

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLUEGRASS)	
WATER UTILITY OPERATING COMPANY, LLC)	CASE NO.
FOR AN ADJUSTMENT OF WATER AND)	2025-00354
SEWAGE RATES)	

COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION
TO BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC

Bluegrass Water Utility Operating Company, LLC (Bluegrass Water), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on April 3, 2026. The Commission directs Bluegrass Water to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Bluegrass Water shall make timely amendment to any prior response if Bluegrass Water obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Bluegrass Water fails or refuses to furnish all or part of the requested information, Bluegrass Water shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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, Bluegrass Water 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, Exhibit 9, tabs Rate Design – Water and Rate Design – WW and Bluegrass Water's Response to Commission Staff's First Request for Information (Staff's First Request), Item 28, Exhibit 1-28.

- a. Explain why the total bills, divided by 12 to get the monthly average customer count, differ from the actual customer count.

b. Provide a revised Exhibit 9 that uses the actual customer count as the basis for the fixed charge revenues.

2. Refer to the Application, Exhibit 9 (Financial Workbook), tab Balance Sheet Forecast. Clarify the driver and methodology for projecting Account No. "144.000" and provide the last five years historical data for the account.

3. Refer to the Application, Exhibit 9 (Financial Workbook), tab Balance Sheet Forecast. Explain the reduction of \$5,338,637 in Account No. "233.000" during October and December in 2025.

4. Refer to the Commission Staff Second Request for Information (Staff's Second Request), Item 47. Explain Bluegrass Water's decision to utilize intercompany debt from its parent company with higher interest rate rather than securing standalone long-term debt.

5. Refer to Exhibit 9 (Financial Workbook), tab Rate Design WW, Line 31. Explain why Bluegrass Water forecasted \$119,529 in Late Fee for the Test Year.

6. Refer to Exhibit 9 (Financial Workbook), tab Income Statement Detail.

a. Explain the methodology that Bluegrass Water utilizes to forecast its Test Year Operating Expenses in general and in detail for the following:

- (1) Account 922.000 and 922.001
- (2) Account 923.400
- (3) Account 924.400
- (4) Account 615.000 and 715.000 – Purchased Power
- (5) Contract Operations (Water and Wastewater)

b. Provide last five years historical data for all Operating expenses

7. Refer to Exhibit 9 (Financial Workbook), tab Income Statement Detail WW. Explain the Pro Forma Adjustment of (\$228,492) for the test year in Account No. 521.000 and 521.200

8. Refer to the Direct Testimony of Caitlin O'Reilly (O'Reilly Direct Testimony) at 24. Refer also to the Cost Allocation Manual (CAM) provided in Bluegrass Water's Response to Staff's First Request, Item 1.

a. Provide the calculation for the quarterly allocation factor that Bluegrass Water has received and anticipates receiving in each quarter of the base period ending March 31, 2026, and the forecasted test period ending July 31, 2027. Provide each calculation in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

b. Explain whether the "Factors for Allocation of Central States Water Resources (CSWR), LLC Expense" table listed on page 24 of the O'Reilly Direct Testimony considers nine states or eleven states for the "Other Regulated Utility Affiliates."

c. Explain whether acquisitions approved for other CSWR affiliates, including the increased customer count, utility plant in service (UPIS), or operating expenses that coincide with those acquisitions would decrease Bluegrass Water's allocation factor that it receives from CSWR.

d. Provide any planned acquisitions by CSWR or affiliates in the test year and the estimated additional customers, UPIS, and operating expenses of those planned acquisitions.

e. Provide the account numbers for each expense that is allocated to Bluegrass Water from CSWR.

f. Provide an updated CAM that reflects all CSWR, LLC affiliates.

g. Provide the cost allocation factors for Bluegrass Water and all other regulated utility affiliates, listed individually, for every quarter in 2025 and 2026 as applied in the application.

9. Refer to the Direct Testimony of Brent Thies (Thies Direct Testimony) at 32. Explain how Bluegrass Water calculated the accumulated depreciation as of the date of acquisition for the Commonwealth Wastewater, Magruder Village, and Yung Farms Estates wastewater systems. Provide the calculation in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

10. Refer to the Thies Direct Testimony at 44–45.

a. Explain what is meant by depreciation “rates typically used in the industry.”

b. Provide the depreciation rates that Bluegrass Water applied to its depreciable water assets in the base period and the forecasted test period.

c. Provide a copy of the depreciation study approved in Case No. 2022-00432,² Bluegrass Water’s most recent base rate case.

