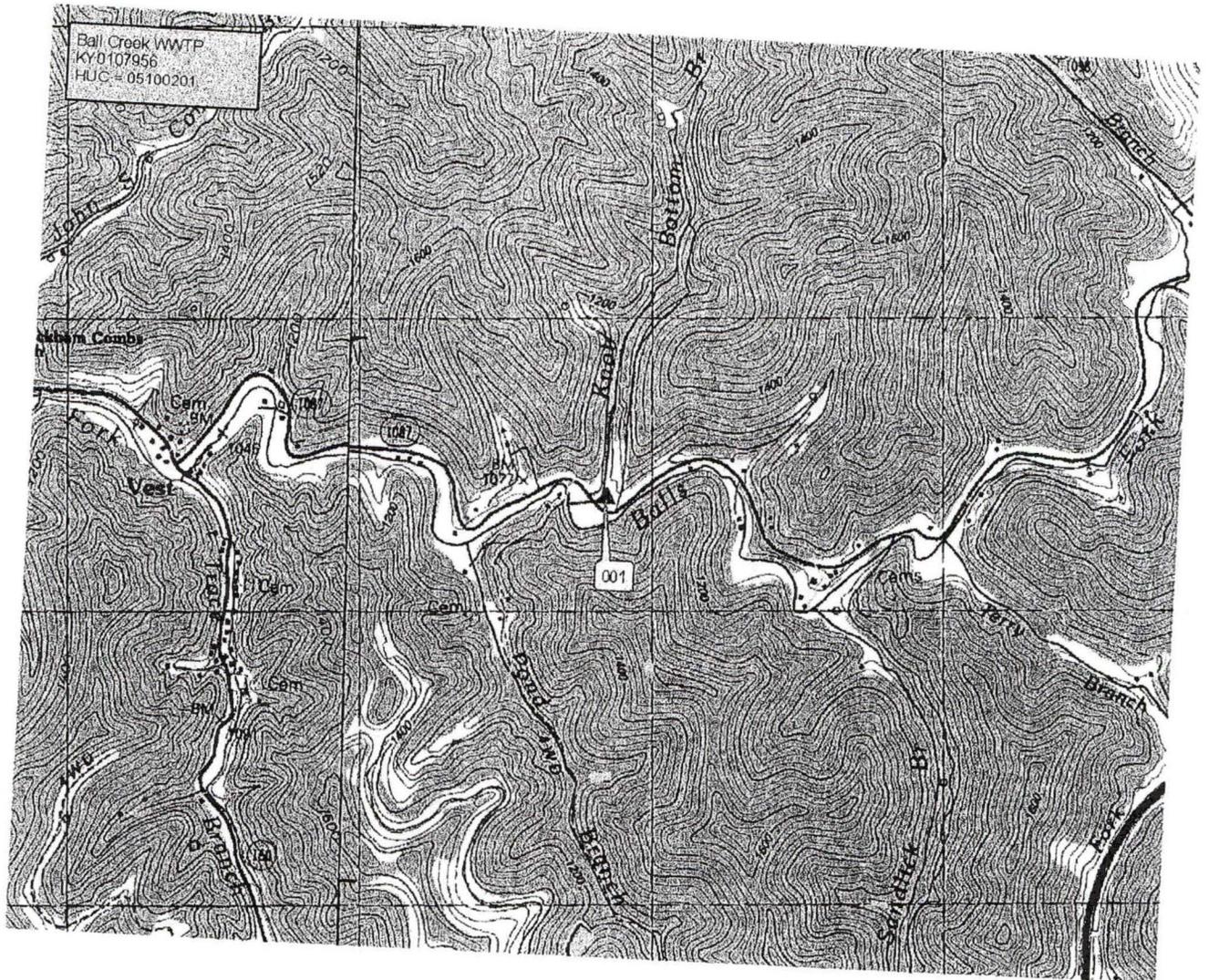
[http://dep.gateway.ky.gov/eSearch/Search\\_Pending\\_Approvals.aspx?Program=Wastewater&NumDaysDoc=30](http://dep.gateway.ky.gov/eSearch/Search_Pending_Approvals.aspx?Program=Wastewater&NumDaysDoc=30)

Comments may be submitted electronically to the following e-mail address: DOWPublicNotice@ky.gov. Written comments may be submitted to the following mailing address:

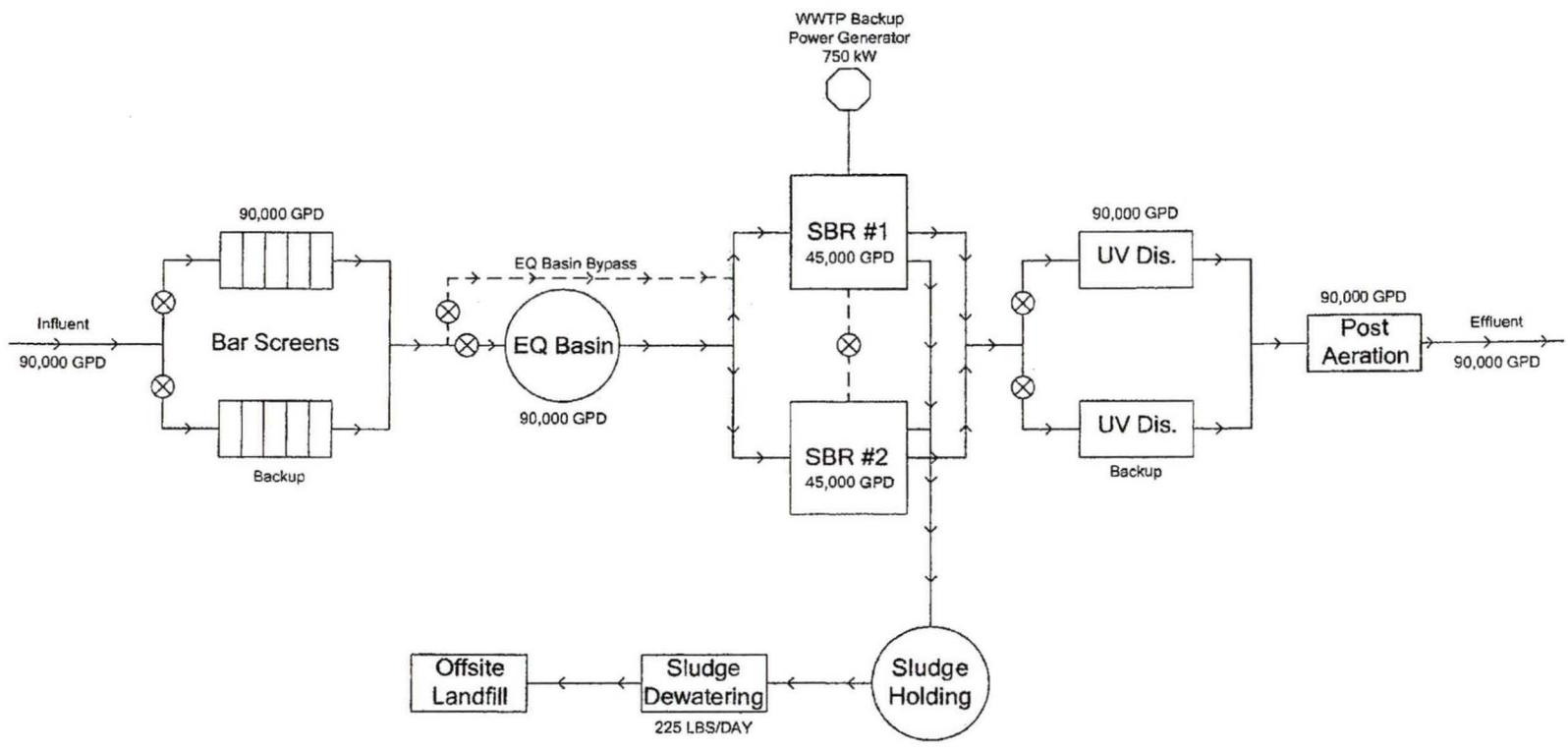
Division of Water  
Surface Water Permits Branch  
200 Fair Oaks Lane  
Frankfort, Kentucky 40601

**10. REFERENCES AND CITED DOCUMENTS**

All material and documents referenced or cited in this fact sheet are parts of the permit information as described above and are readily available at the Division of Water Central Office. Information regarding these materials may be obtained from the Division of Water's Open Records Coordinator Morgan Elliston by phone at (502) 564-3410, extension 4820, or by e-mail at Morgan.Elliston@ky.gov.

