COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

COMMISSION STAFF'S FIFTH 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 July 30, 2026. The Commission directs Bluegrass Water to the Commission's July 22, 2021 Order in Case No. 2020-00085[1] 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 Bluegrass Water's response to Commission Staff's Second Request for Information (Staff's Second Request), Item 29, Attachments Exhibit_PSC_2-29_Bad_Debt_Expense_2024 and Exhibit_PSC_2-29_Bad_Debt_Expense_2025 and also Bluegrass Water's response to Commission Staff's Fourth Request for Information (Staff's Fourth Request), Item 59. Explain why the attachments use 1.5 percent of total

revenues to calculate bad debt expense given that Bluegrass Water stated that 1 percent is the current allowance.

2. Refer to Bluegrass Water's response to Commission Staff's Forth Request for Information (Staff's Fourth Request), Item 2(d).

a. Provide the state and case number for each currently open acquisition application by Central States Water Resources, LLC (CSWR) or other affiliates and the estimated additional customers, Utility Plant In Service, and operating expenses of those prospective acquisitions.

b. Provide the number of pending acquisition agreements or memorandum of understanding and the potential customer count of each.

3. Refer to Bluegrass Water's response to Staff's Fourth Request, Item 58(b).

a. Explain Bluegrass Water's policy for disconnecting a customer, either physically or through the customer's water provider.

b. Explain what a "suspended" account means.

4. Refer to Bluegrass Water's response to Staff's Fourth Request, Item 59.

a. Provide Bluegrass Water's annual actual uncollectible account(s) write offs for 2021 through 2025, by account, length of delinquency, total amount written off as well as the total revenues for each year, separating the water and wastewater operations. Provide this response in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

b. Explain when Bluegrass Water contacts a collection agency for past due accounts and what constitutes "a reasonable period of time."

5. Refer to the Direct Testimony of Matt Howard (Howard Direct Testimony), page 14, specifically pertaining to the discussion about the merger between American Water Works Corporation (AWK) and Essential Utilities, Inc (WTRG). Explain whether the updated market data published throughout the pendency of the instant proceeding has affected the inclusion of AWK and WTRG in the Utility Proxy Group.

6. Refer to Bluegrass Water's response to Staff's Second Request, Item 3(b). Refer also to Case No. 2022-00432,[2] page 91. Provide the impact to the proposed return on equity (ROE) if the size adjustments are removed from Bluegrass Water's ROE analysis, while still taking into account the business risks such as the acquisitions of troubled water and wastewater systems.

7. Refer to the Howard Direct Testimony, page 58, lines 13 through 15. Refer also to Bluegrass Water's response to Staff's Fourth Request, Item 53, pages 2 and 3. Provide the support for applying a full one percent size premium to Bluegrass Water's unadjusted ROE range of ten to eleven percent.

8. Refer to "Exhibit_9_-_Financial_Workbook-WITH_LINKS" at the "Depr Schedule" Tab.

a. For each individual depreciation expense listed within this tab, provide the support for the calculation that comprises the total $598,822.46 in Depreciation Expense in the forecasted test year.

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[2] Case No. 2022-00432, *Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Sewage Rates* (Ky. PSC Feb. 14, 2024).

b. Provide the source of where Bluegrass Water obtained each individual depreciation rate included within the calculation of its Depreciation Expense in the forecasted test year.

9. Refer to Bluegrass Water's response to Staff's Fourth Request, Item 3, Exhibit 4-3 "Acquisition Accumulated Depreciation." Provide support for utilizing a composite five percent depreciation rate for the Commonwealth Wastewater system.

10. Refer to Bluegrass Water's Response to Commission Staff's First Request for Information (Staff's First Request), Item 19.

a. Provide an explanation as to why Bluegrass Water chose American States Water, California Water, Middlesex Water, H2O America, and Global Water as its water utility peer group when comparing its executives' compensation.

b. Explain whether Bluegrass Water considered including any alternative water utilities in the water utility peer group and if so, explain why Bluegrass Water chose not to include those companies.

11. Refer to Bluegrass Water's response to Staff's Fourth Request, Item 36. Refer also to Bluegrass Water's Response to the Attorney General's Third Request for Information, Item 12(a), where Bluegrass Water stated that there was an acquisition adjustment for Commonwealth Wastewater for $12,755.20, and the Redlined Direct Testimony of Brent Thies, page 25, where company witness Thies does not mention any inclusion of an acquisition adjustment for the Magruder Village and Yung Farm Estates acquisitions. Provide support for the inclusion of a $112,296 Acquisition Adjustment in the forecasted test year.

12. Refer to Bluegrass Water's response to Staff's Fourth Request, Item 38. Explain why the "payable to associated companies" component of Bluegrass Water's proposed capital structure should only include external debt sourced by CSWR, and should not include cash working capital transfers from the parent company.

13. Refer to Bluegrass Water's response to Staff's Fourth Request, Item 39. Explain where these expenditures were recorded in Bluegrass Water's books prior to 2025.