11. Refer to the Direct Testimony of Aaron Silas, Exhibit AJS-4A, at 4 and Bluegrass Water’s Response to Staff’s Second Request, Item 1 and Item 28, Exhibit 1-

² Case No. 2022-00432, *Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Sewage Rates*

28. Confirm that Bluegrass Water presently operates 22 sewer systems. If unable to confirm, explain.

12. Refer to Bluegrass Water's response to Staff's First Request, Item 28, Exhibit 1-28. Confirm that the total number of residential customers (excluding multi-unit residential customers in Brocklyn) is 2,380. If this cannot be confirmed explain.

13. Refer to Bluegrass Water's response to Staff's First Request, Item 28, Exhibit 1-28, pages 1–2, and the 2024 Annual Report,³ page 25. Explain the discrepancy in the number of commercial customers between the annual report and Exhibit 1-28.

14. Refer to the revised Exhibit 9, filed on February 26, 2026, "Working Capital 13-Month Avg" Tab. Explain why Bluegrass Water decided to utilize a rolling average of monthly operating expenses in its working capital calculations as opposed to the operating expenses for each month individually.

15. Refer to the redacted version of revised Exhibit 9, filed on February 26, 2026. There are extensive reference errors in this file. Provide a revised file that corrects these reference errors. If any corrections are made to amend the confidential version of the exhibit, file an updated version.

16. Refer to Bluegrass Water's response to Staff's Second Request, Item 13. Provide the calculation of the \$82.50 inspection fee described in the response in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

³ *Annual Report of Bluegrass Water to the Public Service Commission for the Year Ending December 31, 2024* (2024 Annual Report) at 25.

17. Refer to Bluegrass Water's response to Staff's Second Request, Item 14c. Provide detailed examples of the calculation described in the response in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

18. Refer to Bluegrass Water's response to Staff's Second Request, Item 17. Provide documentary evidence that Bluegrass Water is charged \$16.00 per returned check by its banking facility.

19. Refer to Bluegrass Water's response to Staff's Second Request, Item 18b.

a. If available, provide a detailed table that tracks the method of payment each customer account utilizes by billing month for the prior three calendar years, from 2023-2025, in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

b. Explain how customers were made aware of all current payment options offered by Bluegrass Water.

20. Refer to Bluegrass Water's response to Staff's Second Request, Item 30, attachment "Exhibit_PSC_2-30_-_Late_Payments."

a. Explain any probable reason for the spike in late payments from April 2024 onward.

b. Explain whether significant occurrences of late payments are made in other Central State Water Resources service territories and what, if anything, has been done to correct that issue by the affiliates.

21. Refer to Bluegrass Water's response to Staff's Second Request, Item 59. This response was not responsive to the requested information. Seek and provide a quote from each appropriate/applicable water utility serving Bluegrass Water customers

as to what it would cost for Bluegrass Water to obtain that monthly water usage data for each service territory. Provide updated responses as necessary when Bluegrass Water receives the requested information. Consider this an ongoing request.

22. Refer to Bluegrass Water's response to Staff's Second Request, Item 59. If Bluegrass Water were to receive water usage data on a monthly basis from each applicable water utility serving its customers, explain whether Bluegrass could develop and implement volumetric usage rates for all customer classes in addition to the fixed monthly charge.

23. Refer to Bluegrass Water's response to Staff's Second Request, Item 19(b). Provide a comparison of the impact on the revenue requirement if Bluegrass Water had utilized its actual internal budgeting process for each expense category that utilized the Personal Consumption Expenditures (PCE) Price Index in its original filing. Provide the response in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

24. Refer to Bluegrass Water's response to the Attorney General's First Request for Information (Attorney General's First Request), Exhibit AG 1-24(a). Refer also to the final Order in Case No. 2020-00290,⁴ page 87, where the Commission stated that it was appropriate to adjust salaries in line with the Bureau of Labor Statistics average of a 3.0 percent yearly increase.⁵

a. Provide an explanation for the approximate 53 percent increase in salary from 2023 to 2026 for the President of Bluegrass Water.

⁴ Case No. 2020-00290,

⁵ 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 87.

b. Provide an explanation for the approximate 38 percent increase in salary from 2023 to 2026 for the Vice President of Bluegrass Water.

c. Provide an explanation for the 50 percent increase in salary from 2024 to 2026 for the Chief Financial Officer of Bluegrass Water.

d. Provide an explanation for the approximate 34 percent increase in salary from 2023 to 2026 for Bluegrass Water's in House General Counsel.

e. Provide an explanation for the approximate 59 percent increase in salary from 2023 to 2026 for the Vice President/Corporate Controller of Bluegrass Water.

f. Provide an explanation for the approximate 41 percent increase in salary from 2023 to 2026 for the Senior Vice President of Bluegrass Water.

g. Provide the projected salaries for each position listed in Bluegrass Water's Response to the Attorney General's First Request, Exhibit AG 1-24(a) for the base period ending March 31, 2026, in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

h. Provide the projected salaries for each position listed in Bluegrass Water's Response to the Attorney General's First Request, Exhibit AG 1-24(a) for the forecasted test period ending July 31, 2027, in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

25. Refer to Bluegrass Water's response to Staff's Second Request, Item 9. For the months October 2025 through February 2026, individually, provide the following information.

a. The billable hours allocated to Bluegrass Water.