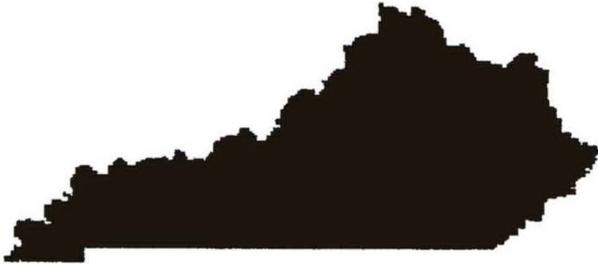


KPDES No.: KY0107956  
AI No.: 101248  
Fact Sheet Page 10



**BALL CREEK  
0.10 MGD SBR WWTP  
PROCESS DESIGN DIAGRAM**

# KPDES



## KENTUCKY POLLUTANT DISCHARGE ELIMINATION SYSTEM

# PERMIT

PERMIT NO.: KY0107956  
AI NO.: 101248

### AUTHORIZATION TO DISCHARGE UNDER THE KENTUCKY POLLUTANT DISCHARGE ELIMINATION SYSTEM

Pursuant to Authority in KRS 224,

Troublesome Creek Environmental Authority  
c/o Kentucky River Area Development District  
917 Perry Park Road  
Hazard, Kentucky 41701

is authorized to discharge from a facility located at

Ball Creek Wastewater Treatment Plant  
KY Route 1087  
Vest, Kentucky 41772

to receiving waters named

Knob Bottom Branch at latitude 37°23'44" and longitude 82°59'24"

in accordance with effluent limitations, monitoring requirements and other conditions set forth in Parts I, II, III, and IV hereof. The permit consists of this cover sheet, and Part I 2 pages, Part II 1 page, Part III 1 page, and Part IV 3 pages.

This permit shall become effective on August 1, 2011.

This permit and the authorization to discharge shall expire at midnight, July 31, 2016.

A handwritten signature in black ink, appearing to read 'Sandra L. Gruzesky', located below the permit text.

June 20, 2011  
Date Signed

\_\_\_\_\_  
Sandra L. Gruzesky, Director  
Division of Water

## **PART III - OTHER REQUIREMENTS**

### **A. Reporting of Monitoring Results**

Monitoring results obtained during each monitoring period must be reported on a preprinted Discharge Monitoring Report (DMR) Form that will be mailed to you. The completed DMR for each monitoring period must be sent to the Division of Water at the address listed below (with a copy to the appropriate Regional Office) postmarked no later than the 28th day of the month following the monitoring period for which monitoring results were obtained.

Division of Water  
Hazard Regional Office  
233 Birch Street, Suite 1  
Hazard, Kentucky 41701  
ATTN: Supervisor

Division of Water  
Surface Water Permits Branch  
Permit Support Section  
200 Fair Oaks Lane  
Frankfort, Kentucky 40601

### **B. Reopener Clause**

This permit shall be modified, or alternatively revoked and reissued, to comply with any applicable effluent standard or limitation issued or approved in accordance with 401 KAR 5:050 through 5:080, if the effluent standard or limitation so issued or approved:

1. Contains different conditions or is otherwise more stringent than any effluent limitation in the permit; or
2. Controls any pollutant not limited in the permit.

This permit may be reopened to implement the findings of a reasonable potential analysis performed by the Division of Water.

This permit shall be reopened if Division of Water determines surface waters are aesthetically or otherwise degraded by substances that:

- (a) Settle to form objectionable deposits;
- (b) Float as debris, scum, oil, or other matter to form a nuisance;
- (c) Produce objectionable color, odor, taste, or turbidity;
- (d) Injure, are chronically or acutely toxic to or produce adverse physiological or behavioral responses in humans, animals, fish, and other aquatic life;
- (e) Produce undesirable aquatic life or result in the dominance of nuisance species; or
- (f) Cause fish flesh tainting

The permit as modified or reissued under this paragraph shall also contain any other requirements of KRS Chapter 224 when applicable.

### **C. Sludge Disposal**

The disposal or final use of sewage sludge generated during the treatment of domestic sewage in a treatment works shall be disposed of in accordance with federal requirements specified in 40 CFR Part 503 and state requirements specified in Division of Waste Management regulations 401 KAR Chapter 45.

### **D. Certified Operators**

This wastewater system shall be operated under the supervision of a Class II Kentucky Certified Operator who shall be reasonably available at all times.

### **E. Outfall Signage**

The KPDES permit establishes monitoring points, effluent limitations, and other conditions to address discharges from the permitted facility. In an effort to better document and clarify these locations, the permittee should place and maintain a permanent marker at each of the monitoring locations.

## **PART II - STANDARD CONDITIONS FOR KPDES PERMIT**

This permit has been issued under the provisions of KRS Chapter 224 and regulations promulgated pursuant thereto. Issuance of this permit does not relieve the permittee from the responsibility of obtaining any other permits or licenses required by this Cabinet and other state, federal, and local agencies.

It is the responsibility of the permittee to demonstrate compliance with permit parameter limitations by utilization of sufficiently sensitive analytical methods.

The permittee is also advised that all KPDES permit conditions in KPDES Regulation 401 KAR 5:065, Section 1 will apply to all discharges authorized by this permit.

The Ball Creek Wastewater Treatment Plant is a regional facility that will be operated by the Troublesome Creek Environmental Authority. The plant should be constructed and ready for operation in December 2010. The plant will serve 85 residential units, an athletic complex, commercial units, and an apartment complex. It is hoped that the plant will stimulate further commercial and residential development in the area. The plant will be constructed in several phases and will ultimately expand to 0.200 MGD in order to adequately serve the entire Troublesome Creek headwater area.

The Ball Creek WWTP is a 0.10 MGD Sequential Batch Reactor (SBR). It has two separate bar screen facilities capable of handling an instantaneous peak flow of 0.400 MGD and an average daily flow of 0.100 MGD. Once influent has been screened, it flows to the Equalization (EQ) Basin. This basin is sized for conversion into a SBR in the future. The EQ Basin can hold a maximum of 54,000 gallons at any time. Wastewater flows into the SBR basins and biological treatment using aeration begins. The two basins act independently and run at different stages. This allows the plant to accept flow at all times without blockage and interruption. Each basin completely treats one batch in a maximum of 6 hours, meaning one basin treats a maximum of 4 batches per day. Once the decant and idle cycles have completed, the decant is disinfected using Ultraviolet (UV) light. The UV system can efficiently treat 1.12 MGD. A second unit is supplied for redundancy. Post aeration is provided using step aeration to ensure the correct amount of dissolved oxygen is placed into the effluent. Sludge is removed from the bottom of the SBR Basins and pumped to the Sludge Holding Tank and eventually to the Sludge Dewatering Container Filers. Once the sludge is dewatered, it is transported to a local landfill for disposal.

PART I  
Page I-2  
Permit No.: KY0107956  
AI No.: 101248

**PART I B - SCHEDULE OF COMPLIANCE**

The permittee shall achieve compliance with all requirements on the effective date of this permit.

**PART I A - EFFLUENT LIMITATIONS AND MONITORING REQUIREMENTS**

During the period beginning on the effective date of this permit and lasting through the term of this permit, the permittee is authorized to discharge from Outfall serial number: 001 - Sanitary Wastewater (Design Flow = 0.100 MGD)

Such discharges shall be limited and monitored by the permittee as specified below:

<u>EFFLUENT CHARACTERISTICS</u>	<u>DISCHARGE LIMITATIONS</u>				<u>MONITORING REQUIREMENTS</u>	
	(lbs/day)		Other Units (Specify)		<u>Measurement Frequency</u>	<u>Sample Type</u>
	<u>Monthly Avg.</u>	<u>Daily Max.</u>	<u>Monthly Avg.</u>	<u>Daily Max.</u>		
Effluent Flow (MGD)	Report	Report	N/A	N/A	Continuous	Recorder
Influent Flow (MGD)	Report	Report	N/A	N/A	1/Week	Instantaneous
Effluent CBOD <sub>5</sub> (mg/l)	8.34	12.5	10.0	15.0	1/Week	24 Hr Composite
Influent CBOD <sub>5</sub> (mg/l)	Report	Report	Report	Report	1/Week	24 Hr Composite
Percent Removal CBOD <sub>5</sub> (%)			85 or greater		1/Month	Calculated
Effluent TSS (mg/l)	25.0	37.5	30.0	45.0	1/Week	24 Hr Composite
Influent TSS (mg/l)	Report	Report	Report	Report	1/Week	24 Hr Composite
Percent Removal TSS (%)			85 or greater		1/Month	Calculated
Ammonia Nitrogen (as mg/l N)						
May 1 - October 31	3.34	5.0	4.0	6.0	1/Week	24 Hr Composite
November 1 - April 30	8.34	12.5	10.0	15.0	1/Week	24 Hr Composite
<i>Escherichia Coli</i> (N/100 ml)	N/A	N/A	130	240	1/Week	Grab
Dissolved Oxygen (mg/l) (minimum)	N/A	N/A	Not less than	7.0	1/Week	Grab
pH (standard units)	N/A	N/A	6.0 (min)	9.0 (max)	1/Week	Grab
Total Phosphorus (mg/l)	N/A	N/A	Report/1.0	Report/2.0	1/Week	24 Hr Composite
Total Nitrogen (mg/l)	N/A	N/A	Report	Report	1/Week	24 Hr Composite

The abbreviation CBOD<sub>5</sub> means Carbonaceous Biochemical Oxygen Demand (5-day).