14. Refer to Bluegrass Water's "Exhibit_9_-_Financial_Workbook-WITH_LINKS" at the "Income Statement Detail WW" Tab at Line 143, which lists Bluegrass Water's Interest Expense – Intercompany expense.

a. Confirm that the expenditures recorded in Account 427.001 – Interest Expense – Intercompany grew by approximately $260,578, or 115.59 percent from 2025 to 2026.

b. Confirm that expenditures recorded in Account 427.001 – Interest Expense – Intercompany grew by approximately $300,472, or 100.96 percent from the base period to the forecasted test period.

c. If the answers to subpart (a) and (b) are both confirmed, provide an explanation as to why this expense is increasing by approximately $372,655, or 165.30 percent from the most recent full calendar year to the forecasted test period. If unconfirmed, provide the amounts and explain the reasoning for the increase.

15. Refer to Bluegrass Water's response to the Attorney General's Third Request for Information, Item 60(c), which supports a $14,451 monthly wastewater rate case expense amortization assuming a 36-month amortization period. Refer also to

Bluegrass Water's Supplemental Response to Staff's First Request, Amended Exhibit PSC 1-32 (filed May 8, 2026), which supports an estimated $15,972.22 monthly rate case expense amortization assuming a 36-month amortization period, and an actual (incurred to date) $12,322.04 monthly rate case amortization assuming a 36-month amortization period. Provide the support for the monthly wastewater rate case expense amortization of $14,451.

16. Refer to Bluegrass Water's response to Staff's First Request, Item 32(d) which requests Bluegrass Water to "provide monthly updates of the actual costs incurred in conjunction with this rate case."

a. Explain why Bluegrass Water has not filed its monthly update of the costs incurred in conjunction with this rate case since May 8, 2026.

b. Provide a timeline for which the Commission and the intervening parties can expect Bluegrass Water's monthly updates to its rate case expenses incurred to date for the instant proceeding.

17. Refer to Bluegrass Water's response to Staff's Fourth Request, Item 47.

a. Explain where the "employee-related expenses," as that term is used in response to Staff's Fourth Request, Item 47, are reflected in Bluegrass Water's revenue requirement model with specific references to the relevant Excel files, tabs, and cells.

b. For each year from 2023 through 2026, the period from April 2025 through March 2026, and the period from August 2026 through July 2027, provide, in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected:

(1) The total amount of "employee-related expenses" incurred by CSWR before any allocation;

(2) The amount of "employee-related expenses" directly allocated to each operating company, including Bluegrass Water, in each period based on time recorded to that operating company; and

(3) The total amount of "employee-related expenses" "allocated using the Company's overhead allocation methodology" "[f]or time that is recorded as 'all companies' or for corporate-level activities."

c. To the extent that the total amount of "employee-related expenses" in each year or period does not equal the sum of (i) the total amount directly allocated to operating companies based on time recorded to the operating companies and (ii) the total amount "allocated using the Company's overhead allocation methodology" "[f]or time that is recorded as 'all companies' or for corporate-level activities," provide an itemized breakdown, in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected, of the difference and explain where and how those amounts are allocated.

d. For each year from 2023 through 2026, the period from April 2025 through March 2026, and the period from August 2026 through July 2027, identify that portion of the total amount of "employee-related expenses" allocated to business development, and explain how employee-related expenses attributable to business development were determined and allocated in each year.

e. For each year from 2023 through 2026, the period from April 2025 through March 2026, and the period from August 2026 through July 2027, provide a breakdown of the total amount of “employee-related expenses” “allocated using the Company’s overhead allocation methodology” showing the amount allocated to each operating company.

18. Refer to Bluegrass Water’s Response to Staff’s Fourth Request, Item 47 and Bluegrass Water’s Response to Staff’s First Request, Item 16.

a. Provide the information requested in Staff’s First Request, Item 16, in the same format requested therein, for the period from April 2025 through March 2026, and the period from August 2026 through July 2027 and provide the sum total of the amounts requested for each year.

b. To the extent there is a difference between the total amounts provided in each year in response to subpart (a) of this request and the total amount of “employee-related expenses,” as that term is used in response to Staff’s Fourth Request, Item 47, incurred by CSWR before any allocation, provide an itemized breakdown of what caused the differences in each year.

19. Provide the following information for CSWR’s compensation and benefits, for the three most recent calendar years, the period from April 2025 through March 2026, and the period from August 2026 through July 2027. Provide the information individually for each corporate officer and by category for Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly. Provide the amounts, in gross dollars, separately for total company CSWR operations and jurisdictional Bluegrass Water operations, broken down by directly assigned and allocated costs.

a. Regular salary or wages.

b. Overtime pay.

c. Excess vacation payout.

d. Standby/Dispatch pay.

e. Bonus and incentive pay.

f. Any other forms of incentives, including stock options or forms of deferred compensation (specify).

g. Other amounts paid and reported on the employees' W-2 (specify).

h. Healthcare benefit cost.

(1) Amount paid by CSWR.

(2) Amount paid by the employee.

i. Dental benefits cost.

(1) Amount paid by CSWR.

(2) Amount paid by the employee.

j. Vision benefits cost.

(1) Amount paid by CSWR.

(2) Amount paid by the employee.

k. Life insurance cost.

