

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ACQUISITION BY)	
BLUEGRASS WATER UTILITY OPERATING)	
COMPANY, LLC AND THE TRANSFER OF)	CASE NO.
OWNERSHIP AND CONTROL OF ASSETS BY)	2019-00360
CENTER RIDGE WATER DISTRICT, INC.;)	
JOANN ESTATES UTILITIES, INC.; AND RIVER)	
BLUFFS, INC.)	

ORDER

On December 6, 2019, Bluegrass Water Utility Operating Company, LLC (Bluegrass Water), Center Ridge Water District, Inc. (Center Ridge Water), Joann Estates Utilities, Inc. (Joann Estates), and River Bluffs, Inc. (River Bluffs), (collectively, Joint Applicants), electronically filed a motion, pursuant to 807 KAR 5:001, Section 13, requesting confidential treatment for its responses to Commission Staff’s First Request for Information, Request Nos. 6 and 10 for a period of five years. This information is more particularly described as an itemized breakdown of certain costs incurred to date and expected to be incurred up to closing in attachment numbered KY19-360JA_00039 and information regarding how Bluegrass Water will resolve violations cited by the Commission on utility plants proposed to be transferred.

In support of its motion, Joint Applicants assert that the designated information is not publicly disseminated and public disclosure of this information would harm Bluegrass Water and its affiliates. Specifically, Joint Applicants assert that the public disclosure of

the designated information would cause competitive injury by giving competitors an unfair commercial advantage.

Joint Applicants state that attachment numbered KY19-360JA_00039 in response to Request No. 6 reveals information regarding the internal financial ability and workings of Bluegrass Water and its affiliates. That this information reveals aspects of Bluegrass Water's cost structure and acquisition process for utility assets. As such, this information could be used by competitors to the business injury of Bluegrass Water and affiliates.

Joint Applicants assert that the information in response to Request No. 10 indicates how Bluegrass Water and its affiliates evaluate potential systems for acquisition and the internal processes by which they respond to various issues that arise in similar water and wastewater systems. That this information demonstrates innovative and proprietary technology and processes developed through experience and used by CSWR Group utilities to renovate small water and wastewater systems. As such, Joint Applicants argue that this information is a "trade secret" as defined by KRS 365.880(4) and falls within the trade secret exemption from disclosure pursuant to KRS 61.878(c). Joint Applicants argue that Bluegrass Water and its affiliates would suffer a serious business injury if these trade secrets were misappropriated by other competitors in the water and wastewater industries. Joint Applicants also assert that the information contained in their response to Request No. 10 is proprietary as the information comes from engineering reports created by third parties. Therefore, Bluegrass Water would suffer harm because it would give other potential purchasers and competitors a "leg up" with the systems discussed in the engineering reports and lessen competition in a subsequent bidding process. Such disclosure would also be costly in the future when

attempts to acquire similarly distressed systems are made and Bluegrass Water's ability to negotiate terms specific to a particular utility and its circumstances has been compromised.

Having carefully considered the motion and the material at issue, the Commission finds that the designated information in Joint Applicant's responses to Commission Staff's First Request for Information, Request Nos. 6 and 10, is generally recognized as confidential, and therefore meets the criteria for confidential treatment and is exempted from public disclosure pursuant to KRS 61.878(1)(c)(1) and 807 KAR 5:001, Section 13. The Commission finds that the designated information in Request No. 6 should not be placed in the public record or made available for public inspection until the transactions have closed, rather than the five years as requested by Joint Applicants. The Commission finds that the designated information in Request No. 10 should not be placed in the public record or made available for public inspection for a period of five years.

IT IS THEREFORE ORDERED that:

1. Joint Applicant's motion for confidential protection is granted.
2. Joint Applicant's request to keep the information identified out of the public record and not be subject to public inspection for a period of five years is granted as to Request No. 10.
3. Joint Applicant's request to keep the information identified out of the public record and not be subject to public inspection for five years is denied as to Request No. 6.

4. The designated material in Request No. 10 shall not be placed in the public record or made available for public inspection for five years, or until further Orders of this Commission.

5. The designated material in Request No. 6 shall not be placed in the public record or made available for public inspection until the transactions have closed. Within five days from each of the dates of the closing of the transactions, Joint Applicants shall submit written notification to the Commission, advising either that the information discussed herein no longer qualifies for confidential treatment or requesting that the information continue to be treated as confidential and demonstrating that the information still falls within the exclusions established in KRS 61.878.

6. If Joint Applicants object to the time limits that the Commission has placed on the confidential treatment for the information in question, it must seek either rehearing pursuant to KRS 278.400 or judicial review of this Order pursuant to KRS 278.410. Failure to exercise either of these statutory rights will be deemed as agreement with the Commission's determination of the period for which the materials are afforded confidential treatment. Joint Applicants will be required to demonstrate a change in circumstances in any subsequent motion for continued confidential treatment of materials in question after the end of the period set forth in ordering paragraphs 4 and 5 of this Order.

7. Use of the materials in question in any Commission proceeding shall be in compliance with 807 KAR 5:001, Section 13(9).

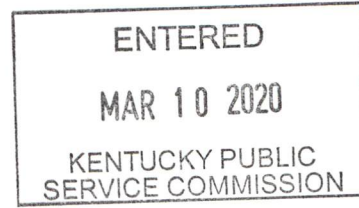
8. If a non-party to this proceeding requests to inspect materials granted confidential treatment by this Order and the period during which the materials have been granted confidential treatment has not run, then Joint Applicants shall have 30 days from

receipt of written notice of the request to demonstrate that the materials still fall within the exclusions from disclosure requirements established in KRS 61.878. If Joint Applicants are unable to make such demonstration, the requested materials shall be made available for inspection. Otherwise, the Commission shall deny the request for inspection.

9. The Commission shall not make the requested materials available for inspection for 30 days following an Order finding that the materials no longer qualify for confidential treatment in order to allow Joint Applicants to seek a remedy afforded by law.

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By the Commission



ATTEST:

A handwritten signature in blue ink, appearing to be "W. O.", written over a horizontal line.

Executive Director

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