The abbreviation TSS means Total Suspended Solids.

The abbreviation N/A means Not Applicable.

The effluent limitations for CBOD<sub>5</sub> and TSS are Monthly (30 day) and Weekly (7 day) Averages.

The effluent limitations for *Escherichia Coli* are thirty (30) day and seven (7) day Geometric Means.

Total Nitrogen is to be reported as the summation of the analytical results for Total Nitrates, Total Nitrites, and Total Kjeldahl Nitrogen.

There shall be no discharge of floating solids or visible foam or sheen in other than trace amounts.

Samples taken in compliance with the monitoring requirements specified above shall be taken at the following location: nearest accessible point prior to discharge to or mixing with the receiving waters or wastestreams from other outfalls.

## **PART IV - PRETREATMENT REQUIREMENTS**

### **A. Annual Sewer User Surveys**

The permittee shall conduct annual sewer user surveys to determine if conditions warrant the development and implementation of a pretreatment program. An annual report listing the industrial users, the manufacturing processes, the nature and volume of flow and any problems caused by the users shall be submitted no later than December 31 of each year, unless otherwise specified by the Division of Water.

### **B. Necessity to Develop and Implement a Pretreatment Program**

POTWs which meet one or more of the following criteria are required to develop, submit for approval, and implement specific Pretreatment Program Requirements.

A POTW or combination of POTWs operated by the same authority, with a total design flow greater than five (5) million gallons per day (MGD) and receiving from industrial users which pass through or interfere with the operation of the POTW, or are otherwise subject to pretreatment standards.

A POTW with a design flow of five (5) MGD or less shall develop a pretreatment program if the cabinet determines that the nature or volume of the industrial wastewaters, upsets of the treatment process, violations of the POTW effluent limitations, contamination of municipal sludge or other circumstances warrant to prevent interference with the POTW or pass through.

### **C. Prohibited Discharges**

The following are prohibited from being discharged to the POTW.

- ❖ Pollutants which create a fire or explosion hazard in the POTW;
- ❖ Pollutants which will cause corrosive structural damage to the POTW, but in no case, discharges with a pH lower than 5.0 unless the works is specifically designed to accommodate such discharges;
- ❖ Solid or viscous pollutants in amounts which will cause obstruction to the flow in sewers, or other interference with operation of the POTW;
- ❖ Any pollutant, including oxygen demanding pollutants (BOD5, etc.), released in a discharge at such a volume or strength as to cause interference in the POTW;
- ❖ Heat in amounts, which will inhibit biological activity in the POTW, but in no case, heat in such quantities that the influent to the sewage treatment works exceeds 104° F (40° C) unless the Approval Authority upon request of the POTW approves alternate temperature limits;
- ❖ Petroleum oil, non-biodegradable cutting oil, or products of mineral oil origin in amounts that will cause interference or pass-through;
- ❖ Pollutants which result in the presence of toxic gases, vapors, or fumes within the POTW in a quantity that may cause acute worker health and safety problems; and,
- ❖ Any trucked or hauled waste except, at discharge points designated by the POTW.

## **PART IV - BEST MANAGEMENT PRACTICES**

### **SECTION A. GENERAL CONDITIONS**

#### **1. Applicability**

These conditions apply to all permittees who use, manufacture, store, handle, or discharge any pollutant listed as: (1) toxic under Section 307(a)(1) of the Clean Water Act; (2) oil, as defined in Section 311(a)(1) of the Act; (3) any pollutant listed as hazardous under Section 311 of the Act; or (4) is defined as a pollutant pursuant to KRS 224.01-010(35) and who have ancillary manufacturing operations which could result in (1) the release of a hazardous substance, pollutant, or contaminant, or (2) an environmental emergency, as defined in KRS 224.01-400, as amended, or any regulation promulgated pursuant thereto (hereinafter, the "BMP pollutants"). These operations include material storage areas; plant site runoff; in-plant transfer, process and material handling areas; loading and unloading operations, and sludge and waste disposal areas.

#### **2. BMP Plan**

The permittee shall develop and implement a Best Management Practices (BMP) plan consistent with 401 KAR 5:065, Section 2(10) pursuant to KRS 224.70-110, which prevents or minimizes the potential for the release of "BMP pollutants" from ancillary activities through plant site runoff; spillage or leaks, sludge or waste disposal; or drainage from raw material storage. A Best Management Practices (BMP) plan will be prepared by the permittee unless the permittee can demonstrate through the submission of a BMP outline that the elements and intent of the BMP have been fulfilled through the use of existing plans such as the Spill Prevention Control and Countermeasure (SPCC) plans, contingency plans, and other applicable documents.

#### **3. Implementation**

If this is the first time for the BMP requirement, then the plan shall be developed and submitted to the Division of Water within 90 days of the effective date of the permit. Implementation shall be within 180 days of that submission. For permit renewals the plan in effect at the time of permit reissuance shall remain in effect. Modifications to the plan as a result of ineffectiveness or plan changes to the facility shall be submitted to the Division of Water and implemented as soon as possible.

#### **4. General Requirements**

The BMP plan shall:

- a. Be documented in narrative form, and shall include any necessary plot plans, drawings, or maps.
- b. Establish specific objectives for the control of toxic and hazardous pollutants.
  - (1) Each facility component or system shall be examined for its potential for causing a release of "BMP pollutants" due to equipment failure, improper operation, natural phenomena such as rain or snowfall, etc.

(2) Where experience indicates a reasonable potential for equipment failure (e.g., a tank overflow or leakage), natural condition (e.g., precipitation), or other circumstances which could result in a release of "BMP pollutants," the plan should include a prediction of the direction, rate of flow, and total quantity of the pollutants which could be released from the facility as result of each condition or circumstance.

- c. Establish specific Best Management Practices to meet the objectives identified under paragraph b of this section, addressing each component or system capable of causing a release of "BMP pollutants."
- d. Include any special conditions established in part b of this section.
- e. Be reviewed by plant engineering staff and the plant manager.

**5. Specific Requirements**

The plan shall be consistent with the general guidance contained in the publication entitled "NPDES Best Management Practices Guidance Document," and shall include the following baseline BMPs as a minimum.

- a. BMP Committee
- b. Reporting of BMP Incidents
- c. Risk Identification and Assessment
- d. Employee Training
- e. Inspections and Records
- f. Preventive Maintenance
- g. Good Housekeeping
- h. Materials Compatibility
- i. Security
- j. Materials Inventory

**6. SPCC Plans**

The BMP plan may reflect requirements for Spill Prevention Control and Countermeasure (SPCC) plans under Section 311 of the Act and 40 CFR Part 151, and may incorporate any part of such plans into the BMP plan by reference.

**7. Hazardous Waste Management**

The permittee shall assure the proper management of solid and hazardous waste in accordance with the regulations promulgated under the Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1978 (RCRA) (40 U.S.C. 6901 et seq.) Management practices required under RCRA regulations shall be referenced in the BMP plan.

**8. Documentation**

The permittee shall maintain a description of the BMP plan at the facility and shall make the plan available upon request to EEC personnel. Initial copies and modifications thereof shall be sent to the following addresses when required by Section 3:

Division of Water  
Hazard Regional Office  
233 Birch Street, Suite 1  
Hazard, Kentucky 41701  
ATTN: Supervisor

Division of Water  
Surface Water Permits Branch  
Permit Support Section  
200 Fair Oaks Lane  
Frankfort, Kentucky 40601

9. **BMP Plan Modification.**

The permittee shall amend the BMP plan whenever there is a change in the facility or change in the operation of the facility which materially increases the potential for the ancillary activities to result in the release of "BMP pollutants."

10. **Modification for Ineffectiveness**

If the BMP plan proves to be ineffective in achieving the general objective of preventing the release of "BMP pollutants," then the specific objectives and requirements under paragraphs b and c of Section 4, the permit, and/or the BMP plan shall be subject to modification to incorporate revised BMP requirements. If at any time following the issuance of this permit the BMP plan is found to be inadequate pursuant to a state or federal site inspection or plan review, the plan shall be modified to incorporate such changes necessary to resolve the concerns.