(1) Amount paid by CSWR.

(2) Amount paid by the employee.

l. Accidental death and disability benefits.

(1) Amount paid by CSWR.

(2) Amount paid by the employee.

m. Defined Benefit Retirement cost.

(1) Amount paid by CSWR.

(2) Amount paid by the employee.

n. Defined Contribution – 401(k) or similar plan cost. Provide the amount paid by CSWR.

o. Cost of any other benefit available to an employee, including fringe benefits (specify).

20. Refer to Bluegrass Water's response to Staff's Fourth Request, Item 47 and Bluegrass Water's response to Staff's First Request, Item 16.

a. For each year from 2023 through 2026, the period from April 2025 through March 2026, and the period from August 2026 through July 2027, provide, in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected:

(1) The total amount of "employee-related expenses" incurred by CSWR for corporate officers and directors before any allocation;

(2) The amount of "employee-related expenses" for corporate officers and directors directly allocated to each operating company, including Bluegrass Water, in each period based on time recorded to that operating company; and

(3) The total amount of "employee-related expenses" for corporate officers and directors "allocated using the Company's overhead allocation methodology" "[f]or time that is recorded as 'all companies' or for corporate-level activities."

b. To the extent that the total amount of "employee-related expenses" for corporate officers and directors in each year or period does not equal the sum of the total amount directly allocated to operating companies for corporate officers and directors based on time recorded to the operating companies and the total amount for corporate officers and directors “allocated using the Company’s overhead allocation methodology” “[f]or time that is recorded as ‘all companies’ or for corporate-level activities,” provide an itemized breakdown, in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected, of the difference and explain where and how those amounts are allocated.

c. For each year from 2023 through 2026, the period from April 2025 through March 2026, and the period from August 2026 through July 2027, provide a breakdown of the total amount of “employee-related expenses” for corporate officers and directors “allocated using the Company’s overhead allocation methodology” showing the amount allocated to each operating company.

d. To the extent there is a difference between the total amounts provided in each year in response to Item 20 of this request for corporate officers and directors and the total amount of “employee-related expenses” for corporate officers and directors incurred by CSWR in each year before any allocation, provide an itemized breakdown of what caused the differences in each year.

21. Provide the total hours attributed to business development for 2023 through 2026, the period from April 2025 through March 2026, and the period from August 2026 through July 2027

22. Refer to Bluegrass Water’s response to Staff’s Second Request, Item 54.

a. Explain how business development costs are removed from the amounts allocated to Bluegrass Water.

b. Provide an itemized breakdown of the business development expenses that are excluded.

c. Provide the total amount of CSWR's business development costs.

d. Explain whether business development costs are determined by directly assigning or allocating costs. If allocated, provide the allocation factors.

e. Explain how CSWR directly assigns or allocates business development costs, including which employees have time coded to business development and the basis for any allocations.

23. Provide a list of all of Bluegrass Water's capital improvement projects from 2022 through 2025 separately for Bluegrass Water's sewer and water operations. Include the location, purpose, and total spend for each project. Provide this response in Excel spreadsheet format with all formulas, rows, and columns fully accessible and unprotected.

24. Refer to Exhibit OAG-1-35_Redlined _Consolidated_Wastewater_Tariff, Sheet No. 1.3. State whether Bluegrass Water intended to leave "except Magruder Village and Yung Farms" language in the Classification of Service- Commercial, flat rate paragraph. If not, provide new red-lined and clean versions of the tariff. If so, explain the response.

25. Refer to Bluegrass Water's response to Staff's Fourth Request, Item 22. Given there is no formal written policy, explain how the bonuses and vehicle allowances are determined.

26. Refer to Bluegrass Water's response to Staff's Fourth Request, Item 30. Bluegrass Water provided a copy of work entries in the original request. State whether

there were requests for “Additional Work” that were not approved. If so, provide a breakdown, by system, for each item of requested work and the estimated costs.

27. Refer to Bluegrass Water’s response to the Attorney General’s Third Request for Information, Item 39. State whether there are any industry association dues included in the forecast test year expenses. If so, identify how they are allocated.

28. Refer to Bluegrass Water’s response to Staff’s Fourth Request, Item 2, Exhibit PSC_4_2_OHA_Factors. Provide the total overhead budget amount for CSWR.

29. Refer to Bluegrass Water’s response to Staff’s Fourth Request, Item 2, Exhibit PSC_4_2_OHA_Factors, Tab “Q4 2025” and Bluegrass Water’s 2025 Annual Report for sewer operations, page 15. Explain the difference between Bluegrass Water’s reported utility plant in service used for the allocation factor, $10,990,000, and the annual report amount of $16,189,640.

30. Refer to Bluegrass Water’s Amended_Exhibit_9_-_Financial_Workbook-Errata, Tab “Balance Sheet Summary,” Bluegrass Water’s 2024 Annual Report for water operations, page 15, and Bluegrass Water’s 2024 Annual Report for sewer operations, page 15. Explain the difference in 2024 net plant in service between the balance sheet summary of $14,158,437 and the annual report amount of $13,355,238.

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DATED JUL 15 2026

cc: Parties of Record

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