

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matters of

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, LLC; Kingswood Development,)
Inc.; Airview Utilities, LLC; Brocklyn)
Utilities, LLC; Fox Run Utilities, LLC; and,)
Lake Columbia Utilities, Inc.)
No. 2019-00104

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.)
No. 2019-00360

**Bluegrass Water’s Motion for Informal Conference and
Notice of Withdrawal of Proposal re Financial Instrument**

Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water”), whose proposed acquisition of ownership and control of utility assets was conditionally approved in the Commission’s Orders entered August 14, 2019 (“8/14/19 Order”) in Case No. 2019-00104 and February 17, 2020 (“2/17/20 Order”) in Case No. 2019-00360, hereby gives notice of withdrawal of the proposed financial instrument filed in Case No. 2019-00104 on December 11, 2019, and moves for an informal conference to discuss how it will meet the requirement for a guaranteed financial

instrument in compliance with both the 8/14/19 and 2/17/20 Orders. To explain the withdrawal of the proposal made in December 2019 and in support of this motion, Bluegrass Water states as follows:

1. On August 14, 2019, the Commission conditionally approved the proposed asset transfers to, and acquisitions by, Bluegrass Water in Case No. 2019-00104. On February 17, 2020, in Case No. 2019-00360, the Commission conditionally approved additional asset transfers to, and acquisitions by, Bluegrass Water. Bluegrass Water is currently operating 10 sewer systems in Kentucky.

2. Appendix Condition #5 of both Orders required filing with the Commission a guaranteed financial instrument equivalent to two months of the cost of Bluegrass Water's third-party contractors for the systems.

3. On December 11, 2019, in Case No. 2019-00104, Bluegrass Water filed a Motion along with a proposed Letter of Credit ("LoC"), requesting that the Commission approve the LoC or other provide additional guidance on its suitability as the required financial instrument. No Order has been entered to date in response to that Motion.

4. Bluegrass Water now withdraws that LoC as its proposal for the required guaranteed financial instrument. In part, any such LoC would have to be revised to cover the additional systems from Case No. 2019-00360.

5. Another reason to withdraw that proposal, however, is that the financial circumstances of Bluegrass Water's affiliates and parent have improved to the point that Bluegrass Water would propose that the requirement be met by an express guaranty of required amounts by CSWR, LLC. Such a guaranty would ensure the continuity of sewage service per KRS

278.020(10), and at a lower cost than the LoC, thereby reducing the eventual burden on the ratepayers.

6. Due to improved circumstances, Bluegrass Water believes that an informal conference regarding compliance with Conditions #5 from the Orders would be beneficial to identifying a sufficient, but more cost-effective, guaranteed financial instrument.

7. Bluegrass Waters suggests that the informal conference would not take more than two (2) hours. Although it prefers that the informal conference be in-person at the Commission offices in Frankfort, Bluegrass Water understands that the conference may need to be by telephone and/or video due to the current issues related to COVID-19.

8. Bluegrass Water representatives would like for this informal conference to take place as soon as possible and would be available to participate in an informal conference as early as the week of June 22, 2020, and thereafter. Bluegrass Water asks for an informal conference to be scheduled during the June 22nd week if possible; if not possible, it asks for an informal conference soon thereafter on a day and time feasible for key participants for Bluegrass Water. Bluegrass Water also has a pending request for an informal conference not related to pending case and is willing to combine the requested conferences or schedule one to immediately follow the other as works best for Commission staff.

WHEREFORE, Bluegrass Water respectfully requests scheduling of an informal conference in this matter, to be held if possible the week of June 22, 2019 during business hours.

Respectfully submitted,

/s/ Katherine K. Yunker

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