**SECTION B. SPECIFIC CONDITIONS**

1. **Periodically Discharged Wastewaters Not Specifically Covered By Effluent Conditions**

The permittee shall include in this BMP plan procedures and controls necessary for the handling of periodically discharged wastewaters such as intake screen backwash, meter calibration, fire protection, hydrostatic testing water, water associated with demolition projects, etc.

**EXHIBIT F**

**Tariff Rate**

FOR Knott County, Kentucky  
Community, Town or City

P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

Knott County Water and Sewer District  
(Name of Utility)

CANCELLING P.S.C. KY. NO. \_\_\_\_\_

\_\_\_\_\_ SHEET NO. \_\_\_\_\_

MONTHLY SEWER RATES

3/4" Meter

First 2,000 Gallons  
Next 8,000 Gallons  
Over 10,000 Gallons

Rates

\$13.80 Minimum Bill  
4.38 Per 1,000 Gallons  
3.42 Per 1,000 Gallons

1" Meter

First 5,000 Gallons  
Next 5,000 Gallons  
Over 10,000 Gallons

\$26.94 Minimum Bill  
4.38 Per 1,000 Gallons  
3.42 Per 1,000 Gallons

2" Meter

First 15,000 Gallons  
Over 15,000 Gallons

\$65.94 Minimum Bill  
3.42 Per 1,000 Gallons

Sewer Only Customers

Residential Monthly Flat Rate

\$26.25 Minimum Bill

DATE OF ISSUE March 8, 2011  
Month / Date / Year

DATE EFFECTIVE March 8, 2011  
Month / Date / Year

ISSUED BY Alice S. Ritchie  
(Signature of Officer)

TITLE Chairperson

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION  
IN CASE NO. \_\_\_\_\_ DATED \_\_\_\_\_

<b>KENTUCKY PUBLIC SERVICE COMMISSION</b>
<b>JEFF R. DEROUEN EXECUTIVE DIRECTOR</b>
TARIFF BRANCH  <i>Brent Kirtley</i>
EFFECTIVE <b>7/18/2011</b> PURSUANT TO 807 KAR 5:011 SECTION 9 (1)

**EXHIBIT G**

**WPP Letter Agreement**



# Western Pocahontas Properties

Limited Partnership

5260 Irwin Road

Huntington, WV 25705-3247

304-522-5757 • Fax 304-522-5401; 304-302-2370

January 4, 2012

Mr. Lewis W Warrix, Chairman  
Troublesome Creek Environmental Authority  
c/o KRADD  
917 Perry Park Road  
Hazard, Kentucky 41701

RE: Ball Creek Wastewater Treatment Facility Start-Up and Operation

Dear Mr. Warrix:

Western Pocahontas Properties Limited Partnership (WPPLP) is in receipt of the request of the Troublesome Creek Environmental Authority (TCEA) that WPPLP advance payment of tap fees to assist TCEA in the cost of start-up and initial operating expenses for the Ball Creek Wastewater Treatment facility that will serve the Chestnut Mountain development. WPPLP would be willing to advance tap fees to assist TCEA in bringing the Ball Creek wastewater treatment facility on line during the first quarter of 2012 and operating the facility during 2012 in the amounts and on the terms set forth below.

WPPLP is willing to commit to advance fund tap fees in an aggregate sum of \$40,000, which would be paid in equal quarterly installments of \$10,000 each. The first \$10,000 advance tap fee payment would be made upon WPPLP and TCEA finalizing the agreement as set forth in this letter, and the three remaining \$10,000 payments would be made on April 1, 2012, July 1, 2012 and October 1, 2012, respectively

TCEA would take steps necessary to bring the Ball Creek facility on line in the first quarter of 2012 and thereafter operate the facility. WPPLP's \$40,000 payments would be treated as advanced or pre-paid tap fees and would be applied as directed by WPPLP against future commercial or residential sewer taps for the Ball Creek Wastewater Facility. The entire \$40,000 would be available to WPPLP at any time as a credit against requested tap fees and could be used in any combination of commercial or residential taps as may be requested by WPPLP or its designee. The credit would be based on TCEA's normal and customary tap fee at the time the taps are made.

WPPLP is pleased to make this effort to assist TCEA in the start-up of this exciting project that will serve as a springboard for development and improvement in the Ball Creek area. If TCEA is in agreement with the terms set forth in this letter, please confirm TCEA's agreement by signing where indicated below and we can take steps to move forward.

Should you have any questions, please do not hesitate to contact me.

WESTERN POCAHONTAS PROPERTIES LIMITED PARTNERSHIP

By: Nick Carter  
Nick Carter  
Its: President

The terms set forth in the letter above are acceptable and agreed to:

TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY

By: [Signature]  
Its: Chairman



Steven L. Beshear  
Governor

Leonard K. Peters  
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

David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

October 23, 2014

Mr. Michael Eaves  
218 West Main Street  
P.O. Box 300  
Richmond, KY 40476

Re: Irvine Municipal Utilities  
Request for an Advisory Opinion

**PSC STAFF OPINION 2014-013**

Dear Mr. Eaves:

Commission Staff acknowledges receipt of your September 26, 2014 letter in which you request an opinion concerning the Commission's jurisdiction over a proposed asset transfer between Estill County Water District No. 1 ("Estill District") and Irvine Municipal Utilities ("Irvine Utilities"). This opinion represents Commission Staff's interpretation of the law as applied to the facts presented, is advisory in nature, and is not binding on the Commission should the issues herein be formally presented for Commission resolution.

Based upon your letter and the included Memorandum Settlement Agreement ("Settlement Agreement"), Commission Staff understands the facts as follows:

In 2005 Estill County and the City of Irvine adopted a plan to address deficiencies with their respective wastewater systems. In 2009 Estill District and Irvine Utilities entered into a joint agreement for the treatment of both entities' wastewater. The parties agreed that Irvine Utilities would construct and operate a treatment plant, to which Estill District would send its wastewater.

Subsequent to the construction of the new treatment facility, a dispute arose regarding Estill District's obligation to divert all wastewater to the new treatment facility as well as the fee Estill District would pay to Irvine Utilities for use of the treatment facility.

Mr. Goss  
January 21, 2015  
Page 5

This letter represents the Commission Staff's interpretation of the law as applied to the facts presented. This opinion is advisory in nature and is not binding on the Commission should the issues herein be formally presented for Commission resolution. Questions concerning this opinion should be directed to David Spenard, Staff Attorney at (502) 782-2580.

Sincerely,



Jeff Derouen  
Executive Director

DS/kg

Enclosures:

TRANSFERS

Filing Requirements Checklist

(Applicable Authority: KRS 278.020(5) and (6) and 807 KAR 5:001, Section 14)

Case No. \_\_\_\_\_ Applicant Name \_\_\_\_\_ Received Date \_\_\_\_\_ Form Circulation Date \_\_\_\_\_

Instructions:

- 1) Each division noted by checkmark ( ) is to complete its review and pass on within two days of receipt.
- 2) This form is to list only the specific filing deficiencies as identified in the regulations. If additional information is needed, an information request must be issued.
- 3) Staff member should use initials and list date review is completed.
- 4) Return to Docket Section following review by all divisions.

Reviewed by following Divisions:

Date \_\_\_\_\_ Staff Member \_\_\_\_\_

\_\_\_\_\_ Filings \_\_\_\_\_  
 \_\_\_\_\_ Legal \_\_\_\_\_

Division Responsible	Law/Regulation	Filing Requirement
Filings	KRS 278.020(6) <u>807 KAR 5:001:</u>	Application verified by oath or affirmation. ✓
Filings	Section 14(1)	Full name, mailing address, and e-mail address of applicant and a reference to KRS 278.020(5) or KRS 278.020(6) or both. ✓
Filings	Section 7(1)	The application and 10 copies. ✓
Legal	Section 4(3)	Paper signed by submitting party or attorney. ✓
Legal	Section 4(3)	Name, address, telephone number, fax number, and e-mail address of submitting party or attorney. ✓

Requirement Met		Waiver Requested	Approve Waiver?	
Yes	No		Yes	No

**Resolution**

**Troublesome Creek Environmental Authority transfer of assets to Knott County  
Water & Sewer District**

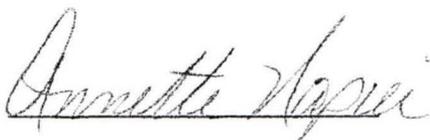
**WHEREAS**, Troublesome Creek Environmental Authority (TEA) constructed a wastewater plant in 2012 located on Ball Creek in Knott County to allow for expansion/development of Chestnut Mountain, and

**WHEREAS**, development of Chestnut Mountain has not occurred and the customer base is not financially adequate to allow the Authority to continue the operations,

**NOW THEREFORE**, The KNOTT County Fiscal Court hereby approves the transfer of sanitary sewer assets, the Ball Creek WWTP and Collection System, from the Troublesome Creek Environmental Authority to the Knott County Water and Sewer District to own and operate henceforth.

