

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLUEGRASS)	CASE NO.
WATER UTILITY OPERATING COMPANY, LLC)	2022-00432
FOR AN ADJUSTMENT OF SEWAGE RATES)	

NOTICE OF FILING

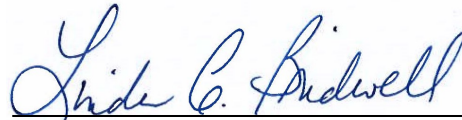
Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on September 19, 2023 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- All exhibits introduced at the evidentiary hearing conducted on September 19, 2023 in this proceeding;
- A written log listing, inter alia, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on September 19, 2023.

A copy of this Notice, the certification of the digital video record, and hearing log have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/-ANLZvaVwo>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 8th day of November 2023.

A handwritten signature in blue ink that reads "Linda C. Bridwell". The signature is written in a cursive style with a horizontal line underneath it.

Linda C. Bridwell

Executive Director

Public Service Commission of Kentucky

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CERTIFICATION

I, Candace H. Sacre, hereby certify that:

1. The attached flash drive contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on September 19, 2023. The Formal Hearing Log, Exhibits, and Exhibit List are included with the recording on September 19, 2023;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of September 19, 2023, and;
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of September 19, 2023, and the time at which each occurred.

Signed this 7th day of November, 2023.


Candace H. Sacre
Administrative Specialist III


Stephanie Schweighardt
Kentucky State at Large ID# KYNP 64180
Commission Expires: January 14, 2027



Session Report - Detail

2022-00432 19Sept2023

Bluegrass Water Utility Operating Company, LLC (Bluegrass Water)

Date:	Type:	Location:	Department:
9/19/2023	Public Hearing\Public Comments	Hearing Room 1	Hearing Room 1 (HR 1)

Witness: Joe Pat Covington; Josiah Cox; Dylan D'Ascendis; David Dittenmore; Jacob Freeman; Timothy Lyons; Ariel Miller; John Spanos; Brent Thies; Todd Thomas; Quentin Watkins
 Judge: Kent Chandler; Angie Hatton; Mary Pat Regan
 Clerk: Candace Sacre

Event Time	Log Event
9:06:33 AM	Session Started
9:06:44 AM	Chairman Chandler Note: Sacre, Candace
	Preliminary remarks.
9:07:03 AM	Chairman Chandler Note: Sacre, Candace
	Hearing recommendations.
9:07:07 AM	Chairman Chandler Note: Sacre, Candace
	Purpose of hearing.
9:07:12 AM	Chairman Chandler Note: Sacre, Candace
	Entry of appearance.
9:07:25 AM	Atty Depp Bluegrass Water Note: Sacre, Candace
	Tip Depp and Brooks Herrick, witnesses D'Ascendis, Spanos, Watkins, and Lyons, rate consultants, and Cox, Freeman, Thomas, and Thies, company witnesses.
9:08:01 AM	Asst Atty General West Note: Sacre, Candace
	Mike West, and witness, David Dittenmore.
9:08:10 AM	Atty Spenard Scott County Note: Sacre, Candace
	David Spenard, Scott County, and witness, Ariel Miller, sponsored responses Judge Executive Joe Pat Covington and magistrates, pending motion.
9:08:55 AM	Staff Atty Fell PSC Note: Sacre, Candace
	Jennifer Fell and Ben Bellamy.
9:09:00 AM	Chairman Chandler Note: Sacre, Candace
	Public notice.
9:09:17 AM	Chairman Chandler Note: Sacre, Candace
	Outstanding motions.
9:09:22 AM	Chairman Chandler Note: Sacre, Candace
	Attorney/witness scheduling, magistrates dismissed.
9:13:01 AM	Chairman Chandler Note: Sacre, Candace
	Public comments. (Click on link for further comments.)
9:26:15 AM	Chairman Chandler Note: Sacre, Candace
	Anything else?
9:26:21 AM	Chairman Chandler Note: Sacre, Candace
	First witness.
9:26:24 AM	Atty Depp Bluegrass Water Note: Sacre, Candace
	Dylan D'Ascendis.
9:26:33 AM	Chairman Chandler Note: Sacre, Candace
	Witness is sworn.
9:26:41 AM	Chairman Chandler - witness D'Ascendis Note: Sacre, Candace
	Examination. Name and address?
9:27:00 AM	Atty Depp Bluegrass Water - witness D'Ascendis Note: Sacre, Candace
	Direct Examination. Employer and title?

9:27:06 AM Atty Depp Bluegrass Water - witness D'Ascendis
Note: Sacre, Candace Cause testimony be filed?

9:27:12 AM Atty Depp Bluegrass Water - witness D'Ascendis
Note: Sacre, Candace Sponsor responses?

9:27:16 AM Atty Depp Bluegrass Water - witness D'Ascendis
Note: Sacre, Candace Corrections?

9:27:23 AM Atty Depp Bluegrass Water - witness D'Ascendis
Note: Sacre, Candace If asked same questions, responses be same?

9:27:28 AM Atty Depp Bluegrass Water - witness D'Ascendis
Note: Sacre, Candace Adopt as testimony today?

9:27:44 AM Atty Depp Bluegrass Water - witness D'Ascendis
Note: Sacre, Candace Questions?

9:27:49 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Examination. Second case for Bluegrass Water?

9:28:00 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace More connections, more investments tend make Bluegrass Water more risky or less risky?

9:28:31 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Because of increase in connections or change in methodology?

9:29:02 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace What were extenuating circumstances?

9:29:12 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Objective methodology come up with size adjustment?

9:30:11 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace When say about Florida, gets all debt and back to back with subsidiaries places debt, some get own debt, private placement, what mean?

9:30:52 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace A truly?

9:31:05 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Explain subjective methodology determining size adjustment?

9:32:38 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Reading, (click on link for further comments), attorney?

9:33:01 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Your reading Hope and Bluefield as financial principle?

9:33:06 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Hope and Bluefield talk about risk and return of firms in area?

9:33:34 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Confines of area?

9:34:25 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace U S Supreme Court not addressed Hope and Bluefield in light of Ameritrade today?

9:34:53 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Do you take into account required return of firms similar risk in confined geographic area than United States?

9:35:46 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Response went to utilities?

9:36:00 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Take position only utilities have risk profile of other utilities?

9:36:23 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Water publicly traded water gas electric lowest betas of entire group?

9:36:56 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Not claiming this utility as risky as electric gas and other utilities?

9:38:47 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Agree risk function of management intentional business decisions?

9:39:34 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Dr. Moran similar job?

9:39:41 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Agree goal of firm likely maximize shareholder value?

9:39:54 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Not aware decisions made, additional acquisition other systems?

9:40:13 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Create risk as far as require capital outlay, cost exceed revenues?

9:40:33 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Those risks drive greater shareholder requirements?

9:40:46 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Bluefield says, (click on link for further comments), read before?

9:41:33 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Understood referencing earlier?

9:41:41 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Proxy group limited to confines lower 48?

9:41:53 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Agree other firms in part of country not utilities?

9:42:13 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Nonregulated proxy group, Coke?

9:42:50 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Position on management creates additional risks, what bounds risks created that Commission take under consideration?

9:43:45 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Bounded it by 1.75?

9:43:51 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Tightening bounds?

9:44:00 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace One rate case?

9:44:39 AM Chairman Chandler - witness D'Ascendis
Note: Sacre, Candace Bluegrass Water owned by much larger company. 1.75 been less?

9:45:41 AM Chairman Chandler
Note: Sacre, Candace Mr. Depp?

9:45:45 AM Atty Depp Bluegrass Water - witness D'Ascendis
Note: Sacre, Candace Redirect Examination. 3.91 percent?

9:45:55 AM Atty Depp Bluegrass Water - witness D'Ascendis
Note: Sacre, Candace Recommendation making to Commission?

9:45:59 AM Atty Depp Bluegrass Water - witness D'Ascendis
Note: Sacre, Candace What recommending?

9:46:02 AM Atty Depp Bluegrass Water - witness D'Ascendis
Note: Sacre, Candace Roughly 25 percent?

9:46:09 AM Chairman Chandler
Note: Sacre, Candace Witness excused.

9:46:24 AM Chairman Chandler
Note: Sacre, Candace Procedural discussion.

9:47:58 AM Chairman Chandler
Note: Sacre, Candace Next witness?

9:48:02 AM Atty Herrick Bluegrass Water
Note: Sacre, Candace John Spanos.

9:48:23 AM Chairman Chandler
Note: Sacre, Candace Witness is sworn.

9:48:33 AM Chairman Chandler - witness Spanos
Note: Sacre, Candace Examination. Name and address?

9:48:44 AM Atty Herrick Bluegrass Water - witness Spanos
Note: Sacre, Candace Direct Examination. Where employed?

9:48:52 AM Atty Herrick Bluegrass Water - witness Spanos
Note: Sacre, Candace Position?

9:48:56 AM Atty Herrick Bluegrass Water - witness Spanos
Note: Sacre, Candace Cause testimony be filed?

9:49:01 AM Atty Herrick Bluegrass Water - witness Spanos
Note: Sacre, Candace Sponsor depreciation study?

9:49:09 AM Atty Herrick Bluegrass Water - witness Spanos
Note: Sacre, Candace Additions or corrections?

9:49:16 AM Atty Herrick Bluegrass Water - witness Spanos
Note: Sacre, Candace Ask questions today, adopt them?

9:49:23 AM Atty Reddick Bluegrass Water - witness Spanos
Note: Sacre, Candace Same for depreciation study adopt today?

9:49:31 AM Chairman Chandler
Note: Sacre, Candace Questions?

9:49:43 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace Cross Examination. Ten percent negative net salvage value?

9:50:04 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace Ten for ten for all accounts?

9:50:32 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace Highest ten percent?

9:50:52 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace One over ten?

9:51:05 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace What negative net salvage value that account?

9:51:19 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace Why recommend negative thirty for that?

9:51:42 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace For collection systems, negative net salvage value?

9:52:15 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace Negative net salvage value some cost when take assets out of service?

9:53:09 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace If include negative net salvage values, include cost of removing tank in cost of new asset?

9:53:45 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace Removing cost from cumulative depreciation?

9:54:20 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace Know whether cost of improvements plant and service cost of removing old assets?

9:54:59 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace Opinion be when installing new asset not include cost of removal or retirement to cost of new asset?

9:55:27 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace Know if old systems purchases removing negative net salvage values assets taken out of service?

9:55:50 AM Asst Gen Counsel Bellamy PSC - witness Spanos
Note: Sacre, Candace What basis of opinion?

9:56:31 AM Chairman Chandler - witness Spanos
Note: Sacre, Candace Examination. Asset depreciate over ten years, depreciate ten dollars every year?

9:57:21 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	If cost ten dollars remove it and not replaced, recover straight line average basis \$11 a year?
9:58:06 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Hundred dollars cash outlay put asset into ground?
9:58:17 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Return of through \$10 and return on through application of weighted average cost of capital?
9:58:39 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Every year asset worth ten dollars less earn return on remaining undepreciated value?
9:59:01 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Original asset?
9:59:06 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Expect spend \$10 in ten years?
9:59:25 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Then \$99?
9:59:41 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Earning return on \$110 not spent for next ten years?
9:59:59 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Paying return on something company not invested yet?
10:00:11 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	\$11 removed from plant into accumulated depreciation reflected in books?
10:00:30 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	\$11 depreciation expense reflected in accumulated depreciation?
10:00:53 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Finally get through ten, no value, end of ten plant account zero dollars?
10:01:32 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Nothing left depreciate, cost \$10 to remove from service, accumulated depreciation reduced by \$10?
10:02:38 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	For \$110, collected full \$110 through depreciation and earned return?
10:03:04 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Asset fully used, cost \$10 remove, all within accounting, somehow earned \$10 over that accounting period?
10:04:22 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Customers pay return on cost of removal as if capital or cash outlay for life of asset?
10:04:51 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Under proposal, reflects cost of removal over life of asset?
10:05:10 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Same way as reflects up-front cost of asset?
10:05:31 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	By advance recover, \$10 returned and gets a return same way as \$100 investment?
10:05:54 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Lay terms, customers paying return on investment company will not make for years?
10:06:45 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Problem included in rate base, included in rate base so gets a return on each of ten years?

10:07:32 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Does inclusion in depreciation expense mean also included in net investment rate base?
10:07:59 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Mean rate base represents \$110 of value or only starts at \$100?
10:08:40 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Should end up with negative ten dollars when asset fully depreciated?
10:09:25 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	If replacing asset after ten years, how segregate costs of removal old asset verse cost of replacement of new asset?
10:10:51 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Issue becomes considered negative net salvage in depreciating assets, capitalized old assets with new assets and recommending rates include cost of removal for next set?
10:12:32 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Proposing recovery cost of removing old assets and new assets?
10:12:49 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	One replaced with new assets and costs to capitalize?
10:14:07 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Not believe any investments made over last few years include capitalized labor?
10:14:35 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Confident none of capitalized include removal of previous assets to make improvements?
10:15:28 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Plant in service includes any capitalized labor related to installation of facilities?
10:15:57 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Fence falling down, tear down and put in new, confident cost of tearing down fence not included as capitalized labor but cost of installing was?
10:16:34 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Confident what seen properly segregated those two actions?
10:18:02 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Proposing include cost of removal for a number of plant accounts, customers paying depreciation expense distinction can be made and asking customers pay company makes that distinction?
10:18:48 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Not saying not think cost remove previous assets and install replacement not capitalized, cost not more or different than cost of installation would have been?
10:20:15 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Best person at Bluegrass Water to ask that question?
10:20:56 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	One needed fence, no railing, no cost removal?
10:21:14 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	If fence, taken down and new fence, cost removal O&M or capitalized new asset?
10:21:39 AM	Chairman Chandler - witness Spanos Note: Sacre, Candace	Removed it?
10:22:09 AM	Atty Reddick Bluegrass Water Note: Sacre, Candace	Witness be excused?
10:22:11 AM	Chairman Chandler Note: Sacre, Candace	Objection?

10:22:15 AM	Chairman Chandler Note: Sacre, Candace	Witness excused.
10:22:22 AM	Chairman Chandler Note: Sacre, Candace	Recess until 10:40.
10:22:47 AM	Session Paused	
10:46:00 AM	Session Resumed	
10:46:09 AM	Session Paused	
10:46:17 AM	Session Resumed	
10:46:28 AM	Chairman Chandler Note: Sacre, Candace	Back on the record.
10:46:37 AM	Chairman Chandler Note: Sacre, Candace	Mr. Depp?
10:46:49 AM	Atty Depp Bluegrass Water Note: Sacre, Candace	Call Quentin Watkins.
10:46:52 AM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
10:47:00 AM	Chairman Chandler - witness Watkins Note: Sacre, Candace	Examination. Name and address?
10:47:15 AM	Atty Depp Bluegrass Water - witness Watkins Note: Sacre, Candace	Direct Examination. Employer and title?
10:47:24 AM	Atty Depp Bluegrass Water - witness Watkins Note: Sacre, Candace	Cause testimony be filed?
10:47:30 AM	Atty Depp Bluegrass Water - witness Watkins Note: Sacre, Candace	Sponsor data requests?
10:47:34 AM	Atty Depp Bluegrass Water - witness Watkins Note: Sacre, Candace	If ask questions in testimony, answers remain same?
10:48:15 AM	Chairman Chandler Note: Sacre, Candace	Questions?
10:48:27 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Cross Examination. Page 3, testimony, reading (click on link for further comments), lists eight positions, not encompass all positions?
10:49:31 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Why determined those eight?
10:50:08 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Regular in-state duties related Kentucky utilities and regular administrative duties related?
10:50:17 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Regular in-state, what mean to you?
10:50:40 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Regular administrative, what mean to you?
10:51:06 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	How many employees of CSWR fit into eight categories looked at?
10:51:30 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	One person in each of positions?
10:51:40 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Know how many employees CSWR has?
10:51:58 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Know whether cost associated included in expenses passed on to Kentucky ratepayers?
10:52:14 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Know whether compensation other than those eight passed on to Kentucky ratepayers?

10:52:34 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Asked that question when doing study?
10:52:55 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Relevant to Kentucky operations, Kentucky ratepayers paying part of compensation be relevant to Kentucky operations?
10:53:36 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Page 3 of testimony, line 13, base compensation analysis, reading (click on link for further comments), describe Bureau of Labor Statistics data and why relied on that?
10:54:45 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Health care benefits, percentage of employer contribution?
10:55:09 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Private companies?
10:55:14 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Look at page 9 of report, at bottom talks about employer/employee contributions to health care plans, looked at six?
10:56:15 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	What was percentage for other companies?
10:56:49 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Bluegrass looks to be one percent employees contribute?
10:57:03 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Lower than other companies?
10:57:13 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Lower than Bureau of Labor Statistics?
10:57:26 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Think typical?
10:57:45 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Page 5 of report, Table 4, above bullet points, three positions ten percent below five between plus or minus ten percent, Table 4 reflecting that?
10:58:54 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Page 6 of report, types of pay plans, designed to elicit responses about practices giving raises?
10:59:36 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Within similar utilities, what were pay practices, typical pay increase?
10:59:59 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Two percent, three percent, any information provided as to that?
11:00:23 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Look at peer companies, zero to three percent one exception, Bluegrass is highest with respect to pay raises?
11:01:19 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Idea what reflected Bluegrass Water since that time, pay increases in addition to that?
11:01:44 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Where eight percent come from?
11:02:07 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Planned increase two to three percent?
11:02:22 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Look at past increases previous years?
11:02:44 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Reflect all employees or just eight?
11:03:05 AM	Asst Gen Counsel Bellamy PSC - witness Watkins Note: Sacre, Candace	Average pay increase, explain how done?

11:04:04 AM Asst Gen Counsel Bellamy PSC - witness Watkins
Note: Sacre, Candace Not know how done specifically?

11:04:15 AM Asst Gen Counsel Bellamy PSC - witness Watkins
Note: Sacre, Candace Know how Bluegrass calculated?

11:04:17 AM Asst Gen Counsel Bellamy PSC - witness Watkins
Note: Sacre, Candace Just gave six percent?

11:04:23 AM Asst Gen Counsel Bellamy PSC - witness Watkins
Note: Sacre, Candace For 2021 also?

11:04:34 AM Asst Gen Counsel Bellamy PSC - witness Watkins
Note: Sacre, Candace Not see any background information?

