

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)	

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC, DELAPLAIN
DISPOSAL COMPANY, HERRINGTON HAVEN WASTEWATER COMPANY, INC.,
SPRINGCREST SEWER COMPANY, INC., AND WOODLAND ACRES UTILITIES, LLC

Bluegrass Water Utility Operating Company, LLC (Bluegrass Water), Delaplain Disposal Company, Herrington Haven Wastewater Company, Inc., Springcrest Sewer Company, Inc., and Woodland Acres Utilities, LLC (collectively, Joint Applicants), pursuant to 807 KAR 5:001, are to file with the Commission an electronic version of the following information. The information requested herein is due on December 2, 2020. Pursuant to the Commission's Orders in Case No. 2020-00085,¹ issued March 16, 2020, and March 24, 2020, Joint Applicants SHALL NOT FILE the original paper copy of all requested information at this time, but rather shall file original paper copies within 30 days of the lifting of the current state of emergency. All responses in paper medium shall be

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 16, 2020), Order at 5–6. Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC Mar. 24, 2020), Order at 1–3.

appropriately bound, tabbed, and indexed. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Joint Applicants shall make timely amendment to any prior response if Joint Applicants obtain information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Joint Applicants fail or refuse to furnish all or part of the requested information, Joint Applicants shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Joint Applicants shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, page 10, which states that “Bluegrass Water’s acquisition of the four transferring utilities’ assets will be funded with equity capital from its affiliate CSWR, LLC.”

a. State whether Bluegrass Water contends that it is required to obtain authority to raise the capital necessary to acquire the assets of the transferring utilities pursuant to KRS 278.300, and explain each basis for its response.

b. If Bluegrass Water contends that it is required to obtain such authority, identify when Bluegrass Water requested it.

2. Refer to the response to Commission Staff’s First Request for Information (Staff’s First Request), Item 6h. Provide the distance between each transferring utility and the closest point at which the systems of each of those utilities could be attached to the sewer service providers with the nearest known facilities.

3. Refer to the response to Staff’s First Request, Item 6i. Regardless of whether an official study has been conducted, state whether Bluegrass Water or any of the transferring utilities have obtained an estimate of what it would cost to connect to the facilities of another sewer provider, regardless of whether it is the closest, and if so, provide that estimate, explain the circumstances under which it was obtained, and state why it was decided not to connect to the system.

4. Refer to the response to Staff’s First Request, Item 8. Provide an itemized breakdown of the O&M column of the table provided in that response for each utility listed therein.

5. Refer to the response to Staff’s First Request, Item 20, in which Bluegrass Water stated that discussions with third party banks have indicated the need for an “in a

state-specific intermediary CSWR-affiliated capital company entity to be the borrower and to provide credit enhancement to the bank in the form of a pledge of the capital company's assets and a guarantee from CSWR." Explain what such a capital company is and why it was determined to be necessary to raise debt capital.

6. Describe the long-term liabilities payable to associated companies listed on the September 30, 2020 balance sheet for Bluegrass Water, and if those liabilities are memorialized in writing, provide a copy of any such writing.

7. Identify the interest rates that Bluegrass Water anticipates receiving on debt, and explain each basis Bluegrass Water's response.

8. Explain in detail why Bluegrass Water is willing to pay significantly more for the assets of the Delaplain Disposal Company than the remaining book value of those assets.

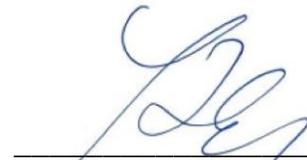
a. Identify each asset that Bluegrass Water intends to purchase from Delaplain Disposal Company.

b. Provide all estimates prepared by or on behalf of Bluegrass Water as to the value of any asset of the Delaplain Disposal Company.

9. Explain how Bluegrass Water defines and applies the Massachusetts Formula.

10. State whether Bluegrass Water considered the rights and obligations it would have to provide utility service currently provided by the Delaplain Disposal Company when determining how much it was willing to pay for the assets of that company.

11. For each of the transferring utilities, provide every contract with an operator and every invoice from an operator for the last four years.



Lindsey L. Flora
Deputy Executive Director
Public Service Commission
P.O. Box 615
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DATED NOV 18 2020

cc: Parties of Record

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