Done this 16<sup>th</sup> day of September, 2013.

**MOTION CARRIED,**



ATTEST



County Judge Executive



**Resolution  
of the  
Breathitt County Fiscal Court**

---

**A RESOLUTION ALLOWING TROUBLESOME CREEK ENVIRONMENTAL  
AUTHORITY TO TRANSFER OWNERSHIP AND CONTROL OF THE BALL  
CREEK WASTE WATER TREATMENT PLANT AND ALL OF EQUIPMENT  
AND APPURTENANCES TO KNOTT COUNTY WATER & SEWER DISTRICT**

WHEREAS, Troublesome Creek Environmental Authority was formed as a municipal public corporation by the Judge Executives of Breathitt County, Knott County, and Perry County on August 11, 2006, and

WHEREAS, Troublesome Creek Environmental Authority was organized for the purpose of improving water quality of the Troublesome Creek watershed by constructing and operating waste water management facilities on the Troublesome Creek, and

WHEREAS, Troublesome Creek Environmental Authority has diligently carried out that mission by constructing the Ball Creek Waste Water Treatment Plant located in Knott County, Kentucky, and

WHEREAS, Troublesome Creek Environmental Authority has determined and made findings to that effect that the economics and time constraints of managing and owning a waste water treatment plant is currently beyond the capacity of Troublesome Creek Environmental Authority to accomplish, and

WHEREAS, Troublesome Creek Environmental Authority has reached an Agreement with Knott County Water & Sewer District, a public non-profit entity, to assume responsibility for operation and management of the Ball Creek Waste Water Treatment Plant, and

WHEREAS, Troublesome Creek Environmental Authority feels this Agreement is in the best interest of Troublesome Creek Environmental Authority, the counties which formed it and the people it serves to enter into this Agreement, and

WHEREAS, it is necessary for Troublesome Creek Environmental Authority and the District to enter into a Letter Agreement first in order to secure third party approval before entering into a full contractual agreement.

NOW THEREFORE, BE IT RESOLVED that the following shall occur:

- 1) Troublesome Creek Environmental Authority is directed to enter into an Agreement with the Knott County Water and Sewer District to transfer ownership, operations and maintenance of the Ball Creek Waste Water facility, its equipment and appurtenances to the District, the details of which are left to the respective Authority and District.

2) That Breathitt County hereby consents, ratifies and condescends to such a transfer without any further action by this County.

~~Said Resolution being duly made, seconded and voted unanimously in the affirmative, it is hereby PASSED.~~

ATTEST:

Date: 9-24-13

Clerk: Kay Barrett

H. A. K.  
JUDGE EXECUTIVE

**Resolution**  
**of the**  
Perry **County Fiscal Court**

A RESOLUTION ALLOWING TROUBLESOME CREEK ENVIRONMENTAL  
AUTHORITY TO TRANSFER OWNERSHIP AND CONTROL OF THE BALL  
CREEK WASTE WATER TREATMENT PLANT AND ALL OF EQUIPMENT  
AND APPURTENANCES TO KNOTT COUNTY WATER & SEWER DISTRICT

WHEREAS, Troublesome Creek Environmental Authority was formed as a municipal public corporation by the Judge Executives of Breathitt County, Knott County, and Perry County on August 11, 2006, and

WHEREAS, Troublesome Creek Environmental Authority was organized for the purpose of improving water quality of the Troublesome Creek watershed by constructing and operating waste water management facilities on the Troublesome Creek, and

WHEREAS, Troublesome Creek Environmental Authority has diligently carried out that mission by constructing the Ball Creek Waste Water Treatment Plant located in Knott County, Kentucky, and

WHEREAS, Troublesome Creek Environmental Authority has determined and made findings to that effect that the economics and time constraints of managing and owning a waste water treatment plant is currently beyond the capacity of Troublesome Creek Environmental Authority to accomplish, and

WHEREAS, Troublesome Creek Environmental Authority has reached an Agreement with Knott County Water & Sewer District, a public non-profit entity, to assume responsibility for operation and management of the Ball Creek Waste Water Treatment Plant, and

WHEREAS, Troublesome Creek Environmental Authority feels this Agreement is in the best interest of Troublesome Creek Environmental Authority, the counties which formed it and the people it serves to enter into this Agreement, and

WHEREAS, it is necessary for Troublesome Creek Environmental Authority and the District to enter into a Letter Agreement first in order to secure third party approval before entering into a full contractual agreement.

NOW THEREFORE, BE IT RESOLVED that the following shall occur:

1) Troublesome Creek Environmental Authority is directed to enter into an Agreement with the Knott County Water and Sewer District to transfer ownership, operations and maintenance of the Ball Creek Waste Water facility, its equipment and appurtenances to the District, the details of which are left to the respective Authority and District.

2) That Perry County hereby consents, ratifies and condescends to such a transfer without any further action by this County.

Said Resolution being duly made, seconded and voted unanimously in the affirmative, it is hereby PASSED.

ATTEST:

Date: 10-31-13

Clerk: Shawn Adams  
Fiscal Court Clerk

Jerry R. Hohl  
JUDGE EXECUTIVE

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF TROUBLESOME )  
CREEK ENVIRONMENTAL AUTHORITY, INC. )  
FOR AN ORDER APPROVING A TRANSFER ) CASE NO.  
OF OWNERSHIP AND CONTROL OF A ) 2015-\_\_\_\_\_  
JURISDICTIONAL ASSET TO KNOTT COUNTY) )  
WATER AND SEWER INC. )

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**DIRECT TESTIMONY OF L. J. TURNER  
ON BEHALF OF  
KNOTT COUNTY WATER AND SEWER INC., AND  
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY**

---

**Filed: September 1, 2015**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
2 **OCCUPATION.**

3 A. L.J. Turner, 7777 Big Branch Road Vicco, KY Manager of the Knott County Water  
4 and Sewer District

5 **Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL**  
6 **EXPERIENCE.**

7 A. I have some college credits. I am also an entrepreneur and have nine (9) years of  
8 utility operations and management experience including four (4) years as a  
9 Treatment Plant Operator, three (3) years of Treatment Plant Supervisor and two  
10 (2) years as General Manager.

11 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR DUTIES AT**  
12 **KNOTT COUNTY WATER AND SEWER, INC., (“KCWSD”).**

13 A. I am the manager of KCWSD. My duties are to oversee and manage all activities  
14 performed by KCWSD on a daily basis.

15 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
16 **PROCEEDING?**

17 A. To discuss the transfer of the Ball Creek Wastewater Treatment Plant (“Ball Creek  
18 Plant”) and the benefits that customers will receive if the transfer is approved by  
19 the Kentucky Public Service Commission (“Commission”).

20 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

21 A. No.

22 **Q. PLEASE GENERALLY DESCRIBE THE BUSINESS OPERATIONS OF**  
23 **KCWSD.**

1 A. KCWSD provides potable water and wastewater service for commercial, wholesale  
2 and residential customers. Currently KCWSD has approximately 4 wholesale  
3 water customers and 2650 retail customers. KCWSD also has approximately 110  
4 wastewater customers.

5 **Q. PLEASE DESCRIBE THE PERSONNEL THAT KCWSD CURRENTLY**  
6 **HAS THAT WILL HELP TO SERVE TROUBLESOME CREEK**  
7 **ENVIRONMENTAL AUTHORITY INC'S. ("TEA") EXISTING**  
8 **CUSTOMERS.**

9 A. We have four employees that are experienced in this field including licensed  
10 treatment plant and collection operators. The employees are: Roger Shrum, Benny  
11 Jacobs, Tim Reed (WWTP Operator) and Michael Jacobs (WW Collections  
12 Operator).

13 **Q. WHAT QUALIFICATIONS AND CERTIFICATIONS DO THE**  
14 **EMPLOYEES LISTED ABOVE CURRENTLY MAINTAIN?**

15 A. Waste Water Treatment plant and Waste Water Collection Licensing.

16 **Q. WILL ANY NEW EMPLOYEES NEED TO BE ADDED BY KCWSD TO**  
17 **SERVICE TEA'S CUSTOMERS IF THE TRANSFER IS APPROVED?**

18 A. No.

19 **Q. WHY ARE KCWSD AND TEA PROPOSING THIS TRANSFER?**

20 A. KCWSD is currently operating the Ball Creek Plant, pursuant to a Memorandum  
21 of Understanding signed on September 16, 2013. KCWSD is operating the Ball  
22 Creek Plant because TEA does not have the staff nor is it currently in the business  
23 of operating facilities such as this. TEA is an agency that was created to secure

1 funding and construct facilities. If the transfer is approved by the Commission,  
2 operation of the Ball Creek Plant by KCWSD will ensure safe and reliable service  
3 to all customers that are involved or that will be in the future. KCWSD has the  
4 financial and managerial ability to operate and maintain the Ball Creek Plant on  
5 both a short-term and long-term basis.