11:04:41 AM Asst Gen Counsel Bellamy PSC - witness Watkins
Note: Sacre, Candace Different for 2022, give eight percent and you calculated?

11:05:10 AM Asst Gen Counsel Bellamy PSC - witness Watkins
Note: Sacre, Candace Look at other information?

11:05:19 AM Asst Gen Counsel Bellamy PSC - witness Watkins
Note: Sacre, Candace What been typical pay raise in 2021 and 2020?

11:05:30 AM Asst Gen Counsel Bellamy PSC - witness Watkins
Note: Sacre, Candace What would have been typical pay increase in 2020?

11:06:11 AM Vice Chair Hatton - witness Watkins
Note: Sacre, Candace Examination. Any Kentucky employees?

11:06:23 AM Vice Chair Hatton - witness Watkins
Note: Sacre, Candace Your study compared St. Louis wages, benefits and found similar to Lexington and Louisville?

11:07:13 AM Vice Chair Hatton - witness Watkins
Note: Sacre, Candace All comparable to state and regional averages?

11:07:23 AM Vice Chair Hatton - witness Watkins
Note: Sacre, Candace Cannot find Bluegrass operates in Louisville or Lexington, do where Bluegrass operates?

11:08:04 AM Vice Chair Hatton - witness Watkins
Note: Sacre, Candace Expect paid same in Louisville and St Louis as would in Graves County?

11:08:34 AM Vice Chair Hatton - witness Watkins
Note: Sacre, Candace Not look in areas where Bluegrass Water operates?

11:08:56 AM Vice Chair Hatton - witness Watkins
Note: Sacre, Candace Not possible do in smaller counties?

11:09:03 AM Vice Chair Hatton - witness Watkins
Note: Sacre, Candace Why is that?

11:09:16 AM Vice Chair Hatton - witness Watkins
Note: Sacre, Candace In the corridor?

11:09:32 AM Commissioner Regan - witness Watkins
Note: Sacre, Candace Examination. Back to Table 5 pay increases, 2020 six percent increase?

11:09:54 AM Commissioner Regan - witness Watkins
Note: Sacre, Candace No data show how calculated?

11:10:04 AM Commissioner Regan - witness Watkins
Note: Sacre, Candace Data looked at Louisville and Lexington corridor, but not look at anything surrounding counties?

11:10:40 AM Commissioner Regan - witness Watkins
Note: Sacre, Candace Surprised those higher than surrounding counties here?

11:11:00 AM Commissioner Regan - witness Watkins
Note: Sacre, Candace Providing survey better get all data?

11:11:13 AM Commissioner Regan - witness Watkins
Note: Sacre, Candace All data if not compared to surrounding counties and no calculations for increases?

11:12:19 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Examination. Lexington Fayette and Louisville Jefferson Co MSAs one percent difference as related to St Louis?

11:12:56 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Seen map of Bluegrass Water in state of Kentucky?

11:13:08 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace How come to conclusion Bluegrass Water operations located in or near corridor?

11:13:27 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Safe to say no idea where Bluegrass operations are in state of Kentucky?

11:13:43 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Any idea?

11:13:52 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace What company provided you, not idea of actual location facilities?

11:14:01 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Have idea where Canada is seen map?

11:14:08 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Somebody told you?

11:14:13 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Have idea where Bluegrass told you have operations?

11:14:23 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Talk about MSAs, statistical determinations proximity to particular city?

11:14:42 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Could be density depends on BLS determinations?

11:15:12 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Jefferson County may just be Jefferson and may be all the way to Frankfort?

11:15:30 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Jefferson County MSA could be Jefferson County or could be extended through Shelby County through Franklin County?

11:16:01 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Gave us a link to fed website?

11:16:08 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Aware federal reserve?

11:16:18 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Possible state be in multiple areas?

11:16:30 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Portions of Central and Western Kentucky in St Louis area and other portions in Cincinnati fed area?

11:16:39 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Regional variations, aware website for link other than cost of living calculator?

11:16:57 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace RPP indices, aware?

11:17:26 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Kentucky have fifth lowest price parity?

11:17:38 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Surprise you many facilities in metro areas?

11:18:10 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace If some not in metro, understanding some are not?

11:18:20 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Reasonable assume are in metro areas?

11:18:25 AM Atty Depp Bluegrass Water
Note: Sacre, Candace Just one question. (Click on link for further comments.)

11:19:03 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace State some areas served are metro and some not?

11:19:19 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Know distribution other than Bluegrass provided?

11:19:30 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Have better idea what trying to convey, if other MSAs in Kentucky or included areas of Kentucky that Bluegrass provides service, use same cost of service to compare those areas?

11:20:22 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Heard of Owensboro?

11:20:28 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace One of places fed asks where want to live?

11:20:36 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Bluegrass has facilities in Daviess County?

11:20:43 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace How about Paducah?

11:21:09 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Bluegrass Water has no employees?

11:21:24 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace How many employees Bluegrass Water have?

11:21:38 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Who is employer of positions studied?

11:21:56 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Appreciation for corporate structures, Bluegrass has employees on their books?

11:22:17 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Employer of positions not Bluegrass Water, who is employer of positions studied?

11:22:55 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Purpose of study say if Bluegrass had employees very specific jobs and located in Kentucky would like in Lex and Louisville and what being paid suspect be paid if lived in Lex or Louisville corridor, what trying to convey?

11:23:58 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Bluegrass not have employees, go up three holding companies where actual employee, looked at people at Central States who do eight tasks, page 4, be paid about same as Bluegrass paying?

11:25:35 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Other than management choices, reason believe positions not be filled in Lex or Louisville?

11:26:02 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace They can and are filled in St Louis?

11:26:13 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Have reason to believe positions could not be filled in Lex or Louisville markets, people doing these jobs?

11:26:41 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace How about Owensboro?

11:26:47 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Have expectation be liquidity in people fill these positions?

11:27:24 AM Chairman Chandler - witness Watkins
Note: Sacre, Candace Testimony page 4 secondary purpose of comparison provide wage and benefit information, reading (click on link for further comments), that was purpose of comparison?

11:28:42 AM	Chairman Chandler - witness Watkins Note: Sacre, Candace	15 to 16 systems Bluegrass owns 12 outside MSA and 12 within, agree Lex-Louisville corridor not predominant market?
11:29:33 AM	Chairman Chandler - witness Watkins Note: Sacre, Candace	Half of operations in corridor, agree not be predominant area in which Bluegrass Water predominantly operates?
11:30:34 AM	Chairman Chandler - witness Watkins Note: Sacre, Candace	Owensboro on cost of living calculator and \$50,000 in St Louis get you \$55,000 in Owensboro?
11:30:47 AM	Chairman Chandler - witness Watkins Note: Sacre, Candace	Ten percent not unreasonable?
11:31:09 AM	Chairman Chandler - witness Watkins Note: Sacre, Candace	Bluegrass wages and compensation ten percent less both median and average still be reasonable?
11:31:51 AM	Chairman Chandler - witness Watkins Note: Sacre, Candace	Ten percent of average and median below collar of reasonable?
11:31:58 AM	Chairman Chandler Note: Sacre, Candace	Mr. Depp?
11:32:19 AM	Atty Depp Bluegrass Water - witness Watkins Note: Sacre, Candace	Redirect Examination. Know as measure of CSWR as whole, what percentage Bluegrass Water constitutes?
11:32:49 AM	Atty Depp Bluegrass Water - witness Watkins Note: Sacre, Candace	Have an occasion employees decentralize to St. Louis?
11:32:56 AM	Atty Depp Bluegrass Water - witness Watkins Note: Sacre, Candace	Mean recruiting in St Louis market?
11:33:05 AM	Chairman Chandler Note: Sacre, Candace	Witness excused?
11:33:11 AM	Chairman Chandler Note: Sacre, Candace	Objection?
11:33:13 AM	Chairman Chandler Note: Sacre, Candace	Witness excused.
11:33:22 AM	Chairman Chandler Note: Sacre, Candace	Mr. Depp?
11:33:26 AM	Atty Depp Bluegrass Water Note: Sacre, Candace	Josiah Cox.
11:33:46 AM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
11:33:53 AM	Chairman Chandler - witness Cox Note: Sacre, Candace	Examination. Name and address?
11:34:20 AM	Atty Depp Bluegrass Water - witness Cox Note: Sacre, Candace	Direct Examination. Cause testimony be filed?
11:34:28 AM	Atty Depp Bluegrass Water - witness Cox Note: Sacre, Candace	Sponsor responses?
11:34:32 AM	Atty Depp Bluegrass Water - witness Cox Note: Sacre, Candace	Corrections?
11:34:38 AM	Atty Depp Bluegrass Water - witness Cox Note: Sacre, Candace	What is that?
11:35:09 AM	Atty Depp Bluegrass Water - witness Cox Note: Sacre, Candace	If ask same questions, answers remain same?
11:35:15 AM	Atty Depp Bluegrass Water - witness Cox Note: Sacre, Candace	Adopt as own?
11:35:20 AM	Chairman Chandler Note: Sacre, Candace	Errata. (Click on link for further comments.)

11:35:53 AM Chairman Chandler
Note: Sacre, Candace Mr. West?

11:36:05 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Cross Examination. Describe corporate structure of Bluegrass and entities above it?

11:37:11 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Know what document is?

11:37:17 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Filed in this case?

11:37:18 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Provide structure?

11:37:37 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Is U S Water LLC parent of CSWR LLC?

11:37:47 AM Asst Atty General West - witness Cox
Note: Sacre, Candace CSWR provide funding to Bluegrass?

11:37:54 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Who provides funding to CSWR?

11:38:15 AM Asst Atty General West - witness Cox
Note: Sacre, Candace U S Water Systems LLC, chart says U S Water LLC, explain?

11:38:34 AM Asst Atty General West - witness Cox
Note: Sacre, Candace U S Water LLC described as investor in CSWR, inaccurate?

11:39:08 AM Asst Atty General West - witness Cox
Note: Sacre, Candace What documents relationship?

11:39:17 AM Asst Atty General West - witness Cox
Note: Sacre, Candace What documents define relationship?

11:39:25 AM Asst Atty General West - witness Cox
Note: Sacre, Candace LLC define U S Water Systems as owner?

11:39:40 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Personal role with U S Water Systems LLC?

11:39:49 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Director?

11:39:52 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Officer?

11:40:07 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Role with CSWR LLC?

11:40:10 AM Asst Atty General West - witness Cox
Note: Sacre, Candace What role with Central States Water Resources Inc?

11:40:19 AM Asst Atty General West
Note: Sacre, Candace Show another document.

11:40:23 AM Chairman Chandler
Note: Sacre, Candace Like to mark first one? (Click on link for further comments.)

11:40:25 AM MARKED - AG HEARING EXHIBIT 1
Note: Sacre, Candace ASST ATTY GENERAL WEST - WITNESS COX
Note: Sacre, Candace CENTRAL STATES WATER RESOURCES CORPORATE ENTITY ORGANIZATIONAL CHART

11:41:05 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Identify what document is?

11:41:16 AM Asst Atty General West - witness Cox
Note: Sacre, Candace Agree organizational chart filed with last rate case 2020-00290?

11:41:27 AM Asst Atty General West - witness Cox
Note: Sacre, Candace What are differences?

11:42:13 AM Asst Atty General West - witness Cox
Note: Sacre, Candace With correction, what are differences?

11:42:35 AM	Asst Atty General West - witness Cox Note: Sacre, Candace	Notation on organizational chart from 2020-00290 indicating involvement U S Water LLC?
11:43:19 AM	Asst Atty General West Note: Sacre, Candace	Request be made AG Hearing Exhibit 2.
11:43:20 AM	MARKED - AG HEARING EXHIBIT 2 Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS COX CENTRAL STATES WATER RESOURCES CORPORATE ENTITY ORGANIZATIONAL CHART CASE NO. 2020-00290
11:44:12 AM	Asst Atty General West - witness Cox Note: Sacre, Candace	Represent this is chart from filing 2022-00216, agree?
11:45:01 AM	Asst Atty General West - witness Cox Note: Sacre, Candace	Compare this to two previous?
11:45:16 AM	Asst Atty General West - witness Cox Note: Sacre, Candace	CSWR/U S Water level any differences?
11:45:29 AM	Asst Atty General West - witness Cox Note: Sacre, Candace	Typo should be connected to CSWR LLC?
11:45:47 AM	Asst Atty General West - witness Cox Note: Sacre, Candace	2022-00216 is accurate one?
11:45:53 AM	Asst Atty General West - witness Cox Note: Sacre, Candace	Between 2020-00290 and this rate case company file any application changing ownership or transfer?
11:45:54 AM	MARKED - AG HEARING EXHIBIT 3 Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS COX CSWR/CENTRAL STATES WATER RESOURCES CORPORATE ENTITY ORGANIZATIONAL CHART CASE NO. 2022-00216
11:46:12 AM	Chairman Chandler Note: Sacre, Candace	Mr. Spenard?
11:47:05 AM	Atty Spenard Scott County - witness Cox Note: Sacre, Candace	Cross Examination. Testimony included Exhibit 2 filed with application on Jan 27 2023?
11:47:34 AM	Atty Spenard Scott County - witness Cox Note: Sacre, Candace	Pages 8 and 14 indicate Bluegrass Water seeks to consolidate rates statewide?
11:47:50 AM	Atty Spenard Scott County - witness Cox Note: Sacre, Candace	Page 4 also testified in 2020-00290?
11:48:05 AM	Atty Spenard Scott County - witness Cox Note: Sacre, Candace	Most recent rate adjustment case?
11:48:12 AM	Atty Spenard Scott County - witness Cox Note: Sacre, Candace	In this case, response Staff Fourth, Item 1, Bluegrass supplied exhibit letter of intent for purchase of Delaplain disposal?
11:48:51 AM	Atty Spenard Scott County - witness Cox Note: Sacre, Candace	Also purchase and sales exhibit?
11:49:00 AM	Atty Spenard Scott County - witness Cox Note: Sacre, Candace	Staff Third, Item 8, Exhibit PSC 3-8, includes appraisal Delaplain disposal company?
11:49:28 AM	Atty Spenard Scott County - witness Cox Note: Sacre, Candace	2020-00297 testified in that case?
11:50:17 AM	Atty Spenard Scott County - witness Cox Note: Sacre, Candace	File verification in support of joint application?
11:50:31 AM	Atty Spenard Scott County - witness Cox Note: Sacre, Candace	Letter of intent Delaplain system, date on which letter executed by president of Delaplain?

11:51:22 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace July 16 2019, signed by president on July 16 2019?

11:51:42 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Look at agreement dated Aug 23 2019?

11:52:08 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Sign as buyer?

11:52:44 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Correct Delaplain not first in Kentucky?

11:53:11 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Valuation supplied PSC Third, Item 8, Valbridge Property Advisors submitted appraisal?

11:53:47 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Date of report Aug 12 2019?

11:53:59 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Sequence of events, sound right?

11:55:46 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Letter of Intent, what point beginning negotiations?

11:56:45 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace At what stage, before or after July 16 due diligence get into family?

11:57:28 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Believe able get information from Delaplain before executed purchase and same agreement?

11:58:21 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Page 13 of Order, recognizes Bluegrass Water pays more than remaining book value?

11:58:45 AM Atty Depp Bluegrass Water
Note: Sacre, Candace Not entire Order. (Click on link for further comments.)

11:59:50 AM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Reflects Bluegrass pays more each system than remaining book value?

12:00:13 PM Atty Depp Bluegrass Water
Note: Sacre, Candace Not complete Order. (Click on link for further comments.)

12:01:25 PM Chairman Chandler
Note: Sacre, Candace Procedural discussion. (Click on link for further comments.)

12:03:05 PM Chairman Chandler
Note: Sacre, Candace Recess until 1.

12:03:18 PM Session Paused

1:04:55 PM Session Resumed

1:05:01 PM Chairman Chandler
Note: Sacre, Candace Back on the record in Case No. 2022-00432.

1:05:22 PM Chairman Chandler
Note: Sacre, Candace Still under oath.

1:05:27 PM Chairman Chandler
Note: Sacre, Candace Mr. Spenard, continue with cross?

1:05:35 PM Atty Spenard Scott County
Note: Sacre, Candace Marked as Scott County Hearing Exhibit 1, Commission's Order in 2020-00297.

1:05:36 PM MARKED - SCOTT COUNTY HEARING EXHIBIT 1
Note: Sacre, Candace ATTY SPENARD SCOTT COUNTY - WITNESS COX
Note: Sacre, Candace 2020-00297 COMMISSION ORDER ENTERED JAN 14 2021

1:06:37 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Cross Examination (cont'd). One of items at issue plant acquisition adjustment for Delaplain?

1:07:06 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace With regard to Order, page 14, reading (click on link for further comments), see that?

1:07:44 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Another reason concerns Bluegrass Water position unified rate?

1:08:03 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Page 12 of 14 testimony, question line 6, reading (click on link for further comments), 2020-00290?

1:09:03 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Part of what point to Commission's direction in 2020-00290, why support rate consolidation?

1:09:44 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Page 14 Order from 2020-00297 transfer case, reading (click on link for further comments), see that?

1:10:29 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Another sentence in that paragraph, reading (click on link for further comments), see that?

1:10:49 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Reading (click on link for further comments, see that?)

1:11:00 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace One of reasons here today?

1:11:06 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace In response to Staff Second, Item 23, responded to request, what asked, reading (click on link for further comments), remember response?

1:12:22 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Last sentence, reading (click on link for further comments), see that?

1:12:46 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Still position of Bluegrass Water?

1:13:28 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Fair characterize testimony Bluegrass Water objective unified rate?

1:13:58 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Not have unified rate schedule?

1:14:15 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Want some form rate schedule?

1:14:22 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Phase in, future recovery deferral?

1:14:56 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace If was phase in of rate for Delaplain customers deferral recovery from residential customers?

1:15:28 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Read testimony of Ariel Miller?

1:15:38 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Understanding Scott County seeks to maintain rate structure?

1:16:07 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Establish pathway to unified rate to Delaplain customers after phase in complete?

1:16:32 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Does Miller seek to provide for future recovery of deferral phase in?

1:16:59 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Lyons better witness?

1:17:11 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Proposed commercial rate, based in part on Lyon recommendation?

1:17:27 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Commercial customers Delaplain only metered customers?

1:17:50 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Identified differences in recommendations Watkins and Miller unmetered and metered service?

