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## NEWS RELEASE

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# **PSC Approves Transfer of Three Small Utilities**

## ***Brings to 11 the number of water or sewer systems owned by Bluegrass Water***

**FRANKFORT, Ky. (Feb. 17, 2020)** – The Kentucky Public Service Commission (PSC) has approved the sale of two small sewer systems and a small water utility to a Missouri-based company that last year was approved by the PSC to acquire eight sewer systems in Kentucky.

In an order issued today, the PSC found that Bluegrass Water Utility Operating Co., LLC, a subsidiary of Central States Water Resources, has the necessary financial, technical and managerial ability to provide reasonable service and that the transaction is in the public interest, as required by state law.

The three utilities together serve about 700 customers. Those utilities are:

- Center Ridge Water District is a privately owned utility serving 339 water customers in four subdivisions in Calloway County.
- Joann Estates Utilities provides sewer service to 69 residential customers in the Timberland subdivision in McCracken County. In 2018, two other portions of the Joann system were transferred to the Paducah-McCracken Joint Sewer Agency.
- River Bluffs provides wastewater service to 189 residential customers in Oldham County.

The eight small sewer systems acquired last year by Bluegrass Water together serve about 1,300 customers in eight counties across Kentucky.

Central States Water Resources was formed to acquire and rehabilitate small water and wastewater systems. It also owns water systems and wastewater systems in Missouri and Arkansas.

Bluegrass Water stated in its application, filed jointly with the three utilities, that it will have to spend a total of more than \$350,000 to correct infrastructure problems at the utilities. It intends to fund the improvements through a combination of loans and equity capital.

Bluegrass Water plans to operate the Kentucky utilities using the same third-party contractors it has employed for the eight earlier acquisitions in Kentucky and utilized successfully in Missouri and Arkansas. They are Nitor Billing Services and Midwest Water Operations. Both will maintain toll-free lines for customers.

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In today's order, the PSC imposed the same conditions on Bluegrass Water as it did in last year's case involving the company. They include:

- Bluegrass Water is required to post a bond or other financial instrument in an amount equal to two months of payments to its third-party contractors.
- Bluegrass Water must notify the PSC if it sells, transfers or abandons any of its utilities in other jurisdictions.
- Over the course of the first year of its ownership of the utilities, Bluegrass Water is required to file reports that will allow the PSC to monitor whether Bluegrass Water has made progress in improving the operation of the systems.
- Bluegrass Water is required to maintain a website with key information for consumers, including emergency contact numbers for during and outside of regular business hours.

The PSC also made the purchase contingent on the payment by Centre Ridge Water of a refund that it owes a customer and of a \$2,500 fine owed to the PSC for failing to respond to a complaint filed by that customer with the PSC.

The purchase prices for the utilities are confidential.

Bluegrass Water stated in the application that the rates for each utility initially will remain unchanged, but that it will eventually apply to the PSC for a unified rate for all 11 of the systems. Any changes in rates will have to be approved by the PSC.

The PSC noted that each of the three utilities has gone at least seven years without a rate adjustment.

Bluegrass Water and the three utilities filed their joint application on October 21, 2019. There were no other parties to the case and no hearing was requested or held.

Today's order and other records in the case are available on the PSC website, [psc.ky.gov](http://psc.ky.gov). The case number is 2019-00360. The earlier Bluegrass Water acquisition was case 2019-00104.

The PSC is an independent agency attached for administrative purposes to the Energy and Environment Cabinet. It regulates more than 1,100 gas, water, sewer, electric and telecommunication utilities operating in Kentucky.

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