6 **Q. PLEASE DESCRIBE THE CIRCUMSTANCES AND PURPOSE**  
7 **SURROUNDING THE SIGNING OF THE MEMORANDUM OF**  
8 **UNDERSTANDING OF SEPTEMBER 16, 2013, AND THE SUBSEQUENT**  
9 **AGREEMENT OF SALE AND TRANSFER OF OCTOBER 1, 2014.**

10 A. The MOU was signed so KCWSD could operate the facility without disrupting the  
11 service of TEA's customers. This documentation was needed so KCWSD could  
12 operate the plant efficiently while still maintaining all regulatory standards.

13 **Q. PLEASE DESCRIBE HOW KCWSD'S TAKING OVER THE DAY-TO-**  
14 **DAY OPERATION OF THE BALL CREEK WASTEWATER PLANT HAS**  
15 **WORKED OUT.**

16 A. KCWSD has been able to successfully operate the Ball Creek Plant without any  
17 issues. If this transfer is approved by the Commission, KCWSD already has the  
18 staff in place so it made the transition very easy. KCWSD has proven that it has  
19 the financial and managerial ability to operate and maintain the Ball Creek Plant  
20 based on the fact that it has successfully done so under the MOU. If the transfer is  
21 approved by the Commission, the day-to-day operations of the Ball Creek Plant  
22 will be unchanged.

23 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

1 A. Customers involved with the Ball Creek Plant will benefit from having a stable  
2 utility with vast experience in the financial and operational duties involved with a  
3 wastewater treatment facility. KCWSD is currently operating the system and has  
4 done so since the signing of the MOU in September 2013. KCWSD will continue  
5 to operate and maintain the Ball Creek Plant in the same manner as it has been  
6 doing under the MOU. KCWSD will be able to continue to provide safe and  
7 reliable service to the customers of the Ball Creek Plant if the transfer is approved.

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KNOTT COUNTY	)	
WATER AND SEWER, INC. AND	)	
TROUBLESOME CREEK ENVIRONMENTAL	)	CASE NO.
AUTHORITY, INC. FOR AN ORDER	)	2015-_____
APPROVING THE TRANSFER OF	)	
OWNERSHIP AND CONTROL OF A	)	
JURISDICTIONAL ASSET	)	

VERIFICATION OF L.J. TURNER

COMMONWEALTH OF KENTUCKY )  
 )  
 COUNTY OF KNOTT )

L. J. Turner, Manager of Knott County Water and Sewer District, Inc., being duly sworn, states that he has read the foregoing prepared direct testimony and that he would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.

  
 E. J. Turner

The foregoing Verification was signed, acknowledged and sworn to before me this 14<sup>th</sup> day of August, 2015, by L.J. Turner.

  
 NOTARY PUBLIC, Notary # \_\_\_\_\_  
 Commission expiration: 03/21/16

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF TROUBLESOME )  
CREEK ENVIRONMENTAL AUTHORITY, INC. )  
FOR AN ORDER APPROVING A TRANSFER ) CASE NO.  
OF OWNERSHIP AND CONTROL OF A ) 2015-\_\_\_\_\_  
JURISDICTIONAL ASSET TO KNOTT COUNTY )  
WATER AND SEWER INC. )

---

**DIRECT TESTIMONY OF DON GIBSON  
ON BEHALF OF  
KNOTT COUNTY WATER AND SEWER INC., AND  
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY**

---

**Filed: September 1, 2015**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
2 **OCCUPATION.**

3 A. Don R. Gibson. My business address is 1021 Tori Drive, Hazard, KY 41701. I  
4 am the Director, Permitting & Regulatory Affairs for Pine Branch Mining, LLC,  
5 and the Chairman of the Board of Troublesome Creek Environmental Authority,  
6 Inc., (“TEA”).

7 **Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL**  
8 **EXPERIENCE.**

9 A. I have some college credits. I also have 35 years of experience in dealing with  
10 permitting and various regulatory agencies including, but not limited to Division of  
11 Water, Division of Air Quality, EPA, OSM, Division of Mine Permits and Division  
12 of Reclamation & Enforcement. I have served on several work groups, comprised  
13 of industry and regulatory agencies, developing protocol to be used in the mining  
14 industry.

15 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR DUTIES AT**  
16 **TROUBLESOME CREEK ENVIRONMENATAL AUTHORITY, INC.**  
17 **(“TEA”).**

18 A. As Chairman of the Board I attend and oversee all board meetings and participate  
19 closely in the decision making process for all of TEA’s business decisions.

20 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
21 **PROCEEDING?**

22 A. To verify the position of TEA in support of the transfer of assets of the Ball Creek  
23 Waste Water Treatment Plant (“Ball Creek Plant”).

1 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

2 A. No

3 **Q. PLEASE GENERALLY DESCRIBE THE BUSINESS OPERATIONS OF**  
4 **TEA.**

5 A. TEA, as an entity represented by multi-counties, applies for monies from various  
6 sources, in an effort to bring sewer facilities to the Troublesome Creek Watershed  
7 and surrounding areas. As funding is secured, TEA purchases property and  
8 constructs waste water treatment facilities. Upon completion, TEA attempts to turn  
9 over the assets to local entities that specialize in the operation of such facilities.

10 **Q. PLEASE DESCRIBE THE PERSONNEL THAT TEA CURRENTLY HAS.**

11 A. TEA has no employees. It is comprised solely of a five (5) member board that  
12 receives no compensation for its service.

13 **Q. WHY ARE KNOTT COUNTY WATER AND SEWER INC., (“KCWSD”)**  
14 **AND TEA PROPOSING THIS TRANSFER?**

15 A. TEA has no employees, therefore it has no one certified to be an operator of a  
16 wastewater treatment facility. TEA was never intended to operate the Ball Creek  
17 Plant. KCWSD is the logical entity to operate this facility as it has a common  
18 customer base and has the managerial ability and personnel to manage and operate  
19 this facility. KCWSD has been operating the Ball Creek Plant since September  
20 2013 under a Memorandum of Understanding (“MOU”).

21 **Q. PLEASE DESCRIBE HOW THE PROPOSED TRANSFER WOULD BE**  
22 **CONSISTENT WITH THE PUBLIC INTEREST, INCLUDING ANY**

1           **POSITIVE EFFECTS THE TRANSFER WOULD HAVE ON TEA'S 28**  
2           **CUSTOMERS.**

3    A.    The transfer of ownership of the facility would allow a continuation of service of  
4           TEA's 28 customers without interruption. The transfer would allow those 28  
5           customers to be serviced by a utility that has the experience and the personnel to be  
6           able to operate and maintain the Ball Creek Plant in such a manner as to continue  
7           to provide safe and reliable service.

8    **Q.    PLEASE SUMMARIZE YOUR TESTIMONY.**

9    A.    As Chairman of the Board of TEA, I am representing the unanimous opinion of  
10           the board, in supporting the transfer of the Ball Creek Plant from TEA to KCWSD.  
11           This transfer will allow continued safe and reliable service to the current customers  
12           in addition to allowing additional funding that would enable TEA to fulfill its  
13           mission to bring additional sewer facilities to the Troublesome Creek Watershed  
14           and surrounding areas.

15   **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

16   A.    Yes.



COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF TROUBLESOME )  
CREEK ENVIRONMENTAL AUTHORITY, INC. )  
FOR AN ORDER APPROVING A TRANSFER ) CASE NO.  
OF OWNERSHIP AND CONTROL OF A ) 2015-\_\_\_\_\_  
JURISDICTIONAL ASSET TO KNOTT COUNTY )  
WATER AND SEWER INC. )

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**DIRECT TESTIMONY OF JENNIFER MCINTOSH  
ON BEHALF OF  
KNOTT COUNTY WATER AND SEWER INC., AND  
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY**

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**Filed: September 1, 2015**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
2 **OCCUPATION.**

3 A. Jennifer McIntosh, Kentucky River Area Development District (KRADD), PO  
4 Box 239, Hazard, KY 41702. Physical address is 941 North Main Street, Hazard,  
5 KY 41701. Community Resources Planner/Water & Wastewater Planner.

6 **Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL**  
7 **EXPERIENCE.**

8 A. I received a Bachelor of Business Administration degree from American  
9 Intercontinental University in 2006. I have been employed by KRADD for seven  
10 and one-half years and have a total of fifteen-plus years in business management.