1:18:18 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Miller testimony Scott County phase in commercial rate for Delaplain?

1:18:45 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Miller approach seek provide recovery deferral of phase in commercial rate?

1:19:07 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Agree having larger customer base spread out cost of service?

1:19:24 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Agree larger customer base mitigate impact rate increases?

1:19:45 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Customer account provided response DR 28 and 29, asterisk under schedule, states, reading (click on link for further comments), see that?

1:21:24 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Equivalent residential units for sewer Delaplain commercial equivalent residential units for sewer?

1:22:00 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Twice amount next highest one?

1:22:18 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Supplemental response, Item 3, page 6 of 6, response provided that states, reading (click on link for further comments), still the case?

1:23:18 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Bluegrass supplemental response, PSC Second, May 12?

1:23:42 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Only five commercial account for ten percent of revenue?

1:23:56 PM Atty Spenard Scott County - witness Cox
Note: Sacre, Candace Staff Second Request, Item 24, Lyons testimony, page 2 of 2, reading (click on link for further comments), third, reading (click on link for further comments), aware of Lyons testimony?

1:25:20 PM Atty Spenard Scott County
Note: Sacre, Candace Scott County moves admission of Hearing Exhibits 1 and 2,

1:25:41 PM Chairman Chandler
Note: Sacre, Candace Objection?

1:25:42 PM SCOTT COUNTY HEARING EXHIBIT 1
Note: Sacre, Candace ATTY SPENARD SCOTT COUNTY - WITNESS COX
Note: Sacre, Candace 2020-00297 COMMISSION ORDER ENTERED JAN 14 2021

1:25:43 PM SCOTT COUNTY HEARING EXHIBIT 2
Note: Sacre, Candace ATTY SPENARD SCOTT COUNTY - WITNESS COX
Note: Sacre, Candace DRs 28 AND 29: CUSTOMER BREAKDOWN BY CLASSIFICATION

1:25:49 PM Chairman Chandler
Note: Sacre, Candace Mr. West, move to enter AG Hearing Exhibits 1, 2, and 3?

1:25:50 PM AG HEARING EXHIBIT 1
Note: Sacre, Candace ASST ATTY GENERAL WEST - WITNESS COX
Note: Sacre, Candace CENTRAL STATES WATER RESOURCES CORPORATE ENTITY ORGANIZATIONAL CHART

1:25:51 PM AG HEARING EXHIBIT 2
Note: Sacre, Candace ASST ATTY GENERAL WEST - WITNESS COX
Note: Sacre, Candace CENTRAL STATES WATER RESOURCES CORPORATE ENTITY ORGANIZATIONAL CHART CASE NO. 2020-00290

1:25:52 PM	AG HEARING EXHIBIT 3 Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS COX CSWR/CENTRAL STATES WATER RESOURCES CORPORATE ENTITY ORGANIZATIONAL CHART CASE NO. 2022-00216
1:26:01 PM	Chairman Chandler Note: Sacre, Candace	Objection?
1:26:03 PM	Chairman Chandler Note: Sacre, Candace	So entered Scott County 1 and 2 and AG 1, 2, and 3.
1:26:05 PM	Chairman Chandler Note: Sacre, Candace	Ms. Fell?
1:26:08 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Cross Examination. Involved in providing information to Watkins in preparation of study?
1:26:38 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Established very clearly involved in past rate case?
1:26:53 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Recall Commission findings result of that case?
1:26:58 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Recall final order discussing concern no wage and benefits study?
1:27:15 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Adjustments made as to salaries proposed?
1:27:28 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Aware wage and benefit study discussed today?
1:27:41 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Eight employees and eight positions studied?
1:27:57 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Aware how employees picked or chosen?
1:28:30 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Discussion regarding salaries, executive salaries, explain why not included in study?
1:29:11 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Recent increase to salary, six percent, six percent, eight percent, how calculated?
1:29:41 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Across the board or positions specific?
1:30:01 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Know who did?
1:30:13 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	What involvement in selection of system operators and contracts?
1:30:54 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Involved in RFPs?
1:31:12 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Commission questioned why single contractor, Clear Water, during case questioned why Clear Water selected for all contracts, Commission bids, believe Bluegrass working toward expectations?
1:32:31 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Able bid projects in Kentucky regionally?
1:33:00 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Do not believe decreased contracts realized?
1:33:40 PM	Staff Atty Fell PSC - witness Cox Note: Sacre, Candace	Discussion about hiring in-house contractors?
1:35:05 PM	Chairman Chandler Note: Sacre, Candace	Vice Chair?

1:35:09 PM	Vice Chair Hatton - witness Cox Note: Sacre, Candace	Examination. Curious how company finds systems, identify little systems in Kentucky?
1:36:42 PM	Vice Chair Hatton - witness Cox Note: Sacre, Candace	Believe only company uses this model buy distressed systems?
1:37:01 PM	Vice Chair Hatton - witness Cox Note: Sacre, Candace	Public comments, present?
1:37:12 PM	Vice Chair Hatton - witness Cox Note: Sacre, Candace	Concerns about company expanding, bills reflect cost of expansion, how respond?
1:38:04 PM	Vice Chair Hatton - witness Cox Note: Sacre, Candace	If people had problem with bill, who call?
1:38:29 PM	Vice Chair Hatton - witness Cox Note: Sacre, Candace	Pay in person in Kentucky?
1:38:43 PM	Vice Chair Hatton - witness Cox Note: Sacre, Candace	Not have Kentucky employees or office?
1:38:47 PM	Vice Chair Hatton - witness Cox Note: Sacre, Candace	But can pay at other businesses?
1:38:55 PM	Chairman Chandler Note: Sacre, Candace	Commissioner?
1:39:06 PM	Commissioner Regan - witness Cox Note: Sacre, Candace	Examination. Charge fee for paying in person?
1:39:31 PM	Commissioner Regan - witness Cox Note: Sacre, Candace	CSWR became largest owner domestic treatment plants?
1:39:45 PM	Commissioner Regan - witness Cox Note: Sacre, Candace	Mission bring safe, reliable, environmentally responsible water resources to communities?
1:40:04 PM	Commissioner Regan - witness Cox Note: Sacre, Candace	Reasonable rates part of that mission?
1:40:26 PM	Commissioner Regan - witness Cox Note: Sacre, Candace	What increase when go in and by system?
1:40:39 PM	Commissioner Regan - witness Cox Note: Sacre, Candace	Ten and 30, higher or lower?
1:41:10 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Examination. Two dozen across Commonwealth?
1:41:19 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Range from two dozen to few hundred customers, what is monthly operator expense for those systems?
1:41:51 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	For discharging system?
1:41:56 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Nondischarging system not needing an operator?
1:42:19 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	System discharges, KPDS program?
1:42:29 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Requires licensed sewer operator?
1:42:37 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Nondischarging system require operator have DOW permit?
1:43:04 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	County health departments oversight?
1:43:15 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Individual county requirements?
1:43:46 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Springcrest nondischarging?

1:43:56 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	HOA, before got there, had operator?
1:44:13 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Collection tanks and leach field operate?
1:44:40 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	\$3,000 per month per system?
1:44:50 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Two to three, how much per month per system?
1:45:08 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Three thousand, fifteen hundred per customer?
1:45:20 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Here in 2019 talking about same thing, testimony of Bluegrass over time would gain additional economies of scale and scope to reduce overall bills of system?
1:46:15 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	One was expectation accumulate certain number of systems reduced bid for operators?
1:46:45 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Graves/Mayfield/Marshall/McCracken/Paducah to Tennessee line?
1:47:09 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Ten to twelve systems?
1:47:15 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	If eight systems costing \$1,000 for operators, not afford hire somebody full time to service and operate systems?
1:48:46 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Included in contract cost?
1:48:54 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Included in monthly stuff?
1:49:05 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	What getting billed separately for, laid out in contract?
1:49:19 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	\$2,000 eight systems almost \$200,000 a year, not able hire three people eight individual systems?
1:51:04 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Have definitive break-even analysis how many acquire before customers see rates go down?
1:51:11 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Not what said in past?
1:51:31 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	What break even operations go down reduce cost to customers?
1:52:15 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Thought said number of systems not number of customers?
1:52:32 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Have idea of number of systems need to acquire in area for operator costs go down on gross basis?
1:53:04 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Determined break even analysis once we get to X number of systems of what look like where rates start going down?
1:54:24 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Current operating condition, right?
1:55:13 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Know before, had discussions with folks that do this?

1:55:34 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Last case, as gained systems believed reduction in operators' contracting costs, remember that?
1:56:04 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	No longer expect will be case?
1:56:50 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Expect expenses incurred at Bluegrass level or different level?
1:57:14 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Guess need to double number of systems to be cost effective?
1:57:40 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	CSWR became CSWR LLC?
1:57:50 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	First case, reference now reference CSWR LLC?
1:58:02 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Name change made in 2019?
1:58:06 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	CSWR LLC is Missouri entity?
1:58:20 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	If entity originally CSWR LLC created 2014 in Missouri, same entity?
1:58:41 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	2019 application, Kentucky CSWR, in AG Hearing 1 referred to CSWR LLC, same in 2, same in 3, expectation Kentucky CSWR Kentucky entity or Missouri entity?
1:59:10 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	There is a Kentucky entity called CSWR Bluegrass Capital Company LLC, no record of Kentucky CSWR LLC with Kentucky SOS, CSWR Bluegrass Capital Company LLC, Josiah Cox is president, separate or synonymous with Kentucky CSWR LLC
2:00:28 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Believe that to be managing member of Bluegrass Utility Holding Company LCC which managing member of Bluegrass Utility Operating Company LLC?
2:01:10 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Did you know has signed or issued two subpoenas in this case?
2:01:39 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Referred to them as U S Water LLC?
2:01:49 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Seen subpoenas?
2:01:55 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Everywhere U S Water LLC, seen U S Water LLC specific to this case?
2:02:34 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Not legal name?
2:02:43 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Issued a subpoena not legal name?
2:02:55 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Bluegrass Water refused to provide information?
2:03:04 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Not have address?
2:03:11 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	You know their address, got money from them?
2:03:43 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	That high because of operators?

2:04:16 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Pay more than \$350 for Airview?
2:04:25 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Remember Airview situation?
2:04:34 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Put cap on how much purchase for?
2:04:41 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Reason owner Airview trying to abandon it?
2:05:08 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	Limited to \$450?
2:05:22 PM	Chairman Chandler - witness Cox Note: Sacre, Candace	2019-00104, reading (click on link for further comments), agree language understood not pay more than \$450 for system?
2:06:40 PM	Chairman Chandler Note: Sacre, Candace	Recess until 2:25.
2:06:55 PM	Session Paused	
2:33:35 PM	Session Resumed	
2:33:45 PM	Chairman Chandler Note: Sacre, Candace	Back on the record.
2:33:51 PM	Chairman Chandler Note: Sacre, Candace	Redirect?
2:34:35 PM	Chairman Chandler Note: Sacre, Candace	Next witness?
2:34:38 PM	Atty Herrick Bluegrass Water Note: Sacre, Candace	Jacob Freeman.
2:34:45 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
2:34:56 PM	Chairman Chandler - witness Freeman Note: Sacre, Candace	Examination. Name and address?
2:35:10 PM	Atty Herrick Bluegrass Water - witness Freeman Note: Sacre, Candace	Direct Examination. Employer and position?
2:35:23 PM	Atty Herrick Bluegrass Water - witness Freeman Note: Sacre, Candace	Cause filing testimony?
2:35:30 PM	Atty Herrick Bluegrass Water - witness Freeman Note: Sacre, Candace	Sponsor data request responses?
2:35:35 PM	Atty Herrick Bluegrass Water - witness Freeman Note: Sacre, Candace	Corrections?
2:35:43 PM	Atty Herrick Bluegrass Water - witness Freeman Note: Sacre, Candace	If ask today, answers be same?
2:35:47 PM	Atty Herrick Bluegrass Water - witness Freeman Note: Sacre, Candace	Adopt testimony?
2:36:15 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Cross Examination: Involved in previous rate case in which Brocklyn involved?
2:36:26 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	2020-00290, CPCNs should have been obtained for construction, included Brocklyn system?
2:36:50 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Commission did ultimately deny CPCN?
2:37:00 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Testimony, page 10, acknowledged Bluegrass Water not filed CPCN for replacement of Brocklyn?

2:37:22 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Maintained and repaired, will obtain approval before replacing, or more option connecting to City of Richmond?
2:37:46 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	What occurred between prior case and currently, planned redo system?
2:37:59 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Things happened to lift station, what happened?
2:38:43 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Richmond, correct?
2:38:56 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	As far as Richmond, explain why not pursue connection at time?
2:39:40 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	General estimate how much costs incurred?
2:40:38 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	AG Request, Bluegrass provided communications with Richmond, since learning what require, any further communications?
2:41:11 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Further talks renegotiating with Richmond since completed repairs?
2:41:32 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Also say DOW require system turned over to City of Richmond?
2:42:41 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Brocklyn complete?
2:42:52 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Any new projects since then?
2:43:07 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Aware Excel spreadsheet improvements to systems?
2:43:33 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Date in service Dec 31 listed as equipment operator rate pumping of lagoon and disposal fee, explain?
2:44:50 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	In previous rate case cost for projects for River Bluffs over budget, recall?
2:45:16 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Issues and conditions not realized by Bluegrass Water, touch on those briefly?
2:46:13 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Aware of amount project increased based on new findings?
2:46:31 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Have any estimate at all?
2:46:46 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Double original estimates provided in rate case?
2:47:05 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	River Bluffs also complete?
2:47:31 PM	Staff Atty Fell PSC - witness Freeman Note: Sacre, Candace	Negative net salvage value, aware systems taken over whether cost of removal of existing of old asset included along with cost of new assets?
2:48:25 PM	Chairman Chandler Note: Sacre, Candace	Questions?
2:48:49 PM	Chairman Chandler Note: Sacre, Candace	Mr. Depp?
2:48:53 PM	Atty Depp Bluegrass Water Note: Sacre, Candace	Todd Thomas.

2:49:13 PM Chairman Chandler
Note: Sacre, Candace Witness is sworn.

2:49:19 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Examination. Name and address?

2:49:37 PM Atty Depp Bluegrass Water - witness Thomas
Note: Sacre, Candace Direct Examination. Employer and position?

2:49:45 PM Atty Depp Bluegrass Water - witness Thomas
Note: Sacre, Candace Cause testimony be filed?

2:49:50 PM Atty Depp Bluegrass Water - witness Thomas
Note: Sacre, Candace Data request responses?

2:49:56 PM Atty Depp Bluegrass Water - witness Thomas
Note: Sacre, Candace Corrections?

2:50:00 PM Atty Depp Bluegrass Water - witness Thomas
Note: Sacre, Candace If asked same questions, answers remain same?

2:50:05 PM Atty Depp Bluegrass Water - witness Thomas
Note: Sacre, Candace Adopt as testimony?

2:50:19 PM Chairman Chandler
Note: Sacre, Candace Mr. West?

2:50:32 PM Asst Atty General West - witness Thomas
Note: Sacre, Candace Cross Examination. Marshall Ridge, notices of violation issued by McCracken Co Health Department, where issues stand and what going on?

2:52:05 PM Asst Atty General West - witness Thomas
Note: Sacre, Candace What resolution look like?

2:52:26 PM Asst Atty General West - witness Thomas
Note: Sacre, Candace Violations still occurring?

2:52:54 PM Asst Atty General West - witness Thomas
Note: Sacre, Candace Long-term resolution rebuild leachate system?

2:53:05 PM Asst Atty General West - witness Thomas
Note: Sacre, Candace Continued receive complaints?

2:53:33 PM Asst Atty General West - witness Thomas
Note: Sacre, Candace Odor complaint?

2:53:41 PM Asst Atty General West - witness Thomas
Note: Sacre, Candace Airview, response to AG 1-15, news report residents of sewage backing up, broken service pipe issues, asked about that addressing plans to do anything repairs to lines, view of issue with service issue, company address, company plan conduct repairs Airview system?

2:57:30 PM Asst Atty General West - witness Thomas
Note: Sacre, Candace Familiar with Bluegrass Sewer tariff, referenced it?

2:57:47 PM Asst Atty General West - witness Thomas
Note: Sacre, Candace Reading (click on link for further comments), consistent with what just said, portion Bluegrass responsible for?

2:58:45 PM Asst Atty General West - witness Thomas
Note: Sacre, Candace Based on knowledge of issue, lines responsible currently?

2:59:02 PM Chairman Chandler
Note: Sacre, Candace Mr. Bellamy, Ms. Fell?

2:59:11 PM Staff Atty Fell PSC - witness Thomas
Note: Sacre, Candace Cross Examination. Staff Request, service contract April 7 2022, updated contracts since that time?

3:00:34 PM Staff Atty Fell PSC - witness Thomas
Note: Sacre, Candace As post-hearing data request, updated or operator contracts entered into since April 7 2022?

3:00:54 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	STAFF ATTY FELL PSC - WITNESS THOMAS OPERATOR CONTRACTS ENTERED INTO/UPDATED SINCE APR 7 2022
3:01:04 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Provided process submitting RFPs and how choose operator?
3:01:27 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	State RFPs sent to firms licensed, bid packages prepared sites broken up regionally, how broken up regionally?
3:02:24 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Able to submit RFPs on a regional basis?
3:03:19 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Heard testimony previous rate case and expectation on Bluegrass Water start obtaining operator contracts regionally for system?
3:05:05 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Expectation submit RFP on statewide basis?
3:05:24 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Extension mentioned also with Clear Water Solutions LLC?
3:05:50 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Testimony Chairman and Cox, in-house system operators, tipping point happen, analysis performed in-house operators taking over?
3:06:36 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Aware whether occurred in other states CSWR operate this type of system?
3:07:13 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Conversation regards in-house operators, written report of analysis prepared by Bluegrass Water?
3:07:38 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Benefit of in-house operators verse operators currently operating system?
3:08:36 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Aware who would have prepared?
3:08:50 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Aware whether Bluegrass Water, CSWR LLC, or U S Water LLC affiliated with Clear Water Solutions?
3:09:16 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Back to selecting operators, winning is based on lowest and best contractor, Clear Water been best on all?
3:09:49 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	What other considerations lowest price or lowest bid, staffing might also factor in?
3:11:10 PM	Staff Atty Fell PSC - witness Thomas Note: Sacre, Candace	Other operators come close to meeting expectations?
3:11:30 PM	Chairman Chandler Note: Sacre, Candace	Vice Chair?
3:11:32 PM	Vice Chair Hatton - witness Thomas Note: Sacre, Candace	Examination. How many bids receive?
3:11:40 PM	Vice Chair Hatton - witness Thomas Note: Sacre, Candace	No one else came close?
3:11:48 PM	Vice Chair Hatton - witness Thomas Note: Sacre, Candace	Process for seeking bids?
3:12:46 PM	Vice Chair Hatton - witness Thomas Note: Sacre, Candace	If received multiple bids, only accepted one contractor?
3:13:42 PM	Vice Chair Hatton - witness Thomas Note: Sacre, Candace	How do differently last time?