- b. Copies of the time sheet or documentation supporting the billable hours.
- c. The total amount billed to Bluegrass Water for Intelogix.
- d. The total amount billed to each subsidiary for the same Intelogix service.
- e. Provide the contract with Intelogix.
- f. Provide the contract with Nitor.

26. Refer to Bluegrass Water's response to the Attorney General's First Request, Item 66.

- a. Explain what the "other" category encompasses.
- b. Explain why the expenses for "other" cease.
- c. Explain the "AMRT8843" expense.
- d. Explain how the "cost/saving" amount was calculated. Include in the response specific accounts and amounts used to derive the savings.

27. Refer to Bluegrass Water's response to the Attorney General's First Request, Items 25 and 26.

- a. Provide the written policy for the award of the bonus and allotted vehicle allowance noted in the responses.
- b. In the format of Schedule K, for each executive officer, list by name and titles. In Schedule K, provide the amounts, in gross dollars, separately for total company operations and jurisdictional operational information individually for each corporate officer. Provide also the following listed items:

(1) Overtime pay, individually for each executive officer, or a statement that there is none.

(2) Confirmation that the bonus listed includes incentive compensation. If not confirmed, provide total incentive compensation for each executive officer.

(3) The stock options for each individual corporate officer.

(4) Total deferred compensation for each individual corporate officer.

28. State whether a wage and benefit study was performed for the CSWR, LLC employees. If so, provide a copy. If not, explain the response.

29. Refer to Bluegrass Water's response to Staff's First Request for Information, Item 32, and Bluegrass Water's response to the Attorney General's First Request, Item 30. The answer was not responsive to either request.

a. Provide the contracts with Dinsmore & Sholh, LLP, Woodsmall Law, and Scott Madden.

b. Provide actual invoices from all parties listed in part a, with a total of expenses incurred to date. Consider this an ongoing request.

c. Explain why two legal firms have been consulted on this case, the roles of each, and why more than one is necessary for this application.

d. Refer to Exhibit PSC 1-32_Rate_Case_Expense. Explain why the formula used for the rate/hour column consists of dividing the total invoice amount by the number of hours. Reconcile with the hourly fee charged provided in the contract.

30. Refer to Bluegrass Water's response to the Attorney General's First Request, Item 21.

- a. State the charge for CheckFreePay payment options.
- b. List the available CheckFreePay locations per Bluegrass system.
- c. State whether Bluegrass Water has informed customers of this in-person option.

31. Refer to Bluegrass Water's response to Staff's Second Request, Item 8(a), Exhibit PSC_2_8a.

a. Provide the location that is provided on the billing statement that is available to customers for mailing their payment. Provide in the response whether the mail in address is the same for all Bluegrass Water customers. If not, provide the address per system.

b. Bluegrass Water stated it only sends a "Welcome Letter" to new customers following acquisition of additional systems. State whether Commonwealth Wastewater and Yung Farm customers received a Welcome Letter. If so, provide a copy. If not, explain the response.

32. Refer to Bluegrass Water's response to Staff's Second Request, Item 8(b). State whether Bluegrass Water sent community specific mailers in 2025. If so, provide copies of the paper, community-specific customers mailers distributed to customers.

33. Refer to Bluegrass Water's response to the Attorney General's First Request, Item 50. The answer was not responsive. Provide a copy of every annual report since Bluegrass Water's last rate case, so that they are available in the record of this proceeding.

34. Refer to Bluegrass Water's response to the Attorney General's First Request, Item 127. State when the study to determine the potential cost of bringing its operations in-house will be completed.

35. Refer to the Application, Exhibit 19, page 14. Provide a monthly breakdown, per system, of the number of requests for "Additional Work" performed by Clearwater, whether the request was approved, and the cost of each request.

36. Refer to Bluegrass Water's Response to the Attorney General's First Request, Item 9, attachment "Exhibit_OAG_1-9_-_Arrearage Balances.xlsx." Provide the data supplied in the Aging Report tabs categorized by each "municipality" in table format. In each table, provide the percentage of customers from each municipality that incurred a late payment fee for each year.