11 **Q. PLEASE PROVIDE A BRIEF DESCRIPTION OF YOUR DUTIES FOR**  
12 **KENTUCKY RIVER AREA DEVELOPMENT DISTRICT (“KRADD”).**

13 A. I write and administer grants for local governments and am a mapping specialist  
14 for infrastructure projects.

15 **Q. WHAT DUTIES DO YOU PERFORM ON BEHALF OF TROUBLESOME**  
16 **CREEK ENVIRONMENTAL AUTHORITY, INC. (“TEA”)?**

17 A. I facilitate meetings, administer accounts receivable and payable, engage in grant  
18 writing and grant administration, and oversee the mapping of the system.

19 **Q. WHAT DUTIES DO YOU PERFORM ON BEHALF OF KNOTT COUNTY**  
20 **WATER AND SEWER, INC. (“KCWSD”)?**

21 A. I engage in some grant writing and administration as well as mapping of system(s).

22 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
23 **PROCEEDING?**

1 A. To assist in the transfer of assets of the Ball Creek Waste Water Treatment Plant to  
2 the Knott County Water & Sewer District.

3 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

4 A. No

5 **Q. PLEASE BRIEFLY DESCRIBE THE PROPOSED TRANSFER FROM TEA  
6 TO KCWSD.**

7 A. TEA will transfer all assets related to the Ball Creek Waste Water Treatment Plant,  
8 including collection lines, the lift station located on Highway 80 adjacent to  
9 Chestnut Mountain, grinders and the plant itself. KCWSD will retain revenues  
10 collected from the system.

11 **Q. WHY IS THE \$7500 ANNUAL STIPEND TO BE PAID BY KCWSD TO TEA  
12 THAT IS CONTAINED IN THE OCTOBER 1, 2014, AGREEMENT OF  
13 SALE AND TRANSFER, NECESSARY?**

14 A. The \$7,500 annual stipend is necessary to insure that TEA stays operational to assist  
15 in the development of future projects. The stipend is used to pay dues and fees,  
16 CPA expenses and other basic entity operational fees.

17 **Q. PLEASE DESCRIBE THE CONSTRUCTION OF THE HIGHWAY 80  
18 CORRIDOR PROJECT INCLUDING ALL PARTIES WHO  
19 CONTRIBUTED TO THE HIGHWAY 80 CORRIDOR PROJECT,  
20 INCLUDING THE COSTS, PARTIES INVOLVED, PERSONS WHO WILL  
21 BENEFIT FROM THE PROJECT, THE PROJECT FUNDING AND HOW  
22 THIS WILL BRING NEW CUSTOMER TO THE BALL CREEK PLANT.**

1 A. The Highway 80 project is funded by ARC (\$326,517), CDBG (\$1,000,000),  
2 USACE Section 531 funds (\$975,000), Flood Control Match Funds from DLG  
3 (\$62,500) and Coal Severance (\$320,833). Total project cost is \$2,684,850. The  
4 project will construct collection lines on Yellow Mountain Road located off of  
5 Highway 1087/1098 and will also construct lines from the junction of Highway 80  
6 and Highway 1098/1087 to the Jamestown Village area. The CDBG and ARC are  
7 sponsored by the Knott County Fiscal Court. Once constructed the lines and  
8 appurtenances will be transferred to Knott County Water & Sewer District. The  
9 project has potential to add 245 residential and commercial customers to the system.  
10 In addition to benefiting Knott County Water & Sewer District, the project will also  
11 benefit Phoenix Property Association as it currently manages a package plant  
12 treatment plant that will be converted to a lift station.

13 **Q. PLEASE DESCRIBE THE GRANTS OBTAINED BY TEA FOR THE**  
14 **HIGHWAY 80 CORRIDOR PROJECT AND WHAT THE GRANTS ARE**  
15  **earmarked to be used for.**

16 A. ARC (\$326,517), CDBG (\$1,000,000), USACE Section 531 funds (\$975,000),  
17 Flood Control Match Funds from DLG (\$62,500) and Coal Severance (\$320,833)  
18 were obtained as part of the project. The grants are earmarked for the construction  
19 of the project, administration fees and engineering fees related to the project. The  
20 grants are only for construction. They may not be used for operation and  
21 maintenance.

22 **Q. PLEASE LIST ALL INDIVIDUALS AND ENTITIES FROM WHOM TEA**  
23 **RECEIVED LOAN FUNDS AND GRANT FUNDS TO CONSTRUCT THE**

1           **BALL CREEK PLANT AND THE AMOUNTS OF EACH**  
2           **CONTRIBUTION.**

3    A.    KIA SRF Loan for \$1,500,000, KIA Coal Severance Grant for \$1,775,000, DLG  
4           Single County Coal Severance Grant for \$450,000, DLG Multi County Coal  
5           Severance Grant for \$638,817 and USACOE Section 531 Grant for \$500,000 were  
6           obtained for the project.

7    **Q.    HAVE ALL OF THESE INDIVIDUALS AND ENTITIES EITHER BEEN**  
8           **REPAID OR HAVE THEY CONSENTED TO THIS TRANSFER?**

9    A.    All loans have been paid in full.

10   **Q.    PLEASE DESCRIBE THE PREPAID TAP FEE PAID BY WESTERN**  
11           **POCAHONTAS AND WHAT LIABILITIES KCWSD WILL BE**  
12           **ASSUMING WITH REGARDS TO WESTERN POCAHONTAS.**

13   A.    WPP paid TEA \$40,000 for tap fees. WPP gave permission to TEA to spend the  
14           funds as needed for operational payments. The agreement stated that when the  
15           Chestnut Mountain site was developed, TEA would allow tap fees up to the \$40,000  
16           amount paid. KCWSD will have to assume the guarantee that as development  
17           occurs they will allow tap fees up to the \$40,000 amount paid and give credit.

18   **Q.    PLEASE EXPLAIN TEA'S 2013 ANNUAL FINANCIAL AND**  
19           **STATISTICAL REPORT FILED WITH THE COMMISSION AND WHY**  
20           **ONLY CERTAIN ACCOUNTS WERE USED TO RECORD TEA'S PLANT**  
21           **ORIGINAL COST.**

22   A.    All accounts payable and receivable have been recorded and accounted for since  
23           2008 including construction costs.

1 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

2 A. To date TEA does not have any outstanding loan debt, therefore, KCWSD would  
3 acquire a debt free system. Grants are secured for the Highway 80 project which  
4 would make the Ball Creek WWTP self-sustaining. The stipend is necessary to  
5 insure that TEA has the necessary funds to operate while planning and constructing  
6 future projects. KCWSD will have to guarantee the tap-fee clause with WPP.

7 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

8 A. Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

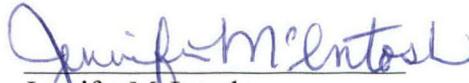
In the Matter of:

JOINT APPLICATION OF KNOTT COUNTY	)	
WATER AND SEWER, INC. AND	)	
TROUBLESOME CREEK ENVIRONMENTAL	)	CASE NO.
AUTHORITY, INC. FOR AN ORDER	)	2015-_____
APPROVING THE TRANSFER OF	)	
OWNERSHIP AND CONTROL OF A	)	
JURISDICTIONAL ASSET	)	

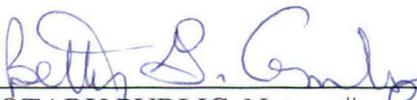
VERIFICATION OF JENNIFER MCINTOSH

COMMONWEALTH OF KENTUCKY )  
 )  
 COUNTY OF KNOTT )

Jennifer McIntosh, Community Resources Planner/Water & Wastewater Planner with Kentucky River Area Development District, a consultant of Troublesome Creek Environmental Authority, Inc., being duly sworn, states that she has read the foregoing prepared direct testimony and that she would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of her knowledge, information and belief.

  
 Jennifer McIntosh

The foregoing Verification was signed, acknowledged and sworn to before me this 7<sup>th</sup> day of August, 2015, by Jennifer McIntosh.

  
 NOTARY PUBLIC, Notary # Perry Co.  
 Commission expiration: NOV. 18, 2017

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF TROUBLESOME )  
CREEK ENVIRONMENTAL AUTHORITY, INC. )  
FOR AN ORDER APPROVING A TRANSFER ) CASE NO.  
OF OWNERSHIP AND CONTROL OF A ) 2015-\_\_\_\_\_  
JURISDICTIONAL ASSET TO KNOTT COUNTY )  
WATER AND SEWER INC. )

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**DIRECT TESTIMONY OF RON JOHNSON  
ON BEHALF OF  
KNOTT COUNTY WATER AND SEWER INC., AND  
TROUBLESOME CREEK ENVIRONMENTAL AUTHORITY**

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**Filed: September 1, 2015**

1 **Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND**  
2 **OCCUPATION.**

3 A. Ronald M. Johnson, 3213 Summit Square Place, Suite 100, Lexington, Kentucky  
4 40509. I am a Professional Engineer and the owner/president of R.M. Johnson  
5 Engineering, Inc., (“RMJE”)

6 **Q. PLEASE STATE YOUR EDUCATION AND PROFESSIONAL**  
7 **EXPERIENCE.**

8 A. I received a BS in Engineering from the University of Kentucky in 1980. I am the  
9 president/owner of RMJE founded in 1986 and work on civil, mining and natural  
10 gas projects for municipalities, water and sewer districts, energy companies,  
11 construction contractors, commercial developers and the Commonwealth of  
12 Kentucky through request for proposal (“RFP”) projects and price contracts.