3:14:05 PM Vice Chair Hatton - witness Thomas
Note: Sacre, Candace Solid four hour drive between facilities, not most cost effective have contractor in multiple locations?

3:14:35 PM Vice Chair Hatton - witness Thomas
Note: Sacre, Candace Comment related using only one contractor?

3:15:00 PM Chairman Chandler
Note: Sacre, Candace Commissioner?

3:15:06 PM Commissioner Regan - witness Thomas
Note: Sacre, Candace Examination. If service emergency, customer calls Nitor?

3:16:04 PM Commissioner Regan - witness Thomas
Note: Sacre, Candace Dispatch if problem?

3:16:18 PM Commissioner Regan - witness Thomas
Note: Sacre, Candace Main to home customers responsibility?

3:16:34 PM Commissioner Regan - witness Thomas
Note: Sacre, Candace If customer responsibility, charge for that?

3:16:46 PM Commissioner Regan - witness Thomas
Note: Sacre, Candace Dispatch charge, ask person to fix, get a bill?

3:17:28 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Examination. Familiar with Clear Water?

3:17:45 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Familiar with Midwest Operators?

3:17:53 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Familiar with Kentucky?

3:17:59 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace If I call Midwest Water, know what talking about?

3:18:08 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Have a presence in Kentucky before 2019?

3:18:19 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Ask them to come here?

3:18:23 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace An invitation, told them what going to do in 2019?

3:18:49 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace People asked to come to Kentucky to bid on work only people across multiple bids now are only ones respond to four bids?

3:19:17 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Used to be Midwest, now Clear Water merger?

3:19:25 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Folks at Midwest still at Clear Water, Kuenzel and Merritt?

3:19:36 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Who worked with, Merritt, at Midwest?

3:19:41 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace In charge of operators at Midwest Water?

3:20:29 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace DOW qualifies certified waste water operators?

3:20:46 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace DOW maintains list of certified wastewater operators?

3:20:59 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Attempted to get list?

3:21:08 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Directed anyone to?

3:21:18 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Aware anybody sought list from DOW?

3:22:35 PM Chairman Chandler - witness Thomas
Note: Sacre, Candace Smither not qualified operator?

3:22:57 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Person from Marshall/McCracken Co owned facilities?
3:23:21 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Proceedings against him?
3:23:27 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Persimmon Ridge owner of facility?
3:23:59 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Asked come to Kentucky and do this, why makes sense them do it and not you all, how they make run of it operating systems if you all not make run of it?
3:25:45 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Paying for that?
3:25:59 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	What counterfactual comparing to know what paying less?
3:27:08 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	What own in Western Kentucky get to in 30 minutes, even Central Kentucky Richmond to Bullitt Co only talking two hours, see facilities plotted, how if not looked at it employ two or three people?
3:29:21 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Aware whether Clear Water provides operator services to other facilities in Kentucky?
3:29:42 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	How about Midwest Water?
3:29:58 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	How not paying for entirety of what offering you?
3:31:13 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	If only client, guys are paying for all that, no one allocate costs to?
3:31:52 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Who operators in Tennessee?
3:32:09 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	How about Missouri?
3:32:19 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Any other states border Kentucky?
3:32:36 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Louisiana, Tennessee?
3:32:49 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	How many systems in Missouri?
3:32:59 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Hit point bring in house?
3:33:05 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Hit 30 or 40 in Kentucky before start running numbers?
3:33:27 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Cape Girardeau hour from Paducah, Missouri, have any facilities down there?
3:34:00 PM	Chairman Chandler - witness Thomas	
	Note: Sacre, Candace	Not bid out facilities with ones in Paducah given proximity?
3:34:17 PM	Chairman Chandler	
	Note: Sacre, Candace	Recess until 3:45.
3:34:32 PM	Session Paused	
3:53:32 PM	Session Resumed	
3:53:47 PM	Chairman Chandler	
	Note: Sacre, Candace	Back on record.
3:53:52 PM	Chairman Chandler	
	Note: Sacre, Candace	Redirect?

3:54:11 PM	Chairman Chandler Note: Sacre, Candace	Mr. Herrick, next witness? (Click on link for further comments.)
3:54:16 PM	Chairman Chandler Note: Sacre, Candace	Procedural discussion. (Click on link for further comments.)
3:56:23 PM	Atty Herrick Bluegrass Water Note: Sacre, Candace	Brent Thies.
3:56:35 PM	Chairman Chandler Note: Sacre, Candace	Witness is sworn.
3:56:42 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Examination. Name and address?
3:57:08 PM	Atty Herrick Bluegrass Water - witness Thies Note: Sacre, Candace	Direct Examination. Employer and position?
3:57:20 PM	Atty Herrick Bluegrass Water - witness Thies Note: Sacre, Candace	Cause testimony be filed?
3:57:25 PM	Atty Herrick Bluegrass Water - witness Thies Note: Sacre, Candace	Sponsor responses?
3:57:30 PM	Atty Herrick Bluegrass Water - witness Thies Note: Sacre, Candace	Corrections?
3:58:40 PM	Atty Herrick Bluegrass Water - witness Thies Note: Sacre, Candace	BT-14, Column C, line 10, not change total?
3:58:57 PM	Atty Herrick Bluegrass Water - witness Thies Note: Sacre, Candace	Any other?
3:59:01 PM	Atty Herrick Bluegrass Water - witness Thies Note: Sacre, Candace	With change, adopt testimony and responses?
3:59:13 PM	Chairman Chandler Note: Sacre, Candace	Mr. West?
3:59:17 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Cross Examination. Revenue requirement impacts, have rebuttal available, page 3, chart shows summary of three impacts, describe those?
4:00:30 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Total value \$266,526?
4:00:45 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Insurance expense \$90,314, Dittenmore proposed reduction, difference in values?
4:01:12 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Acceptable post-hearing data request calculations supporting?
4:01:13 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS THIES PROVIDE CALCULATIONS SUPPORTING INSURANCE EXPENSE DIFFERENCE IN VALUES
4:01:22 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Site visit waiver, revenue requirement impact \$168,433?
4:01:36 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Related to fewer inspections rather than daily inspections?
4:02:25 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Tell me what document is?
4:02:37 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Page 16, read paragraph 65?
4:02:41 PM	MARKED - AG HEARING EXHIBIT 4 Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS THIES CASE NO. 2022-00216 APPLICATION FOR CPCN AND LIMITED WAIVER OF DAILY INSPECTION REQUIREMENTS

4:02:42 PM	MARKED - AG HEARING EXHIBIT 5 Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS THIES CASE NO. 2022-00216 COMMISSION ORDER ENTERED AUGUST 2 2023
4:03:52 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	What is this document?
4:04:02 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Page 5, read sentence, seven lines down?
4:04:57 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Explain difference adjustment \$168,433 versus projections from CPCN case?
4:05:42 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Ask those calculations as post-hearing data request?
4:05:43 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS THIES EXPLAIN DIFFERENCE BETWEEN ADJUSTMENT OF \$168,433 RELATED TO SITE WAIVER AND PROJECTIONS FROM CPCN CASE
4:06:01 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Revenue impact associated with Randview?
4:06:25 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Response to AG 1-56, three exhibits, shows projected revenue requirements?
4:07:51 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Identify revenue values with Randview and excluding Randview?
4:08:27 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Difference \$59,208, sound right?
4:08:45 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Refer to direct testimony, page 26, read question and answer lines 10-17 and discuss values associated with Randview?
4:10:18 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Supplemental Exhibit, PSC 3-7, what spreadsheet show?
4:11:47 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Pro forma revenue and present rates, if adjusted sewer removes impact Randview, why those not changed?
4:12:33 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Reason why not change?
4:13:19 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Total revenue requirement, sewer and adjusted sewer, difference is \$277,831?
4:13:53 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Why value be any different than overall reduction proposed in your testimony?
4:14:23 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Post-hearing data request confirm Randview calculations?
4:14:24 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS THIES CONFIRM RANDVIEW CALCULATIONS
4:14:33 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Remote monitoring, what ratepayers paying for, revenue requirement include return of or on investments remote monitoring equipment?
4:15:21 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Commission said in Order this case would determine whether amounts acceptable?

4:15:53 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Post-hearing data request point to value of equipment proposed to go into revenue requirement?
4:15:54 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS THIES VALUE OF EQUIPMENT PROPOSED IN REVENUE REQUIREMENT
4:16:29 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Provide proposal late fees?
4:17:48 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Proposal late fee required one day late, thirty days late?
4:18:25 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	Mentioned calculations company did, company included new revenue stream to reduce rates?
4:18:56 PM	Asst Atty General West - witness Thies Note: Sacre, Candace	How company propose ratepayers receive benefit of revenue stream?
4:19:42 PM	Chairman Chandler Note: Sacre, Candace	Mr. Spenard?
4:19:56 PM	Atty Spenard Scott County - witness Thies Note: Sacre, Candace	Cross Examination. Supplemental Response to Staff Third, Item 3-7, filed on Sept 13, post-filing adjustments?
4:20:50 PM	Atty Spenard Scott County - witness Thies Note: Sacre, Candace	Negative \$130,898, see that?
4:21:05 PM	Atty Spenard Scott County - witness Thies Note: Sacre, Candace	What in that amount, how arrived at that amount?
4:21:44 PM	Atty Spenard Scott County Note: Sacre, Candace	Post-hearing data request clarification?
4:22:01 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace	ATTY SPENARD SCOTT COUNTY - WITNESS THIES CLARIFICATION OF AMOUNT OF POST-FILING ADJUSTMENTS
4:22:02 PM	Atty Spenard Scott County - witness Thies Note: Sacre, Candace	\$259,168 walk through again and tell composition of amount?
4:22:56 PM	Atty Spenard Scott County - witness Thies Note: Sacre, Candace	Testimony submitted in case, case pending CPCN for work Delaplain facility, 2022-00104, familiar with application?
4:23:40 PM	Atty Spenard Scott County - witness Thies Note: Sacre, Candace	Post-test year adjustments, this application for Order approving CPCN?
4:24:12 PM	Atty Spenard Scott County - witness Thies Note: Sacre, Candace	Rebuttal, addresses recommendations Ariel Miller?
4:24:30 PM	Atty Spenard Scott County - witness Thies Note: Sacre, Candace	Amount paid by Bluegrass Water in excess of net book value of Delaplain system?
4:24:56 PM	Atty Spenard Scott County - witness Thies Note: Sacre, Candace	Classify on books of Bluegrass, rate recovery separate from classification?
4:25:18 PM	Atty Spenard Scott County - witness Thies Note: Sacre, Candace	Amounts associated with that system on books of Bluegrass Water system properly in land account?
4:26:07 PM	Chairman Chandler Note: Sacre, Candace	Move introduction AG 4 and 5?
4:26:08 PM	AG HEARING EXHIBIT 4 Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS THIES CASE NO. 2022-00216 APPLICATION FOR CPCN AND LIMITED WAIVER OF DAILY INSPECTION REQUIREMENTS

4:26:09 PM	AG HEARING EXHIBIT 5 Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL WEST - WITNESS THIES CASE NO. 2022-00216 COMMISSION ORDER ENTERED AUGUST 2 2023
4:26:15 PM	Chairman Chandler Note: Sacre, Candace	Mr. Bellamy?
4:26:22 PM	Video Conference Activated	
4:26:33 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Cross Examination. Primary role providing and supporting revenue requirement calculation?
4:26:42 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Involved in last rate case?
4:26:46 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Similar role?
4:27:01 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Historical test year this case?
4:27:13 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Familiar with differences how revenue requirement calculated forecasted as opposed historic test year?
4:27:26 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	What are differences?
4:27:50 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Regulatory lag than historic test year?
4:28:08 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	How are forecasted plant additions occur during test year treated?
4:28:40 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Project projects going to occur?
4:28:49 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Project actual costs, but when use rate base, use 13-month average?
4:29:20 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	When doing forecasted test period, use full amount?
4:29:54 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Not be forecasted test period?
4:30:06 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Agree how calculated in Kentucky, 13-month average?
4:30:11 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	If filed forecasted test year beginning Jan 1 2024 contribution to rate base projected Dec 2024 significantly reduced?
4:30:51 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	\$13 million placed in service 2024 be one million?
4:31:17 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Response to Staff Fourth, Item 22, responded to this?
4:32:20 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Provide in-service date each project and how projected, Jun 2024 in- service date without confirmation from contractors believe work be concluded by 2024, included in rate base?
4:33:07 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	No 13-month average?
4:33:22 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	If that case, if use forecasted, plant additions discounted on 13- month average?

4:33:53 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Statute says beginning of test period point at which extension period end, seven months after filing application, Sept 1 2023, if plant going into service Jun 2024, partially discounted?
4:34:38 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	If using forecasted?
4:34:45 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Forecasted intended reduce regulatory lag, historic why included in rate base for test period?
4:35:29 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	How reading known and measurable, if granted CPCN today, Jan 1 2025, project be included in rate base plant in service?
4:36:47 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Known and measurable changes already occurred by time rate placed in effect?
4:37:17 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	If projecting date, not know date, projecting when think plant additions occur some point in future?
4:37:48 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Examination. Any known and measurable cost is what?
4:38:25 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Not forecasted, incurred?
4:38:33 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Not estimate based on something different happening, already happened?
4:38:48 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Unknown will occur, unknown has occurred, distinction?
4:39:28 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Cross Examination (cont'd). When calculated plant in service, added items, acquisition related costs?
4:41:20 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Recall \$1.8 million acquisition related costs added to rate base?
4:41:40 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Attempt add items up by vendor and system, post-hearing data request do same thing, mistake point that out?
4:41:41 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST GEN COUNSEL BELLAMY PSC - WITNESS THIES TOTAL OF ITEMS BY SYSTEM AND VENDOR
4:43:24 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	First page, McBrayer McGinnis Leslie Kirkland, acquisition costs \$595,000?
4:43:57 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Last page, Beckemeier Law Firm, acquisition related costs \$504,000?
4:45:36 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Acquisition, deal with acquisition or dealing with construction?
4:46:36 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	What was standard again?
4:46:49 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	File account description as post-hearing data request?
4:46:50 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST GEN COUNSEL BELLAMY PSC - WITNESS THIES ACCOUNT 186 DESCRIPTION
4:46:57 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	When looking something capitalized into that account, what look for?

4:48:06 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Have attorneys and firms doing other case work, how determine if bill fits into what should be capitalized or actually just expense?
4:49:03 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	What distinction between what Beckemeier law firm does and what McBrayer does?
4:49:58 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	\$32,000 expenses not have vendor, know what expenses are?
4:50:27 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	What type of work is Midwest Water Operations doing, \$142,000 in that?
4:51:16 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Doing everyday operations for you, and this type, how delineate?
4:51:59 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	What standard use what type work fit into Account 183?
4:53:12 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Any discussion of whether something include in plant and service under Delta test or implementation of Delta test?
4:54:00 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Account 183, plant in service account, or put in there and move over to plant and service?
4:54:27 PM	Asst Gen Counsel Bellamy PSC - witness Thies Note: Sacre, Candace	Assign that over, how determine what accounts assign it to when move it?
4:55:40 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Examination. Booked these in plant in service upon closing of purchase?
4:56:00 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Not necessarily actual construction?
4:56:09 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Read Uniform System of Accounts for utilities of this type?
4:56:18 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Explanation ones adopted by PSC and Account 183?
4:56:41 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Says for 183, if construction results, account shall be credited and appropriate utility plant account charged, actually charging plant account upon purchase, not upon construction?
4:57:50 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Not what Uniform System of Account says, read 183, Preliminary Survey and Investigation Charges, account talking about?
4:58:07 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Reading from NARUC System of Accounts 2002, reading (click on link for further comments), think booking legal expenses relative to closing purchase of brand new facility all costs capitalized at time of closing?
5:00:15 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Using closing of a purchase of new asset as project as used in definition of 183?
5:00:53 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Disagree with me explanation should not actually put in utility plant in service until construction results?
5:01:12 PM	Chairman Chandler - witness Thies Note: Sacre, Candace	Agree contingent upon construction resulting?

5:01:21 PM Chairman Chandler - witness Thies
Note: Sacre, Candace If not make upgrade, already booked all costs in utility plant in service?

5:01:56 PM Chairman Chandler - witness Thies
Note: Sacre, Candace But all \$1.1 million in legal expenses would have been?

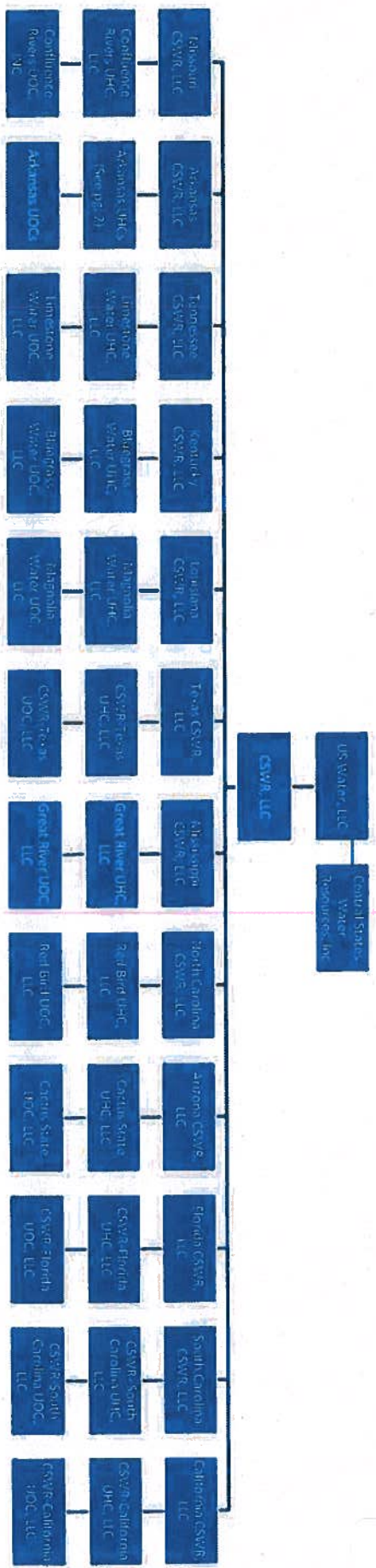
5:02:30 PM Chairman Chandler
Note: Sacre, Candace Recess until 9 am tomorrow.