37. Refer to the O'Reilly Direct Testimony, page 24 and the Cost Allocation Manual (CAM) provided as Bluegrass Water's Response to Staff's First Request, Item 1.

a. The O'Reilly testimony lists five quarters of CAM calculation results but does not indicate which allocators were used for which portion of the Base Period. Provide the CAM calculations for the Base Period utilizing the actual Customer Counts, Operating Expenses, and Utility Plant In Service during the initial first six months of the Base Period.

b. State which CAM allocations were used for the remaining six months of the Base Period where costs were estimated, and provide the calculations, including assumptions, used for the estimated period.

38. Refer to the O'Reilly Direct Testimony, page 27. Provide explanations for each of the major cost drivers resulting in the increase of 65.05 percent from the six

months actual costs during the Base Period, \$165,904, compared to the six months of estimated costs, \$273,823, for the remainder of the Base Period for the wastewater portion of the estimated allocation of indirect administrative costs.

39. Refer to the O'Reilly Direct Testimony, page 18. For the wastewater portion of the estimated allocation of direct administrative costs for the Base Period, provide explanations for each of the major costs drivers resulting in an increase of 50.19 percent from the six months of actual costs during the Base Period, \$87,053, compared to the six months of estimated costs, \$130,545, for the remainder of the Base Period.

40. Refer to Bluegrass Water's response to the Attorney General's First Request, Item 153, Exhibit 1-153 and Bluegrass Water's response to Staff's Second Request, Item 27, Exhibit 2-27.

a. Provide copies of the receipts, invoices, or other forms of verifiable payments made for the capital improvements for the Randview Lift Station and Road Refurbishment.

b. Provide copies of the receipts, invoices, or other forms of verifiable payments made for the capital improvements for the Randview Collection Sewers-Force, as well as the receipts, invoices or other forms of verifiable payments made for Title and closing.

c. Provide copies of the receipts, invoices, or other forms of verifiable payments made for the capital improvements for the Randview Collection Sewers-Gravity.

d. Provide copies of the receipts, invoices, or other forms of verifiable payments made for the Randview Services.

e. Provide copies of the receipts, invoices, or other forms of verifiable payments made for the Randview Land.

f. Provide copies of the receipts, invoices, or other forms of verifiable payments made for Randview Oxidation Lagoon Land from Acquisition.

g. Provide copies of the receipts, invoices, or other forms of verifiable payments made for the Randview Treatment Equipment from Acquisition.

h. Provide copies of the receipts, invoices, or other forms of verifiable payments made for the capital improvements for the Randview Construction in Progress.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601-8294

DATED **MAR 19 2026**

cc: Parties of Record

Case No. 2025-00354

*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*John Horne
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Sreenu Dandamudi
Central States Water Resources
1650 Des Peres Road
Suite 303
St. Louis, MO 63131

*Aaron Silas
Central States Water Resources
1650 Des Peres Road
Suite 303
St. Louis, MO 63131

*Lawrence W Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Toland Lacy
Office of the Attorney General
700 Capital Avenue
Frankfort, KY 40601

*R. Brooks Herrick
Dinsmore & Shohl, LLP
101 South Fifth Street
Suite 2500
Louisville, KY 40202

*J. Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KY 40601-8204

*Edward T Depp
Dinsmore & Shohl, LLP
101 South Fifth Street
Suite 2500
Louisville, KY 40202

*Cameron R Culbertson
Scott County Attorney
198 E. Washington St.
Georgetown, KY 40324

*Bluegrass Water Utility Operating Company, LLC
1630 Des Peres Road, Suite 140
St. Louis, MO 63131

*Timothy Mayer
Strobo Barkley PLLC
239 South 5th Street
Ste 917
Louisville, KY 40202

*Honorable David Edward Spenard
Strobo Barkley PLLC
239 South 5th Street
Ste 917
Louisville, KY 40202

*Bluegrass Water Utility Operating Company, LLC
1630 Des Peres Road, Suite 140
St. Louis, MO 63131

*Hannah Thompson
Dinsmore & Shohl, LLP
101 South Fifth Street
Suite 2500
Louisville, KY 40202

*Russ Mitten
Bluegrass Water Utility Operating Company, LLC
1630 Des Peres Road, Suite 140
St. Louis, MO 63131

*Joe Pat Covington
Judge/Executive
101 East Main Street
Suite 210
Georgetown, KY 40324

*Randal A. Strobo
Strobo Barkley PLLC
239 South 5th Street
Ste 917
Louisville, KY 40202