13 **Q. WHAT HAS BEEN YOUR PRIOR EXPERIENCE FOR KNOTT COUNTY**  
14 **WATER AND SEWER, INC., (“KCWSD”) AS A CONSULTANT?**

15 A. I was the Founding Engineer for KCWSD and I have served as the planning and  
16 design engineer since the inception of KCWSD.

17 **Q. HOW AND FOR WHAT PURPOSE WERE YOU ENGAGED BY KCWSD**  
18 **IN THIS CASE?**

19 A. I was engaged to be the Project and Design Engineer for both KCWSD and  
20 Troublesome Creek Environmental Authority, Inc., (“TEA”).

21 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS**  
22 **PROCEEDING?**

1 A. The purpose of my testimony in this proceeding is to help facilitate the transfer of  
2 the TEA Ball Creek Wastewater Plant and the collection infrastructure assets to  
3 KCWSD.

4 **Q. ARE YOU SPONSORING ANY EXHIBITS?**

5 A. No.

6 **Q. PLEASE GENERALLY DESCRIBE THE REASONS FOR THE**  
7 **PROPOSED TRANSFER OF THE BALL CREEK WASTEWATER**  
8 **TREATMENT PLANT FROM TEA TO KCWSD.**

9 A. TEA does not have enough customer base to sustain the operational and  
10 maintenance expenses associated with the Ball Creek Wastewater Plant. KCWSD  
11 has been operating and maintaining the Ball Creek Wastewater Plant under a  
12 Memorandum of Understanding for nearly two years. KCWSD has the ability to  
13 operate the plant and to allow TEA to develop and construct the Highway 80  
14 Corridor project in an effort to expand the existing customer base served by the Ball  
15 Creek Wastewater Plant. TEA does not have the personnel required to operate and  
16 maintain the Ball Creek Wastewater Plant. TEA currently obtains grant funding to  
17 build infrastructure but does not operate and maintain the facilities.

18 **Q. WILL KCWSD CONNECT ITS SEWER COLLECTION MAINS TO TEA'S**  
19 **SEWER COLLECTION SYSTEM?**

20 A. No. KCWSD will take ownership of the Ball Creek Wastewater Plant and  
21 collection facilities along with the operation and maintenance of the Ball Creek  
22 Wastewater Plant and collection facilities.

1 **Q. PLEASE DESCRIBE THE HIGHWAY 80 CORRIDOR PROJECT,**  
2 **INCLUDING THE COSTS, PARTIES INVOLVED, PERSONS WHO WILL**  
3 **BENEFIT FROM THE PROJECT, THE PROJECT FUNDING AND HOW**  
4 **THIS WILL BRING NEW CUSTOMERS TO THE BALL CREEK PLANT.**

5 A. The Highway 80 Corridor Project is approximately a \$2.6 million project to be  
6 constructed by TEA and assigned to KCWSD at the completion of the project to  
7 own, operate and maintain the facilities. The beneficiaries of this project will be  
8 the Jamestown Subdivision, Phoenix Place Trailer Park and other potential  
9 customers located along Route 80 west of the Ball Creek Wastewater Treatment  
10 Plant. This project will be funded by United States Army Corp of Engineers 531  
11 Grant Funds, Community Development Block grant funds, Appalachian Regional  
12 Commission grant funds, Single County Coal Severance funds and Department of  
13 Local Government matching funds. There are currently 96 customers at the  
14 Jamestown Subdivision and Phoenix Place Trailer Park being served by a package  
15 treatment plant that will be taken off line. There will also be future residential  
16 customers served along Route 80 and possibly economic development projects in  
17 the future.

18 **Q. DESCRIBE WHY TEA WAS ORIGINALLY CREATED.**

19 A. TEA was originally created to clean up the Troublesome Creek Watershed, which  
20 is approximately 240 square miles located in Knott, Perry and Breathitt Counties.  
21 This was done on a holistic watershed approach with inter-local agreements  
22 between all three counties.

1 **Q. WILL TEA CONTINUE AS A NONPROFIT CORPORATE ENTITY**  
2 **AFTER THIS TRANSFER?**

3 A. Yes. TEA will continue as a nonprofit corporate entity after the transfer securing  
4 funds and constructing infrastructure in the three county area.

5 **Q. WHAT WILL BE TEA'S PURPOSE AFTER THE TRANSFER?**

6 A. TEA will continue to develop sanitary sewer infrastructure for the three TEA  
7 counties. TEA will continue to pursue capital funds to develop plans, design  
8 facilities, bid and construct facilities and turn over to the local sanitary districts and  
9 municipalities for the operation, maintenance and ownership of the constructed  
10 facilities.

11 **Q. AS AN ENGINEER AND FROM YOUR EXPERIENCE IN WORKING**  
12 **WITH KCWSD, DO YOU BELIEVE THAT KCWSD HAS THE**  
13 **TECHNICAL AND MANAGERIAL ABILITY TO MANAGE THE BALL**  
14 **CREEK WASTEWATER TREATMENT PLANT SO AS TO PROVIDE**  
15 **RELIABLE AND COST-EFFECTIVE SERVICE TO TEA'S 28**  
16 **CUSTOMERS SHOULD THE COMMISSION APPROVE THIS**  
17 **TRANSFER?**

18 A. Yes. KCWSD has been managing the Ball Creek Wastewater Treatment Plant and  
19 collection system and will continue to do so if the transfer is approved by the  
20 Commission. KCWSD has the capabilities necessary to operate and maintain all  
21 facilities necessary for the Highway 80 Corridor project.

22 **Q. PLEASE DESCRIBE HOW THE PROPOSED TRANSFER WOULD BE**  
23 **CONSISTENT WITH THE PUBLIC INTEREST, INCLUDING ANY**

1           **POSITIVE EFFECTS THE TRANSFER WOULD HAVE ON TEA'S 28**  
2           **CUSTOMERS.**

3    A.    TEA's customers would be serviced by certified operators of KCWSD. TEA's  
4           customers would also be served by an entity that would have the financial ability  
5           to support the day-to-day operations and the proper maintenance of the facilities -  
6           both short-term and long-term basis. All current and future customers will benefit  
7           by having reliable and compliant service from KCWSD.

8    **Q.    PLEASE SUMMARIZE YOUR TESTIMONY.**

9    A.    The transfer of the Ball Creek Wastewater Treatment Plant will be beneficial to  
10           the current customers of TEA. The transfer is the best option to provide the Ball  
11           Creek customers long term and uninterrupted service. KCWSD has the managerial,  
12           technical and financial ability to assume control of the Ball Creek Wastewater  
13           Treatment Plant and TEA's current customers and any additional future customers  
14           included the Highway 80 Corridor Project. KCWSD employs certified operators  
15           that will operate and maintain the Ball Creek system in compliance with all  
16           regulatory requirements.

17   **Q.    DOES THIS CONCLUDE YOUR TESTIMONY?**

18   A.    Yes.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

JOINT APPLICATION OF KNOTT COUNTY	)	
WATER AND SEWER, INC. AND	)	
TROUBLESOME CREEK ENVIRONMENTAL	)	CASE NO.
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APPROVING THE TRANSFER OF	)	
OWNERSHIP AND CONTROL OF A	)	
JURISDICTIONAL ASSET	)	

**VERIFICATION OF RON JOHNSON**

COMMONWEALTH OF KENTUCKY )  
 )  
 COUNTY OF KNOTT )

Ron Johnson, President of R.M. Johnson Engineering, Inc., a consultant for Knott County Water and Sewer, Inc., and Troublesome Creek Environmental Authority, Inc., being duly sworn, states that he has read the foregoing prepared direct testimony and that he would respond in the same manner to the questions if so asked upon taking the stand, and that the matters and things set forth therein are true and correct to the best of his knowledge, information and belief.

  
 Ron Johnson

The foregoing Verification was signed, acknowledged and sworn to before me this 13<sup>TH</sup> day of August, 2015, by Ron Johnson.

  
 NOTARY PUBLIC, Notary # 478640  
 Commission expiration: 12/12/2016