5:02:48 PM Session Ended

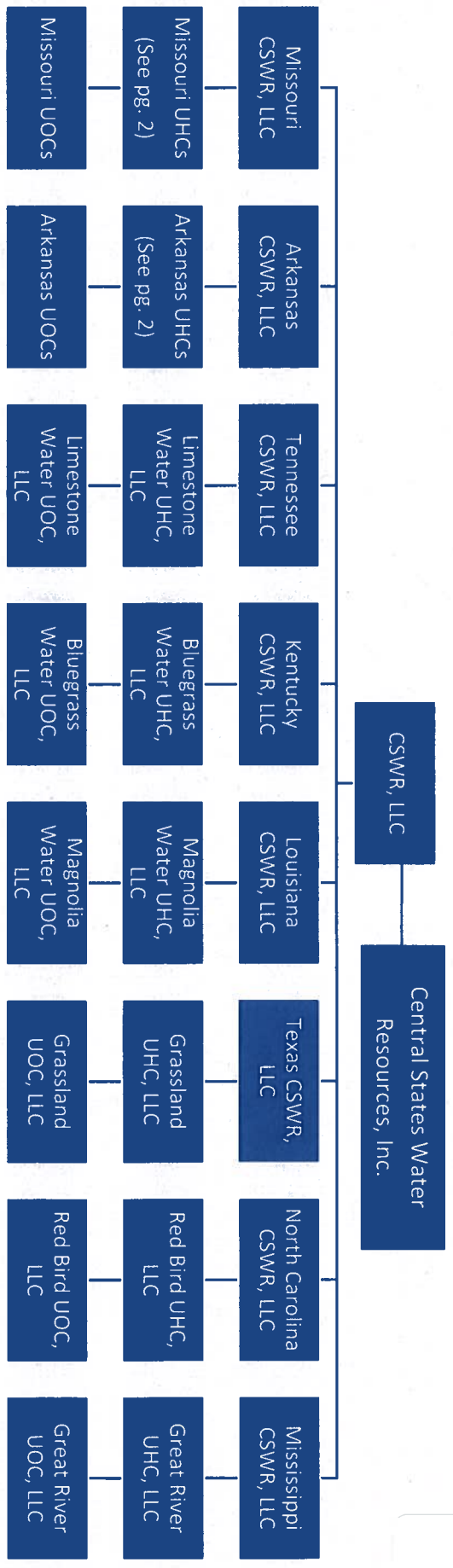


Name:	Description:
ATTORNEY GENERAL HEARING EXHIBIT 1	CENTRAL STATES WATER RESOURCES CORPORATE ENTITY ORGANIZATIONAL CHART
ATTORNEY GENERAL HEARING EXHIBIT 2	CENTRAL STATES WATER RESOURCES CORPORATE ENTITY ORGANIZATIONAL CHART CASE NO. 2020-00290
ATTORNEY GENERAL HEARING EXHIBIT 3	CSWR/CENTRAL STATES WATER RESOURCES CORPORATE ENTITY ORGANIZATIONAL CHART CASE NO. 2022-00216
ATTORNEY GENERAL HEARING EXHIBIT 4	CASE NO. 2022-00216 APPLICATION FOR CPCN AND LIMITED WAIVER OF DAILY INSPECTION REQUIREMENTS
ATTORNEY GENERAL HEARING EXHIBIT 5	CASE NO. 2022-00216 ORDER ENTERED AUG 02 2023
SCOTT COUNTY HEARING EXHIBIT 1	CASE NO. 2020-00297 ORDER ENTERED JAN 14 2021
SCOTT COUNTY HEARING EXHIBIT 2	DRS 28 & 29: CUSTOMER BREAKDOWN BY CLASSIFICATION

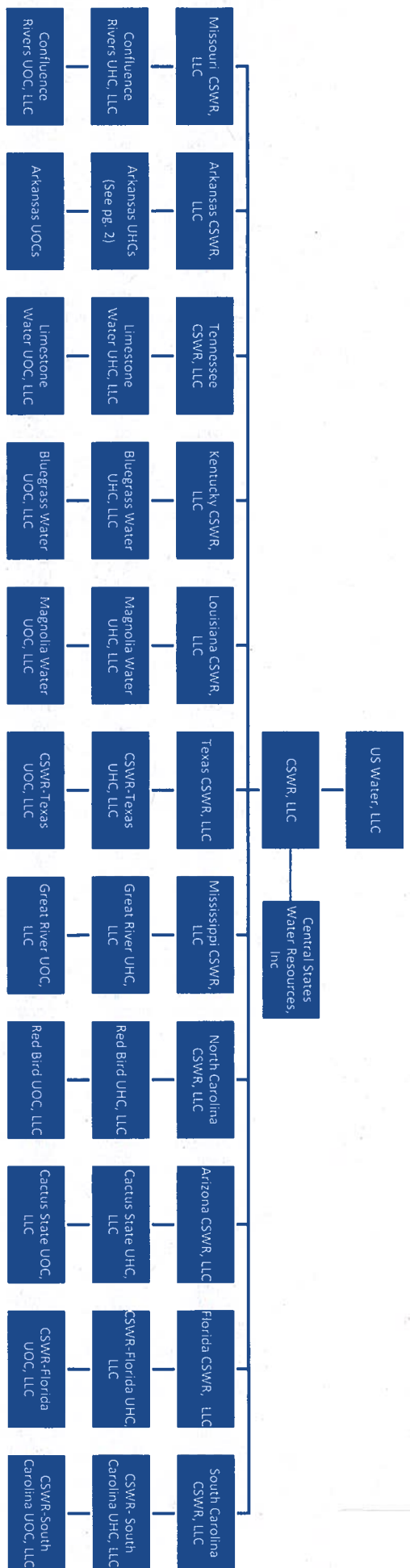
Central States Water Resources Corporate Entity Organizational Chart



Central States Water Resources Corporate Entity Organizational Chart



CSWR/Central States Water Resources Corporate Entity Organizational Chart



**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:)
)
 Electronic Application of) **Case No. 2022-00216**
 Bluegrass Water Utility Operating)
 Company, LLC for Certificate of)
 Public Convenience and Necessity for the)
 Installation of Monitoring Equipment)
 and for a Corresponding Limited Waiver)
 of Daily Inspection Requirements)

**APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY
AND LIMITED WAIVER OF DAILY INSPECTION REQUIREMENTS**

Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water” or the “Company”), by counsel, and pursuant to KRS § 278.020(1), 807 KAR 5:001, 807 KAR 5:006, 807 KAR 5:071, and other applicable law, respectfully states as follows in connection with its Application in the above-captioned matter.

Introduction

1. As part of its ongoing efforts to integrate its Kentucky facilities and to thereby bring economies of scale, operational improvements, and other efficiencies to its Kentucky customers, Bluegrass Water seeks to accomplish two principal objectives with this Application. **First**, it seeks to obtain a Certificate of Public Convenience and Necessity (“CPCN”) from the Kentucky Public Service Commission (“Commission”) to install and operate certain remote monitoring equipment at its Randview, Longview Homestead, Timberland, River Bluffs, Center Ridge, Arcadia Pines, Carriage Park, Marshall Ridge, Delaplain, Herrington Haven, Woodland Acres, Darling, and Springcrest sites. This project will be similar in nature to the remote monitoring equipment

installations discussed in a prior proceeding,¹ and the public convenience and necessity require the proposed new monitoring equipment discussed in this Application. **Second**, the Company seeks a limited waiver of certain daily inspection requirements that are more effectively and efficiently achieved through the operation of the remote monitoring equipment across all of its affected system facilities. The waiver sought is for all sites where the remote monitoring equipment is currently or will be installed. Once the remote monitoring equipment is installed, Bluegrass Water will have remote monitoring equipment in place and operating at all its Kentucky locations.² Although the Company does not seek a rate adjustment at this time, approving its proposed monitoring equipment installation and approving a limited waiver to leverage the operational and financial efficiencies of the monitoring equipment is vital to its overarching objective to improve service to its Kentucky customers.

2. As detailed in this Application and other documents provided herewith, each aspect of this Application has been examined by the Company to ensure that it presents a reasonable, necessary, and cost-effective course of action. The proposed monitoring equipment is necessary for the Company's implementation of operational improvements and efficiencies across its systems. In addition, the proposed facilities will not result in wasteful duplication, especially in light of the request for a corresponding limited waiver of daily inspection requirements at facilities where the monitoring equipment operates and is proposed to operate. Consistent with KRS

¹ See *In the Matter of Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction*, Case No. 2020-00290 (Order of Aug. 2, 2021).

² For those locations where the remote monitoring equipment was previously installed, the equipment itself will not need to be replaced. Instead, the Company will be able to simply replace a small component to enable operation of that equipment with the new monitoring service provider.

Chapter 278 and the Commission's regulations and precedent, Bluegrass Water respectfully requests an Order granting the relief requested herein.

I. Applicant Information, Relief Sought, and General Requirements

3. The Company's full name is Bluegrass Water Utility Operating Company, LLC. The Company's address is 1630 Des Peres Road, Suite 140, St. Louis, Missouri 63131. Its email address for purposes of this proceeding is regulatory@cswrgroup.com.

4. Bluegrass Water is a limited liability company that was organized under Kentucky law on March 21, 2019. It is currently in good standing with the Kentucky Secretary of State.

5. Bluegrass Water provides water and wastewater services in communities across the Commonwealth. It owns and operates wastewater utilities in Bullitt, Franklin, Garrard, Graves, Hardin, Jessamine, Madison, Marshall, McCracken, Oldham, Scott, and Shelby counties and a water utility in Calloway County. The Company serves 3,573 total water and wastewater customers.

6. The Company seeks two things in this Application. Pursuant to KRS § 278.020(1), 807 KAR 5:001, 807 KAR 5:006, 807 KAR 5:071, and other applicable law, it seeks: (i) a CPCN to install remote monitoring equipment at certain of its treatment facilities; and (ii) a limited waiver of certain daily inspection requirements (as more specifically set out at 807 KAR 5:071 § 7(4)) in light of the proposed remote monitoring equipment's anticipated benefits and capabilities.

II. Regulatory Requirements for CPCN Application

7. Pursuant to KRS § 278.020(2), 807 KAR 5:001 § 15(2), and 807 KAR 5:071 § 3(1)(a), the Company submits this Application for a CPCN to install and operate remote

monitoring equipment at its Randview, Longview Homestead, River Bluffs, Center Ridge, Arcadia Pines, Carriage Park, Marshall Ridge, Delaplain, Herrington Haven, Woodland Acres, Darlington, and Springcrest sites.

8. To obtain a CPCN pursuant to KRS § 278.020, a utility must demonstrate a need for the facilities it proposes to construct and an absence of wasteful duplication.³ These requirements ensure that a utility avoids unreasonable or excessive investments by, among other things, confirming the applicant has performed a thorough review of available alternatives.⁴

9. The proposed remote monitoring project is not an “excessive investment in relation to efficiency,” nor would it result in “an unnecessary multiplicity of physical properties.”⁵ Rather, the Company’s thorough investigation of reasonable alternatives supports a finding that installing and operating the remote monitoring equipment is the best option for the Company’s customers and itself.

A. 807 KAR 5:001 § 15 Requirements

10. Pursuant to 807 KAR 5:001 § 15(2)(a), the facts relied on to show that the proposed construction or extension is or will be required by public convenience or necessity are set forth in this Application and in the exhibits hereto. *See* Section III, *infra*.

11. Pursuant to 807 KAR 5:001 § 15(2)(b), the Company states that because the installation of the remote monitoring equipment does not involve new construction, permits for

³ *Kentucky Utilities Co. v. Pub. Serv. Comm’n*, 252 S.W.2d 885 (Ky. 1952).

⁴ Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. P.S.C. Sept. 8, 2005).

⁵ *Kentucky Utilities Co.*, *supra*, 252 S.W.2d at 891.

proposed construction are not required in connection with the proposed installation and operation of the remote monitoring equipment.

12. Pursuant to 807 KAR 5:001 § 15(2)(c), the Company hereby provides in this Application a full description of the proposed location of its proposed remote monitoring equipment installation. The installation does not require construction; rather, if Bluegrass Water's application is approved, Bluegrass Water's certified technicians will install the remote monitoring equipment at existing sites.

13. The proposed remote monitoring equipment installation is also not likely to compete with any other public utility, corporation, or person.

14. Specifically, the Company proposes installing the remote monitoring equipment at the following sites in Kentucky:

- a. Randview (Graves County);
- b. Longview Homestead (Scott County);
- c. Timberland Subdivision (McCracken County);
- d. River Bluffs (Oldham County);
- e. Center Ridge (Calloway County);
- f. Arcadia Pines (McCracken County);
- g. Carriage Park (McCracken County);
- h. Marshall Ridge (McCracken County);
- i. Delaplain (Scott County);
- j. Herrington Haven (Garrard County);
- k. Woodland Acres (Bullitt County);
- l. Darlington (Campbell County); and

m. Springcrest (Jessamine County).

15. Pursuant to 807 KAR 5:001 § 15(2)(d)(1), the Company hereby provides, as Exhibit 15, maps to suitable scale showing the location of the proposed installations; there are no facilities in the map areas owned by other utilities. The Company notes that – for certain of the systems (Randview and Center Ridge #4, in particular) – the sellers of those systems were unable to provide maps showing the detail required by this section of the regulation. The maps provided with this Application are the most detailed maps currently available to the Company. Consequently, and in light of the other information provided throughout this Application, the Company respectfully seeks a deviation, to the extent required and pursuant to 807 KAR 5:001 § 22, authorizing the filing of the attached maps as satisfying the requirements described in 807 KAR 5:001 § 15(2)(d)(1).

16. Pursuant to 807 KAR 5:001 § 15(2)(d)(2), the Company hereby provides, as Exhibit 16, manufacturer documentation regarding the remote monitoring equipment. To the extent the Commission believes this manufacturer documentation may be insufficient to satisfy the “plans, specifications, and drawings” requirement of this section of the regulation, the Company respectfully seeks a deviation, to the extent required and pursuant to 807 KAR 5:001 § 22.

17. Pursuant to 807 KAR 5:001 § 15(2)(e), the Company plans to finance the proposed remote monitoring project with equity capital provided by its parent company, CSWR, LLC (“CSWR”), and the estimated capital cost of the proposed project is anticipated to be \$230,100.74. The equity financing from CSWR will cover the proposed expenditures such that the proposed refinancing is unnecessary for Bluegrass Water’s ability to pay for the remote monitoring project.

18. Pursuant to 807 KAR 5:001 § 15(2)(f), the Company states that the estimated annual cost of operating the proposed remote monitoring equipment after the proposed facilities are placed into service is \$41,303.08. If the Application is granted as proposed, this is anticipated to result in annual net savings of approximately \$233,000 per year, as a consequence of reduced daily inspection charges the Company would otherwise be required to continue incurring, as well as reduced labor costs that daily inspection requires. Thus, if the Commission approves the installation of the remote monitoring equipment and the Company's request for a limited waiver of the daily inspection requirement, the remote monitoring project pays for itself in about one year.

19. When coupled with other anticipated operational improvements and efficiencies as discussed in more detail in Section III below, the immediate and long-term customer benefits of the proposed project are anticipated to be substantial.

B. 807 KAR 5:071 § 3 Requirements

20. In addition to the requirements of 807 KAR 5:001 §§ 14 & 15, the Company must also comply with 807 KAR 5:071 § 3(1). *See* 807 KAR 5:071 § 3(1).

21. Pursuant to 807 KAR 5:071 § 3(1)(a), the Company states that in fulfillment of conditions in the final orders in Cases Nos. 2019-00104, 2019-00360, and 2020-00297, and to insure continuity of wastewater service, Bluegrass has obtained and filed with the Commission an Amended and Restated Guaranty from CSWR in favor of the Commission and providing for two months of Bluegrass's obligation to its third-party contractors for services to all the sites of its wastewater system, including for the affected service area(s). A copy of the Guaranty is submitted as Exhibit 21.

22. Pursuant to 807 KAR 5:071 § 3(1)(b), the Company states that because the installation of remote monitoring equipment does not involve new construction, preliminary approval from the Division of Water Quality is not required.

23. Pursuant to 807 KAR 5:071 § 3(1)(c), the Company attaches as Exhibit 15 a detailed map of the sewage treatment facilities showing the location of plant, effluent discharge, collection mains, manholes, and utility service area. *See also* para. 15.

24. Pursuant to 807 KAR 5:071 § 3(1)(d), the Company attaches as Exhibit 24 a detailed estimate of the anticipated \$230,100.74 cost of installing the remote monitoring project. If the Commission does not approve Bluegrass Water's request for a limited waiver of daily inspection requirements, the payback period for the proposed electronic monitoring project lengthens from approximately one year to approximately ten years.

25. Pursuant to 807 KAR 5:071 § 3(1)(e), the Company submits Financial Exhibits in the form described in 807 KAR 5:001 § 12 as Exhibits 25(a) and 25(b).⁶

26. Pursuant to 807 KAR 5:071 § 3(1)(f), the Company states that it proposes to finance the improvements through equity capital from its parent company, CSWR.

27. Pursuant to 807 KAR 5:071 § 3(1)(g), the Company states that the annual cost of operation for the proposed remote monitoring facilities for which a CPCN is sought is estimated to be approximately \$41,303.08, after installation.

28. Pursuant to 807 KAR 5:071 § 3(1)(h), the Company estimates that the total number of customers, class of customers, and average monthly consumption for each class of customer to be served by the proposed remote monitoring equipment is not anticipated to change as a

⁶ The redacted exhibit is publicly filed herewith; an unredacted and highlighted version has been provided under seal with a Motion for Confidential Treatment.

consequence of the installation. The total number of customers affected by the request to install the remote monitoring equipment is 2,363; the total number of customers affected by the waiver request is 3,573.

29. The requirements set forth in 807 KAR 5:071 § 3(i), (j), & (k) do not apply to the Company because the Company is not presently seeking to adjust rates. *See* 807 KAR 5:071 § 3(1)(m) (“If the establishment of rates is not sought by the applicant, omit paragraphs (i), (j), and (k) of this subsection.”).

30. Pursuant to 807 KAR 5:071 § 3(1)(l), the Company hereby provides a full and complete explanation of its current corporate organizational chart (attached as Exhibit 30) in order to give the Commission a full and complete understanding of the situation. Bluegrass Water is a member-managed company. Its manager is Central States Water Resources, Inc. (“Central States”), which is an affiliate entity incorporated under Missouri law. Bluegrass Water’s sole member is Bluegrass Water Utility Holding Company, LLC, whose sole member is Kentucky Central States Water Resources, LLC, which is organized under Kentucky law. The sole member of Kentucky Central States Water Resources is CSWR.

C. 807 KAR 5:001 § 12 Requirements

31. Pursuant to 807 KAR 5:001 § 12, the Company’s Financial Exhibits are attached as Exhibits 25(a) and 25(b). *See also* para. 25.

D. Other Filing Requirements

32. The Company has included a table showing its compliance with the statutory and regulatory requirements for this Application. *See* Exhibit 32.

III. Public Convenience and Necessity Require the Remote Monitoring Project

A. Remote Monitoring Project Proposed

33. The Company proposes to install a remote monitoring system at its Randview, Longview Homestead, Timberland, River Bluffs, Center Ridge, Arcadia Pines, Carriage Park, Marshall Ridge, Delaplain, Herrington Haven, Woodland Acres, Darlington, and Springcrest sites.

34. A remote monitoring system immediately alerts operators when abnormal operating conditions, equipment failures, and other treatment failures occur. Remote monitoring enables 24/7/365 visibility into how Bluegrass Water's facilities are functioning. These alerts often occur long before a person on the ground conducting a visual inspection would see a potential problem with the system. Moreover, the real-time alerts provide faster warnings regarding potential maintenance issues, thereby helping the Company prevent system problems before they occur and otherwise helping improve system reliability.

35. Specifically, remote monitoring enables Bluegrass Water to track the following data points for its wastewater facilities: wet well level monitoring, screw screens, pumps, rain gauge data, flow meter reporting, blowers, chlorine levels, and dissolved oxygen levels. Remote monitoring also provides preventative maintenance alerts.

36. The remote monitoring equipment the Company proposes to install is manufactured by High Tide. Manufacturer documentation regarding the proposed installation is attached as Exhibit 16. *See also* para. 16.

37. An authorized and licensed installer will be used to install the proposed equipment.

38. In addition to the installation of the remote monitoring equipment at the above-identified systems (*see* para. 33), Bluegrass Water will also be making a slight modification of its

existing remote monitoring equipment at its remaining Kentucky systems in order to facilitate the operation of that previously-installed equipment through High Tide's user interface.

39. Thus, upon completion of the proposed project, Bluegrass Water will be capable of remotely monitoring all of its Kentucky systems through the High Tide interface.

B. Need for and Benefits of Remote Monitoring

40. Remote monitoring offers many benefits for both the system operators and the end-use customers. It provides continuous, accurate live data to operators, enabling the operator to monitor the facility and control costs. When operated optimally and to their full potential, facilities should be capable of consistently meeting limits. Conversely, when plants are not operated optimally, and fail to consistently meet limits, those failures can result in unnecessary facilities upgrades. In some cases, some or all upgrades could have been avoided if operators had a better understanding of how the plant was running. Remote monitoring ensures operators have constant access to data and are able to fine-tune plant operations with full understanding of how that fine-tuning affects plant performance, reliability, and longevity.

41. Remote monitoring also drives down the cost of environmental compliance by reducing the frequency, likelihood, and severity of potential violations. Earlier warnings enable operators to respond more quickly to abnormal conditions and to correct problems before the treatment process is interrupted, backups and sanitary system overflows occur, or customers lose service. For example, if operators receive a notification the moment a lift station pump fails, they can immediately go to the site and correct the problem. In contrast, without remote monitoring, when a lift station pump fails, operators typically do not know until an audio or visual alarm is triggered or a customer—who has already lost or experienced reduced service—calls to report the problem. This delay can lead to lift station overflows or backups into customers' homes. Apart

from adverse customer impact and associated cleanup implications, if these events occur, they also trigger reporting obligations to Kentucky's Energy and Environment Cabinet or Department of Environmental Protection and could lead to fines.

42. And while remote monitoring cost savings are difficult to quantify because the savings result from preventing equipment performance issues before they happen (thereby avoiding customer-affecting, clean-up, and noncompliance issues altogether), the increased efficiency of communication that it facilitates with the operator creates opportunities for operational improvements and efficiencies to the customer. This is especially true when considered in conjunction with the savings the Company anticipates realizing from its proposed limited waiver from daily inspection requirements for these remotely monitored facilities.⁷

C. Absence of Wasteful Duplication

43. The Company carefully weighed its options in deciding whether to pursue a remote monitoring equipment project and if so, which company to select for its remote monitoring equipment.

44. The Company first considered maintaining the status quo: that is, not installing remote monitoring equipment at the locations listed in this Application and continuing to inspect its Mechanical Equipment⁸ daily, without seeking a waiver of daily inspection requirements. Forgoing a remote monitoring project for these locations would, however, reduce the likelihood

⁷ As discussed in more detail at Section IV, the Company does not intend to cease in-person inspections; it merely seeks permission to reduce their frequency to three (3) times per week, rather than daily. While this obviously entails some continued expense for in-person inspection of the subject facilities, it does create anticipated savings on that front, as well. In essence, the customer and the Company alike are anticipated to benefit from reduced operating costs, while retaining a significant amount of the benefits of in-person inspection, and also gaining the operational improvements and efficiencies afforded by the remote monitoring equipment.

⁸ Defined at para. 59.

that the Company could act quickly and proactively in preventing issues before they affect customers. Instead, the Company would only be able to respond to issues reactively and potentially only after receiving an urgent call from a customer. In addition, the Company would lose the economies of scale that result from having all of its systems using remote monitoring.

45. Given remote monitoring's cost-saving and service-enhancing benefits, the Company researched remote monitoring companies to find the best value for its needs and its customers.

46. The three principal manufacturers of remote monitoring equipment are Mission Communications ("Mission"), High Tide, and Omni. Bluegrass Water compared the remote monitoring equipment offered by each.

47. Bluegrass Water determined that Omni's remote monitoring system would not fit its needs. Omni does not have satellite options, which are necessary for monitoring of Bluegrass Water's most rural sites. In addition, Omni's interface is outdated, making it a less desirable option than either Mission or High Tide.

48. Having narrowed the scope of potential suppliers, Bluegrass Water then compared the range and size of units offered between the remaining two companies: High Tide and Mission. Bluegrass Water discovered that High Tide offered a more varied range of units than Mission. For example, Mission's largest unit is the same size as High Tide's third-smallest, meaning that High Tide provides better economy of scale when units are consolidated. In addition, having a more varied range of potential units would likely give Bluegrass Water more flexibility in finding properly sized units that can meet a wide range of applications.

49. Second, Bluegrass Water compared the two companies' user interfaces. High Tide's user interface appears more user-friendly than Mission's. Having a more user-friendly

interface will likely give Bluegrass Water better access to the data and information needed to optimize operations and monitor all systems more efficiently. In turn, better monitoring leads to reduced after-hours service calls, thus reducing the Company's overtime expenditures.

50. Third, the Company compared connectivity for the two companies. Some of Bluegrass Water's locations are in rural areas with very limited or even no cell reception. Because High Tide offers satellite connections for its remote monitoring units, potential connectivity issues are mitigated in locations where Bluegrass Water faces connectivity issues.

51. Fourth, the Company compared hardware costs between the two companies. Mission Communications and High Tide offer comparable hardware costs. Then the Company compared the cost of annual service agreements for Mission Communications and High Tide. High Tide has a lower annual service agreement cost, which is a recurring expense for Bluegrass Water.

52. In addition to all of the foregoing, the ability to slightly modify the Company's existing remote monitoring equipment by replacing a small component in order to enable functionality on the High Tide system will help protect the investment already made in that previously installed equipment by avoiding an unnecessary or premature replacement of the associated equipment at those locations.

53. Overall, the Company weighed several considerations and ultimately decided that installing High Tide remote monitoring at the locations listed in this Application would result in significant cost savings and better service.

54. And as detailed in the next section, the cost savings are even higher if the Commission grants Bluegrass Water's request for a limited waiver of daily inspection requirements.

IV. Waiver Application

55. Given the anticipated benefits of the proposed remote monitoring facilities, Bluegrass Water also respectfully requests a waiver from inspecting its Mechanical Equipment on a daily basis.

56. The Commission may grant deviations from its regulations for good cause shown. 807 KAR 5:006 § 28.

57. 807 KAR 5:006 § 26(8) requires wastewater utilities to make inspections in accordance with 807 KAR 5:0071 § 7(4).

58. 807 KAR 5:0071 § 7(4) requires wastewater utilities to “make inspections of all mechanical equipment on a daily basis.”

59. Bluegrass Water’s pumps, blowers, flow meters, process control, disinfection equipment, tanks, pressure gauges, and lift stations (together “Mechanical Equipment”) are generally treated within the industry as “mechanical equipment,” as that term is used in the regulation.

60. The Commission has not previously authorized Bluegrass Water to inspect its Mechanical Equipment on a schedule that differs from those set forth in 807 KAR 5:071 § 7(4).

A. Burden of daily inspections

61. Performing daily inspections of its Mechanical Equipment as required by 807 KAR 5:071 § 7(4) imposes an operational and financial burden on both customers and the Company that is simply unneeded when that same equipment is also monitored by remote monitoring equipment. While some level of in-person inspection may remain appropriate as something of a “check” on the remote monitoring equipment, a principal benefit of the remote monitoring equipment lies in

its ability to serve as a persistent electronic monitor that can help streamline operations and improve system efficiency by reducing the level of in-person manual labor required.

62. The Company's business model relies significantly on bringing economies of scale to its operations, much of which are non-contiguous and not directly interconnected in Kentucky. Consequently, daily inspection of geographically disparate systems presents a significant operational and financial burden on the Company, which must presently ensure that system inspections are made in-person, on a daily basis, across distant parts of the Commonwealth. Installing the remote monitoring equipment provides the Company with a measure of flexibility to more efficiently centralize its operations, and better contain travel and labor expense of its third-party operations and maintenance contractors for the mutual benefit of customers and the Company.

63. The Commission has previously noted Bluegrass Water's plans to bring centralized operations and economies of scale to its multiple systems in an effort to recognize operational improvements and other efficiencies. The approvals sought in this Application directly serve those objectives and that business model.⁹

64. On an annual basis, including a requirement to perform daily inspections would result in operations and maintenance cost of approximately \$1,126,000 in operations and maintenance costs.

65. With the proposed reduction in daily inspections to three (3) times per week, however, the Company estimates that it will save approximately \$275,000 in annual operations and maintenance costs, reducing the annual amount to approximately \$851,000.

⁹ See *In the Matter of Electronic Proposed Acquisition by Bluegrass Water Utility Operating Company, LLC*, Case No. 2019-00360, Order at 12 (February 17, 2020).

B. Anticipated savings and benefits

66. In total, the Company estimates that approval of the Application is likely to result in approximately \$1,165,000 in net savings over the course of 5 years. In fact, the approvals sought in this Application are a reasonable, incremental first step to allow both the Commission and the Company to evaluate how these improvements are serving the Company's goals to improve service at these historically neglected systems.

67. 807 KAR 5:071 § 4 was adopted to ensure that wastewater utilities operate safely, avoid equipment malfunction and failure, and detect problems within a reasonable time. The proposed inspection schedule ensure that those goals are efficiently and effectively achieved.

68. Good cause exists to waive the daily inspection requirement and authorize the proposed inspection schedule. Bluegrass Water's equipment and procedures enable Bluegrass Water to quickly respond to a malfunction or failure in its Mechanical Equipment. The remote monitoring, coupled with the proposed inspection schedule, sufficiently substitutes for daily inspections and renders daily inspections duplicative. Authorizing the proposed limited waiver of the daily inspection requirements and approving the Company's proposed in-person inspection schedule of three (3) times per week will not adversely affect Bluegrass Water's ability to render safe and sanitary wastewater services to its customers.

Relief Sought

69. The Company respectfully asks the Commission to issue a final order approving this Application and granting the following relief:

- a. a certificate of public convenience and necessity, pursuant to KRS § 278.020(2), for the proposed remote monitoring equipment;

- b. a limited waiver from the daily inspection requirement set forth in 807 KAR 5:0071 § 7(4);
- c. approval of the proposed three (3) times per week inspection schedule for the affected facilities;
- d. a deviation, to the extent required and pursuant to 807 KAR 5:001 § 22, from the map submission requirements described in 807 KAR 5:001 § 15(2)(d)(1);
- e. a deviation, to the extent required and pursuant to 807 KAR 5:001 § 22, from the “plans, specifications, and drawings” requirement described in 807 KAR 5:001 § 15(2)(d)(2); and
- f. all other relief to which the Company may be entitled.

Respectfully submitted,

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Counsel to Bluegrass Water

Utility Operating Company, LLC

Certification

I hereby certify that a copy of this Application and its exhibits has been served electronically on all parties of record through the use of the Commission's electronic filing system, and there are currently no parties that the Commission has excused from participation by electronic means. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, a paper copy of this filing has not been transmitted to the Commission.

/s/Edward T. Depp
*Counsel to Bluegrass Water Utility
Operating Company, LLC*

Verification

I, Josiah Cox, President of the Manager of Bluegrass Water Utility Operating Company, LLC, state that I have read the foregoing application and its exhibits, and the statements contained in the application and exhibits are true and correct to the best of my knowledge, information, and belief.

Josiah Cox, President of Manager,
Central States Water Resources, Inc.

Date: _____

State of Missouri)
)
County of St. Louis)

Subscribed, sworn to, and acknowledged this __ of August, 2022, before me, a Notary Public, in and before said County and State.

My Commission expires: _____

Notary Public

25753461.1

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLUEGRASS)	
WATER UTILITY OPERATING COMPANY, LLC)	
FOR A CERTIFICATE OF PUBLIC CONVENIENCE)	
AND NECESSITY FOR THE INSTALLATION OF)	CASE NO.
MONITORING EQUIPMENT AND FOR A)	2022-00216
CORRESPONDING LIMITED WAIVER OF DAILY)	
INSPECTION REQUIREMENTS)	

ORDER

On August 8, 2022, Bluegrass Water Operating Company, LLC (Bluegrass Water) tendered an application pursuant to KRS 278.020 and 807 KAR 5:001, Section 15, seeking a Certificate of Public Convenience and Necessity (CPCN) to install remote monitoring equipment at several sewer treatment facilities. The application also sought approval for deviation from 807 KAR 5:071, Section 7(4), which requires daily inspection of sewage facilities. The application was deemed filed as of August 8, 2022. No intervention was requested in this proceeding. Bluegrass Water responded to five sets of requests for information from Commission Staff. Bluegrass Water requested that this case be submitted for a decision based on the existing record on November 15, 2022. This matter stands submitted for a decision based on the written record.

LEGAL STANDARD

No utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from this Commission.¹ To obtain a CPCN, the

¹ KRS 278.020(1). Although the statute exempts certain types of projects from the requirement to obtain a CPCN, the exemptions are not applicable.

utility must demonstrate a need for such facilities and an absence of wasteful duplication.²

“Need” requires:

[A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated.

[T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.³

“Wasteful duplication” is defined as “an excess of capacity over need” and “an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties.”⁴ To demonstrate that a proposed facility does not result in wasteful duplication, the Commission has held that the applicant must demonstrate that a thorough review of all reasonable alternatives has been performed.⁵ Although cost is a factor, selection of a proposal that ultimately costs more than an alternative does not necessarily result in wasteful duplication.⁶ All relevant factors must

² *Kentucky Utilities Co. v. Pub. Serv. Comm 'n*, 252 S.W.2d 885 (Ky. 1952).

³ *Kentucky Utilities Co.*, 252 S.W.2d at 890.

⁴ *Kentucky Utilities Co.*, 252 S.W.2d at 890.

⁵ Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for a Certificate of Public Convenience and Necessity for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. PSC Sept. 8, 2005), Order at 11.

⁶ See *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 390 S.W.2d 168, 175 (Ky. 1965). See also Case No. 2005-00089, *Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity for the Construction of a 138 kV Electric Transmission Line in Rowan County, Kentucky* (Ky. PSC Aug. 19, 2005), final Order.

be balanced.⁷

Regarding Bluegrass Water's deviation request, 807 KAR 5:071, Section 7(4), states, in relevant part, that:

Each sewage utility shall adopt procedures for inspection of its sewage treatment facilities to assure safe and adequate operation of its facilities and compliance with commission rules. . . . Unless otherwise authorized in writing by the commission, the sewage utility . . . shall make inspections of all mechanical equipment on a daily basis.

The Commission has previously indicated that inspection procedures that deviate from the daily inspection requirement in 807 KAR 5:071, Section 7(4), could be authorized if the alternative inspection procedures proposed would result in cost savings and would not affect the safe and adequate operations of the sewer facilities.⁸

BACKGROUND

Bluegrass Water is a sewer utility that since 2020 has acquired 22 sewer facilities across Kentucky. These are generally small facilities built by developers then transferred to homeowner's associations for operation and maintenance. Bluegrass Water filed a

⁷ Case No. 2005-00089, *East Kentucky Power Cooperative, Inc.* (Ky. PSC Aug. 19, 2005), final Order at 6.

⁸ See Case No. 2017-00201, *Garrison-Quincy-Ky-O-Heights Water District Request for a Deviation from the Daily Inspection of Sewer Grinding Pump Stations* (Ky. PSC Jan 22, 2018), Order ("[T]he Commission finds that an alternative inspection schedule, requiring annual inspection of grinder/pump stations that ensures that, "the commission's safety requirements are being met," as required in 807 KAR 5:006, Section 26(8), is warranted."); Case No. 2019-00069, *Notification to Sewer Utilities Regarding Deviation Requests Pursuant to 807 KAR 5:071 Section 7(4) Concerning the Inspection Schedule of Mechanical Grinder Pump Stations* (Ky. PSC May 7, 2019), Order ("The Commission finds that daily inspections of grinder pump stations as required by 807 KAR 5:071 Section 7(4) are impractical and would serve no purpose as the individual grinder pump stations are generally located on each individual customer's property and are enclosed in a sealed case."); see also Case No. 2014-00277, *Springcrest Sewer Company, Inc Request for Deviation from 807 KAR 5:071, Section 7(4)* (Ky. PSC Dec. 16, 2014), Order (in which the Commission acknowledged that remote monitoring could "provide a level of assurance concerning the safe and adequate operation of the sewer facilities above that of a daily visual inspection" but denied the indefinite deviation in that case because a plan for remote monitoring had not been presented).

series of CPCN applications aimed at correction and prevention of exceedances of permitted effluent levels that had led to past violations at these facilities. Bluegrass Water previously installed remote monitoring equipment at nine of these sewer facilities in an attempt to better monitor effluent levels and functionality of equipment.⁹ The present application seeks approval for installation of remote monitoring equipment at the other 13 facilities in the following neighborhoods: Randview,¹⁰ Longview/Homestead, Timberland, River Bluffs, Center Ridge, Arcadia Pines, Carriage Park, Marshall Ridge, Delaplain, Herrington Haven, Woodland Acres, Darling, and Springcrest.¹¹

Bluegrass Water's stated purpose for installing remote monitoring equipment is that this system provides continuous, accurate, live data to operators, enabling the operator to monitor the facility and control costs. Bluegrass Water argued that the system would minimize exceedances by detecting problems immediately, resulting in faster repair or prevention of performance issues before they result in exceedances or malfunctions. Bluegrass Water also asserted that faster repair and fine-tuning via monitoring will increase the longevity of components.¹²

Bluegrass Water also seeks a deviation from daily inspection of mechanical components required by 807 KAR 5:071, Section 7(4), for facilities that already include

⁹ Application, Exhibit 24.

¹⁰ Bluegrass Water indicated that it no longer seeks a CPCN for equipment to have been installed at the Randview facility, since it was transferred in Case No. 2022-00218, *Electronic Joint Application of Bluegrass Water Utility Operating Company, LLC and the Electric Plant Board of Mayfield, Kentucky for Approval of Acquisition and Transfer of Ownership and Control of Wastewater Facilities Serving Randview Estates Subdivision in Graves County, Kentucky* (Ky. PSC May 5, 2023), Order. Bluegrass Water's Response to Commission Staff's Fifth Request for Information (Staff's Fifth Request) (filed May 26, 2023), Item 1.

¹¹ Application at 1.

¹² Application at 11.

remote monitoring as well as the facilities included in the present proposal. Bluegrass Water stated that when remote monitoring systems are installed, daily inspection would be unnecessary—that constant data reporting any problems makes in-person inspection partially obsolete.¹³ However, Bluegrass Water’s proposed plan is to continue in-person monitoring three days per week instead of seven as a way to ensure that all remote monitoring equipment is working properly and communicating all necessary information.¹⁴ Bluegrass Water calculated that it will save \$275,000 in annual operations and maintenance (O&M) expense by reducing in-person monitoring from seven to three days per week.¹⁵ This figure is based on reduction of fees paid under Bluegrass Water’s contracts with the operators who make these in-person visits. Bluegrass Water noted that it intends to amend its contracts with its operators to realize this reduction.¹⁶

Bluegrass Water considered purchasing remote monitoring equipment from the three principal manufacturers of this type of equipment: Omni, Mission, and High Tide.¹⁷ Bluegrass Water rejected Omni because it did not include the option to add satellite communications.¹⁸ The standard method of communication for each brand’s system is cellular technology. Both Mission and High Tide permit addition of satellite communication, which Bluegrass Water deemed necessary to communicate with the

¹³ Application at 15–16.

¹⁴ Application at 15.

¹⁵ Application at 16.

¹⁶ Bluegrass Water’s Response to Commission Staff’s Fourth Request for Information (Staff’s Fourth Request) (filed Feb. 8, 2023), Item 5(b).

¹⁷ Application at 13.

¹⁸ Application at 13.

most remote, rural facilities.¹⁹ Commission Staff requested that Bluegrass Water provide data regarding cellular communications interruptions for the facilities that already have remote monitoring installed to determine the necessity of satellite communications.

When Bluegrass Water responded to data requests seeking information about the frequency of cellular communications disruptions at facilities where remote monitoring systems had already been installed, Bluegrass Water included data from facilities that were the subject of the present CPCN application.²⁰ When asked whether the remote monitoring equipment had already been installed at these facilities, Bluegrass Water admitted that it had already installed the equipment at every facility except Randview, which had been transferred.²¹ Bluegrass Water further stated:

The Company appreciates the magnitude of its error. It apologizes that it did not realize the factual errors in its prior filings in this matter until now. Moreover, the Company acknowledges that the Commission has previously cautioned it that “by failing to obtain a CPCN, a utility risks a finding by the Commission barring recovery of the investment.” See *In the Matter of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction*, Case No. 2020-00290, Order at 28 (Aug. 2, 2021).

In light of this, the Company will need to make a thorough and detailed revision of its Application Exhibit 24 (Cost_of_Installation_-.xlsx) and supplement some of its prior data request responses. The Company has begun the process of compiling and analyzing the cost data associated with the remote monitoring equipment, which should provide an actual (as opposed to estimated) basis to evaluate costs against estimated savings from the requested partial waiver

¹⁹ Application at 13.

²⁰ Bluegrass Water’s Response to Staff’s Fourth Request, Item 1(b).

²¹ Bluegrass Water’s Response to Staff’s Fifth Request, Item 1(a).

of daily inspection requirements (and other savings from switching to High Tide).²²

Bluegrass Water noted it had no objection to suspending the review of the CPCN request pending submission of updated cost data but reiterated its request for a deviation from 807 KAR 5:071, Section 7(4) daily in-person inspection requirements.

DISCUSSION AND FINDINGS

Having considered the application and all evidence in the record, the Commission finds that the CPCN should be denied and the deviation from 807 KAR 5:071, Section 7(4) should be granted.

Under KRS 278.020(1):

No person, partnership, public or private corporation, or combination thereof shall commence providing utility service to or for the public or begin the construction of any plant, equipment, property, or facility for furnishing to the public any of the services enumerated in KRS 278.010 . . . until that person has obtained from the Public Service Commission a certificate that public convenience and necessity require the service or construction.

The Commission has previously determined that this statutory provision means that “[t]he Commission will not issue a CPCN for construction that has been completed prior to a request for a CPCN. Therefore, the Commission finds that the CPCN application should be denied, because the remote monitoring equipment has already been installed. The Commission declines to suspend review of this application. The filing of additional cost documentation would not change the fact that the equipment has already been installed and is therefore not eligible for a CPCN.

²² Bluegrass Water’s Response to Staff’s Fifth Request, Item 1(a).

The construction of facilities without first obtaining a CPCN can result in exclusion of the cost of that facility from rate base consideration.”²³ The failure in this case is also more egregious, because the Commission explicitly indicated in Bluegrass Water’s last rate case that the implementation of a remote monitoring system would require a CPCN,²⁴ despite Bluegrass Water’s contention that these installations constituted extensions in the ordinary course of business exempting this equipment from the CPCN requirements under KRS 278.020(1)(a)(2). However, the Commission notes that Bluegrass Water currently has a pending rate case in which the cost recovery for remote monitoring is at issue.²⁵ Thus, the Commission finds that any decision regarding the recovery of costs for remote monitoring should be addressed in that case.

The denial of Bluegrass Water’s CPCN does not change the analysis of the request for deviation from 807 KAR 5:071, Section 7(4), daily in-person inspection requirements. As the Commission noted in Bluegrass Water’s most recent rate case, “remote monitoring systems, at least in part, serve the same purpose as [the daily inspection] requirement by ensuring that a utility is constantly monitoring the performance of equipment to prevent failures and ensure adequate service.”²⁶ Since all the facilities now have remote monitoring equipment installed, daily in-person inspection is unnecessary and duplicative. Implementation of real-time monitoring and detection of

²³ Case No. 2003-00495, *Application of Classic Construction, Inc. for Approval of Transfer of Ownership of Coolbrook Sewage Treatment Plant in Franklin County, Kentucky from Aquasource Utility, Inc.* (Ky. PSC May 10, 2004), Order at 4.

²⁴ Case No. 2020-00290, *Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction* (Ky. PSC Aug. 2, 2021), Order at 25.

²⁵ See Case No. 2022-00432, *Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Sewage Rates* (filed Feb. 27, 2023), Application, Exhibit 10.

²⁶ Case No. 2020-00290, Aug. 2, 2021 Order at 35.

malfunctions means that in-person inspections, which would otherwise be the method for detecting malfunctions, are only necessary to periodically ensure that the remote monitoring systems are working properly. Maintaining in-person inspections three days per week, instead of the required seven days per week, is sufficient to ensure the remote monitoring systems are functional.

Bluegrass Water expects a \$275,000 reduction in annual O&M expense as a result of reducing in-person inspections from seven to three days per week. Assuming that the deviation results in O&M savings, reducing inspections to three days per week will benefit customers by reducing Bluegrass Water's revenue requirement without a significant impact on service, as the remote monitoring system should meet or exceed the usefulness of the omitted inspection days.

IT IS THEREFORE ORDERED that:

1. Bluegrass Water's application for a CPCN to install remote monitoring equipment at its sewer treatment facilities is denied.
2. Bluegrass Water's request for a deviation from daily in-person inspection requirements in 807 KAR 5:071, Section 7(4), is granted, subject to the condition that Bluegrass Water continue to conduct in-person inspections three days per week.
3. This case is closed and removed from the Commission's docket.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
AUG 02 2023 rcs
KENTUCKY PUBLIC
SERVICE COMMISSION

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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)	
OWNERSHIP AND CONTROL OF ASSETS)	CASE NO.
BY: DELAPLAIN DISPOSAL COMPANY;)	2020-00297
HERRINGTON HAVEN WASTEWATER)	
COMPANY, INC.; SPRINGCREST SEWER)	
COMPANY, INC; AND WOODLAND ACRES)	
UTILITIES, LLC.)	

ORDER

On September 16, 2020, Bluegrass Water Utility Operating Company, LLC (Bluegrass Water); Delaplain Disposal Company (Delaplain); Herrington Haven Wastewater Company, Inc. (Herrington Haven); Springcrest Sewer Company, Inc. (Springcrest); and Woodland Acres Utilities, LLC (Woodland Acres) filed a joint application, pursuant to KRS 278.020(6), (7), and (10), requesting that the Commission approve the acquisition and transfer of control of utility assets owned and controlled by Delaplain, Herrington Haven, Springcrest, and Woodland Acres to Bluegrass Water.¹ Bluegrass Water responded to requests for information from Commission Staff on November 4, 2020, and December 2, 2020. This matter is now before the Commission for a decision of the merits.

¹ Application at 1.

BACKGROUND

Parties

Bluegrass Water. Bluegrass Water is a Class B sewer utility organized and existing under the laws of the Commonwealth of Kentucky. Bluegrass Water is a manager-managed company that is managed by Central States Water Resources, Inc. (Central States). It is wholly owned by CSWR, LLC (CSWR), which owns and operates sewage utilities through subsidiaries in several other states. Bluegrass Water currently owns sewage utilities in Bullitt, Franklin, Hardin, Madison, Marshall, McCracken, Oldham Scott, and Shelby counties, and a water utility in Calloway County. At the time it filed its application, it had approximately 2,000 total water and sewer customers.²

Delaplain. Delaplain is a Kentucky Corporation that operates a Class B sewer utility in Scott County. As of the end of 2019, Delaplain had 296 residential customers and 34 commercial customers. Delaplain currently charges sewer rates of \$12.50 per month for residential customers and \$8.89 per 1,000 gallons for commercial and industrial customers. Delaplain's existing facilities are authorized to discharge up to 240,000 gallons per day (gpd).³

Herrington Haven. Herrington Haven is a Kentucky corporation that operates a Class D sewer utility in Garrard County. As of the end of 2019, Herrington Haven served 20 single-family residents at a monthly flat rate of \$49.66. Herrington Haven's existing facilities are authorized to discharge up to 9,800 gpd.⁴

² *Id.* at 3–4.

³ *Id.* at 5–6.

⁴ *Id.* at 6.

Springcrest. Springcrest is a Kentucky corporation that operates a Class D sewer utility in Jessamine County. Springcrest currently serves 42 single-family residential customers at a flat monthly rate of \$27.43 per month. Springcrest currently uses a septic system.⁵

Woodland Acres. Woodland Acres is a Kentucky limited liability company (LLC) that operates a Class D sewer utility in Bullitt County. It currently serves 104 single-family residential customers at a flat rate of \$19.47 that has remained unchanged since 1993. Woodland Acres treatment plant is authorized to discharge up to 25,000 gpd.⁶

Current Condition of Systems

All of the systems Bluegrass Water is proposing to purchase in this matter have been fully depreciated with the exception of the Delaplain system. An engineering firm retained by Bluegrass Water also found that the systems currently owned by Delaplain, Herrington Haven, and Woodland Acres were aged; showed significant signs of wear and corrosion; and had a number of functional limitations—all of which would require significant capital investment to correct.⁷ The engineers also noted that each of those systems have exceeded their discharge permit limitations on several occasions with respect to certain pollutants, and that the Delaplain system has exceeded flows it was designed to handle and that it has been authorized to handle by its discharge permit.⁸

⁵ *Id.* at 7.

⁶ *Id.* at 7–8.

⁷ *Id.* at Exhibits C, D, and F.

⁸ *Id.*

Transaction

Central States has executed a sales agreement with Delaplain, Herrington Haven, Springcrest, and Woodland Acres designating the buyer as CSWR, or its designee. CSWR has designated Bluegrass Water, its affiliate, as the buyer for each agreement. Each agreement provides for the sale of all of the utility assets of each system.⁹ The sale includes all assets used or useful to operate the system, including real property interests, service machinery and equipment, other tangible fixtures or personality, franchises, contract rights, accounts receivable, and other intangibles.¹⁰ Upon the closing of the transactions, the agreements provide for Bluegrass Water to become responsible for all assets from that point forward.¹¹

Bluegrass Water indicated that there would be continuity of service to the existing customers of the utilities whose assets Bluegrass Water is proposing to purchase. It stated that following the transaction Bluegrass Water will provide service in accordance with each transferring utilities current sewer tariff on file with the Commission. Bluegrass Water explained that it would file an adoption notice for the existing tariffs after closing on the respective sewer systems and that it would thereafter file revisions to the current Bluegrass Water sewer tariff that would bring customers of the new systems into Bluegrass Water's tariff at the rates they are being charged by the current owners.¹²

⁹ *Id.* at 14.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.* at 11.

Buyers Financial and Technical Resources

Bluegrass Water is wholly owned and funded with capital from its parent, CSWR. CSWR owns and operates subsidiaries in several surrounding states that provide water and wastewater service. CSWR, including Bluegrass Water, is managed by Central States, which in turn manages the systems in other states. Bluegrass Water notes that Central States has experience through Bluegrass Water and other affiliates managing distressed sewage systems.¹³

Bluegrass Water's acquisition of each system's assets will be funded with equity capital from its parent, CSWR. A balance sheet for CSWR, which was filed confidentially in this matter, indicates that its total assets far exceeded the assets of Bluegrass Water and that it had significant cash available. Bluegrass Water plans to fund the work to repair and improve the acquired systems with debt financing, including long-term loans that Bluegrass Water has access to through CSWR. Over time, this borrowed funding will balance the equity funding to achieve the planned 50-50 capital structure that has been developed for Bluegrass Water.¹⁴

Bluegrass Water noted that it has solicited third-party lenders for debt in support of its operations and expansion. Bluegrass Water indicated that those discussions have centered on what credit enhancement that CSWR could offer to support Bluegrass Water's position as a borrower. Among other things, Bluegrass Water noted that it anticipated CSWR acting as guarantor on any loan from a third-party lender.¹⁵ Bluegrass

¹³ *Id.* at 14–15.

¹⁵ Response to Staff's Second Request, Item 5 (discussing how they would obtain credit by organizing a separate capital company with CSWR acting as guarantor); *see also* Response to Staff's First Request, Item 20 (discussing the use of the separate capital company).

Water anticipated that this arrangement would give it access to more favorable rates than it could obtain on its own.¹⁶

The day to day operations, billing, and customer service functions are to be provided by third-party contractors for Bluegrass Water's systems. The systems will be operated by a third-party operations and maintenance firm engaged by Bluegrass Water. Bluegrass Water's other Kentucky systems are operated by Midwest Water Operations, LLC (Midwest Water). It is anticipated that Midwest Water will be the entity to provide operations and maintenance service for the systems proposed to be acquired in this case. Bluegrass Water indicated that Midwest Water has the knowledgeable and experienced personnel necessary to manage the daily wastewater operations of the systems. In addition to the service obligations during normal business hours, Midwest Water will be required to have a 24-hour emergency service line on which customers may report any service disruption with notice of service disruption calls to be forwarded to Josiah Cox, the president of Central States.¹⁷

A third-party firm engaged by Bluegrass Water will send out bills and handle service-related billing questions for the acquired systems. In Bluegrass Water's other Kentucky systems, that firm is Nitor Billing Services, LLC (Nitor Billing Services). It is anticipated that Nitor Billing Services will have this role for the systems proposed to be acquired in this case. Nitor Billing Services has an online billing system in place to receive credit cards and e-checks from customers and a Bluegrass Water specific customer service email account to handle customer inquiries and other interactions. The customer

¹⁶ Response to Staff's Second Request, Item 7.

¹⁷ Application at 11.

service representatives are to be available during normal business hours and to take messages 24 hours a day.¹⁸

Bluegrass Water will maintain a toll-free number and a website that contains a summary of customers' rights, tariffs, or links to the tariffs for each system; contact information for emergencies during regular and after hours to report service issues; links to any tariffs filed in the future with the Commission; and links to Bluegrass Water's systems' maps on the Kentucky Infrastructure Authority Wastewater Mapping website. Bluegrass Water's arrangements will ensure continuity of service to current customers of the four systems and that future customers are provided with a quality of service equal to or better than that currently being provided. These arrangements include implementation of computerized maintenance management system for utility facilities, online bill pay options, up-to-date website bulletins about current service status, and service initiation/discontinuance procedures.¹⁹

Central States will be directly responsible for all management, financial reporting, underground facility safety and locations services, Commission and environmental regulatory reporting and management, recordkeeping, and final customer dispute management. Proportional costs for those services will be allocated to Bluegrass Water, which will be considered as one utility, using the "Massachusetts Formula."²⁰

¹⁸ *Id.* at 16.

¹⁹ *Id.* at 12.

²⁰ *Id.* at 17–18.

Alternatives Operators

Delaplain. Bluegrass Water acknowledged that the Georgetown #2 force main runs approximately 30 yards from the back of the Delaplain wastewater treatment plant. Bluegrass Water indicated that its representatives reached out to the Georgetown municipal sewer system regarding whether the Delaplain system could be attached to Georgetown's system, but Georgetown stated that it did not have capacity to absorb the Delaplain flows and was not interested in connecting to Delaplain's system.²¹

Herrington Haven. Bluegrass Water stated that the closest wastewater treatment plant to this system would be the Danville Wastewater Treatment Plant in Boyle County. Bluegrass Water stated that even if the systems could be connected at the two nearest points that it would require 4 miles of main. Bluegrass Water also indicated that connecting to that system would require building over or under Herrington Lake with numerous lift stations.²²

Springcrest. Bluegrass Water indicated that the nearest known wastewater treatment plant (WWTP) is the Nicholasville WWTP, which is located approximately seven miles from Springcrest.²³

Woodland Acres. Bluegrass Water stated that the city of Shepherdsville's wastewater system is approximately 40 feet from the Woodland Acres System. Bluegrass Water reported that the current owner of Woodland Acres contacted the city of Shepherdsville on two previous occasions to discuss the transfer of Woodland Acres to

²¹ Response to Staff's Second Request, Item 2, Item 3 (discussing other possible connections for each of the systems); see also Response to Staff's First Request, Item 6i.

²² Response to Staff's Second Request, Item 2, Item 3.

²³ *Id.*

the city, but Woodland Acres was told that Shepherdsville's system did not have the capacity to accept the flow from Woodland Acres and the city did not indicate any interest in accepting the flow from Woodland Acres.²⁴

DISCUSSION

KRS 278.020(6) provides that:

No person shall acquire or transfer ownership of, or control, or the right to control, any utility under the jurisdiction of the commission by sale of assets, transfer of stock, or otherwise, or abandon the same, without prior approval by the commission. The commission shall grant its approval if the person acquiring the utility has the financial, technical, and managerial abilities to provide reasonable service.

KRS 278.020(7) similarly provides that no entity "shall acquire control, either directly or indirectly, of any utility furnishing utility service in this state, without having first obtaining the approval of the commission." That statute further provides that 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."²⁵ However, when a transfer involves a sewage utility, as it does here, KRS 278.020(10) further provides that the Commission shall not approve any application made pursuant to subsections (6) or (7) unless the Commission finds that "the person acquiring the utility has provided evidence of financial integrity to ensure the continuity of sewage service in the event that the acquirer cannot continue to provide service.

Bluegrass Water has previously been approved by the Commission to purchase 13 sewage systems and a single water utility, and it is currently operating those

²⁴ *Id.*

²⁵ KRS 278.020(7).

systems.²⁶ Bluegrass Water's parent, CSWR, which will manage Bluegrass Water through its affiliate Central States, also operates numerous similar small sewage treatment facilities in other states. Further, like most other utilities and nonutility owners that control small sewage systems, Bluegrass Water will contract with a third party operator, qualified pursuant to standards established by the Energy and Environment Cabinet, Division of Water. Bluegrass proposes to use a contractor that currently does the billing for its existing systems. The Commission finds that Bluegrass Water, its parent, and affiliates have the technical and managerial ability to provide reasonable service to the customers of facilities it is proposing to purchase.

Bluegrass Water also presented evidence that it has access to financial resources through its parent, CSWR, necessary to provide reasonable service. It stated that its parent will provide the equity capital necessary to purchase the systems at issue in this matter. It further indicated that it expected to have access to debt capital (with CSWR acting as guarantor) to finance repairs to the system. Bluegrass Water also planned to use that debt to obtain a capital structure that consists of close to 50 percent equity and 50 percent debt. The Commission finds that Bluegrass Water has the financial ability to provide reasonable service and the financial integrity to ensure the continuity of sewer service.

²⁶ See Case No. 2019-00104, *Electronic Proposed Acquisition by Bluegrass Water Utility Operating Company, LLC and the Transfer of Ownership and Control of Assets by P.R. Wastewater Management, Inc., Marshall County Environmental Services, LLC, LH Treatment Company, Inc., Airview Utilities, LLC, Brooklyn Utilities, LLC, Fox Run Utilities, LLC and Lake Columbia Utilities, Inc.*, (Ky. PSC Aug. 14, 2020); Case No. 2019-00360, *Electronic Proposed Acquisition by Bluegrass Water Utility Operating Company, LLC and the Transfer of Ownership and Control of Assets by Center Ridge Water District, Inc.; Joann Estates Utilities, Inc.; and River Bluffs, Inc.*, (Ky. PSC Feb. 17, 2020); Case No. 2020-00028, *Electronic Proposed Acquisition by Bluegrass Water Utility Operating Company, LLC of Wastewater System Facilities and Subsequent Tariffed Service to Users Presently Served by those Facilities*, (Ky. PSC Jun. 19, 2020).

However, the Commission's finding with respect to Bluegrass Water's financial ability and integrity is based in part on the financial resources of CSWR. Further, as Bluegrass Water indicated in its application, the Commission required that Bluegrass Water "post a guaranteed financial instrument that is the equivalent of two-months of the cost of its third party contractors" with respect to the sewer utilities' systems approved to be acquired in Case No. 2019-00104²⁷ and Case No. 2019-00360.²⁸ The Commission finds that a similar condition is necessary here to provide financial integrity necessary to ensure the continuity of sewage service pursuant to KRS 278.020(10). Because the systems purchased by Bluegrass Water are commonly owned, the Commission finds that this condition should apply to all of the systems owned and operated by Bluegrass Water, including those systems Bluegrass Water was approved to purchase in Case No. 2020-00028²⁹ and herein.

Bluegrass Water argued that the transfer in this matter is being made in accordance with the law, as it is seeking all proper authorizations and the Joint Applicants will make all required regulatory filings for the proposed transactions. Bluegrass Water similarly notes that the proposed transactions have been approved by the board or the owners of each transferring utility.³⁰ Bluegrass Water asserted that the proposed transfer

²⁷ Case No. 2019-00104, *Electronic Proposed Acquisition by Bluegrass Water Utility Operating Company, LLC and the Transfer of Ownership and Control of Assets by P.R. Wastewater Management, Inc., Marshall County Environmental Services, LLC, LH Treatment Company, Inc., Airview Utilities, LLC, Brocklyn Utilities, LLC, Fox Run Utilities, LLC and Lake Columbia Utilities, Inc.* (Ky. PSC Aug. 14, 2020).

²⁸ Case No. 2019-00360, *Electronic Proposed Acquisition by Bluegrass Water Utility Operating Company, LLC and the Transfer of Ownership and Control of Assets by Center Ridge Water District, Inc.; Joann Estates Utilities, Inc.; and River Bluffs, Inc.* (Ky. PSC Feb. 17, 2020).

²⁹ Case No. 2020-00028, *Electronic Proposed Acquisition by Bluegrass Water Utility Operating Company, LLC of Wastewater System Facilities and Subsequent Tariffed Service to Users Presently Served by those Facilities* (Ky. PSC Jun. 19, 2020).

³⁰ Application at 18.

is for a proper purpose because it intends to operate them for the purpose of providing reasonable, effective, and efficient wastewater service to existing and future customers, and because it intends on investing the resources necessary to do so.³¹ Based on the evidence presented by Bluegrass Water, the Commission agrees with Bluegrass Water's assertions, and therefore, finds that the proposed transactions are being made in accordance with the law and for a proper purpose.

Bluegrass Water asserts that the transfers are in the public interest because the sewer systems to be acquired are all troubled or marginal and Bluegrass Water will professionalize the operations and make necessary upgrades to ensure continued service with customers. Based on Bluegrass Water's engineering report and the lack of investment in the systems, the Commission agrees that the current owners of Delaplain, Herrington Haven, and Woodland Acres have failed to make necessary repairs and upgrades to the systems; therefore, it is consistent with the public interest for a new owner to take responsibility for the operation of the systems. Further, while it would be ideal for the systems to be attached to a larger system nearby, the only evidence presented in this matter indicates that there either is no nearby system or no system willing and able to accept the flow from the systems Bluegrass Water is proposing to purchase. Thus, the Commission finds that Bluegrass Water's proposed purchase of the utility assets of Delaplain, Herrington Haven, and Woodland Acres is consistent with the public interest; therefore, Bluegrass Water's proposed acquisition should be approved.

The public interest is less clear with respect to Springcrest's system. While Springcrest's current owners have not invested in the system, as indicated by the fact

³¹ *Id.* at 19.

that its assets are fully depreciated, Bluegrass Water's engineers did not find any significant issue with the system—the proposed investments mostly related to security upgrades and potential future failures. Further, Springcrest is distinct in that its customers each have their own septic tanks that they maintain at their expense and the collection and disposal system that would be operated by Bluegrass Water only moves the gray water to a common irrigation sight. However, the current owner no longer wishes to operate the system; Bluegrass Water is willing and has the ability to operate the system; and there is no evidence indicating that another person or entity is willing to operate the system. Further, to the extent Springcrest's customers should be treated differently with respect to cost sharing, those issues can be addressed in any rate case. Thus, the Commission finds that Bluegrass Water's proposed purchase of Springcrest's assets is consistent with the public interest, and therefore, Bluegrass Water's proposed acquisition should be approved.

The Commission notes that Bluegrass Water is paying more for the assets for each of the systems than the remaining book value of those assets. When the sale of a utility results in a purchase price greater than the original cost less accumulated depreciation (net book value), the difference between the purchase price and the net book value is accounted for as a plant acquisition adjustment. The Commission has previously held that recovery of the net plant acquisition adjustment shall be addressed on a case by case basis and that the net original cost of plant devoted to utility use is the fair value for rate-making purposes unless there is conclusive evidence that the overall operations and financial condition of the utility have benefited from the acquisition at a price in excess of

the net book value.³² However, the recovery of any plant acquisition adjustment is not before the Commission in this matter; therefore, this order should not be construed as finding that Bluegrass Water will be entitled to recover any such amounts in rates. Rather, the Commission will address the recovery of any plant acquisition adjustment when reviewing any rates proposed by Bluegrass Water in which it seeks to recover that amount.³³

Similarly, while Bluegrass Water stated that it initially intended to adopt the rates of the current utilities, as required by 807 KAR 5:011, Section 11, Bluegrass Water indicated in its application that it ultimately intended to propose a unified rate for all of its systems. The Commission will consider any rate properly proposed pursuant to KRS Chapter 278 and 807 KAR Chapter 5. However, the Commission's approval of the transfers at issue in this case should not be construed as an approval of Bluegrass Water's plan to adopt a unified rate. Rather, the Commission will address any proposed rate change for the systems at issue in this matter when proposed pursuant to KRS Chapter 278 and 807 KAR Chapter 5. When Bluegrass Water closes on the systems at issue, it should file an adoption notice pursuant to 807 KAR 5:011, Section 11, as it

³² Case No. 9059, *An Adjustment of Rates of Delta Natural Gas Company, Inc.*, (Ky. PSC Sept. 11, 1995) (To establish that it is entitled to recover the plant acquisition adjustment, a utility must present evidence that shows "that the purchase price was established upon arms-length negotiations, the initial investment plus the cost of restoring the facilities to required standards will not adversely impact the overall costs and rates of the existing and new customers, operational economies can be achieved through the acquisition, the purchase price of utility and nonutility property can be clearly identified, and the purchase will result in overall benefits in the financial and service aspects of the utility's operations.").

³³ See *e.g. id.* (in which the Commission addressed recovery of the plant acquisition factor as part of a rate case); Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates*, (Ky. PSC Jun, 27, 2019) (applying the "Delta Test" in a rate proceeding determine whether a plant acquisition factor arising from a previously approved transfer could be recovered).

proposed in its application, before seeking to incorporate the current customers of Delaplain, Herrington Haven, Springcrest, and Woodland Acres into Bluegrass Water's existing tariff.³⁴

The Commission also notes that several of the engineering reports stated that significant improvements were necessary to the plants to be acquired. Accordingly, the Commission will require that, one month after the closing of the transactions, Bluegrass Water file a report listing discharge quality, number of service interruptions, employee or contractor response times, and Division of Water (DOW) or other applicable regulatory agencies violations or citations for the preceding month. This will serve as a baseline against which to judge improvements to the systems. Bluegrass Water shall also file, at six months and one year after the closing of the transaction, a report listing discharge quality, number of service interruptions, employee or contractor response times, and DOW or other violations or citations for the preceding year. This will allow the Commission to review the anticipated progress that Bluegrass Water has made in improving quality in the systems.

Bluegrass Water shall also maintain its records in a manner that allows it to readily distinguish between violations, repairs, investments, etc. for each system. This will allow review of Bluegrass Water's practices and will assist the Commission in determining how Bluegrass Water has used its resources in the operation and management of various

³⁴ See e.g. Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates*, (Ky. PSC June 27, 2019), Order at 44–45 (addressing a unified rate when the utility filed its next rate case after purchasing another system but noting that a unified rate should not presumed).

systems as well as the reasonableness of the expenses and practices in any future ratemaking proceeding.

Pursuant to KRS 278.020, Bluegrass Water shall not begin the construction of any plant, equipment, property, or facility for furnishing water or wastewater services to the public, except ordinary extensions of existing systems in the usual course of business, until Bluegrass Water has obtained a Certificate of Public Convenience and Necessity from the Commission. Pursuant to KRS 278.300, Bluegrass Water shall not issue any securities or evidences of indebtedness or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person until Bluegrass Water has been authorized to do so by an Order of the Commission.

IT IS THEREFORE ORDERED that:

1. The transfer of the assets of Delaplain, Herrington Haven, Springcrest, and Woodland Acres to Bluegrass Water is approved, subject to the conditions set forth in paragraphs 2 through 15, as of the date of entry of this Order.
2. Joint Applicants shall notify the Commission in writing of the closing of each transaction within ten days of the closing.
3. Joint Applicants shall file with the Commission a report on the status of the efforts to complete any transfer that does not close within 90 days of the date of entry of this Order.
4. Any material revision to the proposed transaction shall require approval by the Commission in order for the amendment to be effective.

5. Delaplain, Herrington Haven, Springcrest, and Woodland Acres shall submit the journal entries associated with the transfer of their systems within 30 days of the date of closing on their systems.

6. Bluegrass Water shall submit the journal entries associated with the transfer of each system within 30 days of the date of closing of each system.

7. The current owners of each system shall continue to operate the water system until the closing of the transaction, at which time Bluegrass Water will begin operating the system and serving the customers.

8. One month after the closing of each transaction, Bluegrass Water shall file for each of the acquired systems a report listing discharge quality, number of service interruptions, employee or contractor response times, and DOW violations or citations for the preceding month.

9. Within 60 days of the closing of the transaction, Bluegrass Water shall post a guaranteed financial instrument that is the equivalent of two months of the cost of its third-party contractors.

10. Six months after the closing of the transaction, Bluegrass Water shall file for each of the acquired systems a report listing discharge quality, number of service interruptions, employee or contractor response times, and DOW violations or citations for the preceding month.

11. One year after the closing of the transaction, Bluegrass Water shall file for each of the acquired systems a report listing discharge quality, number of service interruptions, employee or contractor response times, and DOW violations or citations for the preceding month.

12. Bluegrass Water shall maintain its records in such a way to be able to readily distinguish between violations, repairs, investments, etc. for each system.

13. Bluegrass Water shall not begin the construction of any plant, equipment, property, or facility for furnishing wastewater or water services to the public, except ordinary extensions of existing systems in the usual course of business, until Bluegrass Water has obtained a Certificate of Public Convenience and Necessity from the Commission.

14. Pursuant to KRS 278.300, Bluegrass Water shall not issue any securities or evidences of indebtedness or assume any obligation or liability in respect to the securities or evidences of indebtedness of any other person until Bluegrass Water has been authorized to do so by an Order of the Commission.

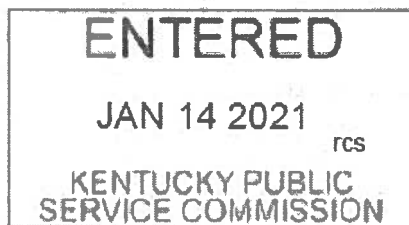
15. Pursuant to 807 KAR 5:011, Section 11 (1)(a), within 30 days of the close of the acquisition of each system, Bluegrass Water shall file adoption notices for each of the systems' tariffs.

16. Any documents filed pursuant to ordering paragraphs 2 through 12 shall reference this case number and shall be retained in the post-case correspondence file.

17. The Executive Director is delegated authority to grant reasonable extensions of time for the filing of any documents required by this Order upon a showing of good cause for such extension.

18. This case is closed and removed from the Commission's docket.

By the Commission



ATTEST:


Executive Director

Case No. 2020-00297

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DRs 28 & 29: Customer Breakdown by Classification

Service	Service Area	Customer Count
Sewer	Homestead/Longview	346
Sewer	Airview	210
Sewer	Fox Run	39
Sewer	Marshall Ridge	40
Sewer	Persimmon Ridge	
	<u>Residential</u>	361
	<u>Commercial</u>	1
Sewer	Delaplain	
	<u>Residential</u>	342
	<u>Commercial*</u>	737
Sewer	Lake Columbia	33
Sewer	Herrington Haven	24
Sewer	Arcadia Pines	25
Sewer	Golden Acres	29
Sewer	Carriage Park	38
Sewer	Springcrest	42
Sewer	Randview	56
Sewer	Timberland	69
Sewer	Woodland Acres	91
Sewer	Darlington Creek	117
Sewer	Kingswood	131
Sewer	Great Oaks	161
Sewer	Brocklyn	
	<u>Residential</u>	73
	<u>Multi-Family*</u>	97
Sewer	River Bluffs	179
Water	Center Ridge 4	51
Water	Center Ridge 3	66
Water	Center Ridge 2	134
Water	Center Ridge 1	96

*The Company utilized Equivalent Residential Units to derive a customer count

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