

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 BY P.R.)	
WASTEWATER MANAGEMENT, INC., MARSHALL)	CASE NO.
COUNTY ENVIRONMENTAL SERVICES, LLC, LH)	2019-00104
TREATMENT COMPANY, LLC, KINGSWOOD)	
DEVELOPMENT, INC., AIRVIEW UTILITIES, LLC,)	
BROCKLYN UTILITIES, LLC, FOX RUN UTILITIES)	
LLC, AND LAKE COLUMBIA UTILITIES, INC.)	

ATTORNEY GENERAL'S POST-HEARING REQUESTS FOR COMMITMENTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), and submits these Post-Hearing Requests for Commitments to the above-noted applicants in this matter (hereinafter jointly “Joint Applicants”) to be answered within seven (7) days, responding either jointly or individually and in accord with the following:

- (1) In each case where the entirety of the Joint Applicants agree to a commitment, state so. In each case where a joint applicant(s) agrees to commit in part to one of the requested commitments, state with specificity the degree to which the joint applicant(s) commits. In each case where a joint applicant refuses to commit, in part or in whole, explain why.
- (2) Identify the witness(es) responsible for responses.
- (3) Repeat the request to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the Joint Applicants receives or generates additional information within the scope

of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each request shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or 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.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or

compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(8) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(9) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

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1. Joint Applicants will not utilize push-down accounting in any manner arising from the transaction proposed in this case, nor will any Joint Applicant allow any affiliate to use push-down accounting that results in any impact to a Joint Applicant.
2. Prior to entering into any service company agreement or cost allocation manual, Bluegrass Water Utility Operating Company, LLC ("Bluegrass UOC") will file an application with the Kentucky Public Service Commission ("Commission") to obtain its prior approval.
3. Bluegrass UOC will honor all contractual and regulatory commitments the Kentucky selling utilities entered into prior to the closing of the transaction(s) that are subject to or contemplated within the proposed transaction(s).
4. Bluegrass UOC will not seek recovery for any costs to achieve the transaction(s), arising from the transaction(s) or costs to achieve initial savings associated with the proposed transaction(s) from Bluegrass UOC's post-closing ratepayers.
5. Bluegrass UOC will give clear and conspicuous notice to its customers prior to any material change in services resulting from the proposed transaction(s).
6. Post-closing ratepayers of Bluegrass UOC will not be responsible for any costs arising from any affiliates of Bluegrass UOC located outside or inside of Kentucky. For purposes of these commitments, affiliates of Bluegrass UOC include, but are not limited to, all such affiliates identified in the record of the instant case, whether direct or indirect.
7. If the Commission approves the contemplated transaction(s), post-closing ratepayers of Bluegrass UOC will not be asked or required to guarantee the credit of any Bluegrass UOC affiliate.
8. Bluegrass UOC will not be required to pledge any of its assets to finance the debt or any purchases of any other affiliate.
9. Bluegrass UOC will not be required to grant liens or encumbrances, or otherwise pledge any of their assets to finance any or all of the costs of the proposed transaction(s).
10. Neither Bluegrass UOC nor its ratepayers, will directly or indirectly incur any additional costs, liabilities, or obligations in conjunction with the proposed

- transaction(s) in connection with the repayment and refinancing of closing indebtedness.
11. Neither Bluegrass UOC nor its ratepayers, will directly or indirectly incur any additional costs, liabilities, or obligations related to the proposed acquisition(s).
 12. Bluegrass UOC agrees to ring-fence itself to ensure Bluegrass UOC is insulated from costs arising from the out-of-state utility businesses of Bluegrass UOC and/or its affiliated entities.
 13. Bluegrass UOC agrees to maintain a minimum debt to capitalization ratio of 40% and a maximum debt to capitalization ratio of 60%.
 14. Bluegrass UOC will agree to abstain from: (a) guaranteeing debt or credit facilities of any Bluegrass UOC affiliate; (b) mortgaging utility assets on behalf of such an affiliate; and (c) loaning funds or otherwise extending credit to any such affiliate.
 15. If the proposed transaction(s) closes, the Joint Applicants will provide the Commission and parties to this case, as a filing in this docket, the post-closing accounting entries for each of the Joint Applicants and the direct affiliates involved in the transaction(s), including those that provide post-closing capital.
 16. Bluegrass UOC will maintain its books and records within the Commonwealth of Kentucky.
 17. Bluegrass UOC will conspicuously note and explain the post-closing net book value of the assets subject to the proposed transaction(s) as a filing in this docket.
 18. If Bluegrass UOC's affiliates are the sources for any charges to Bluegrass UOC, Bluegrass UOC and those affiliates agree to allow the Commission or its agent to audit the accounting records of those affiliates.
 19. The accounting and rate-making treatments of the assets-subject-to-the-proposed-transaction's excess deferred income taxes, if there are any, shall not be affected by the transaction.
 20. Bluegrass UOC's post-closing customers will experience no adverse change in service if the transaction(s) is approved.
 21. Bluegrass UOC and its affiliates will not achieve merger savings at the expense of degrading the adequacy and reliability of the customers' retail service.

22. The proposed transaction(s) will not result in any write-ups, write-offs or restatements of financial results.
23. In the event the contemplated transaction(s) is not consummated, the Kentucky selling utilities' ratepayers will not be responsible for any termination and/or other fees or expenses arising from the proposed transaction(s).
24. No early termination costs, change in control payments, or retention bonuses paid to any employee or agent of a Kentucky selling utility as a result of the proposed transaction(s) will be allocated to or recovered from any ratepayers.
25. Bluegrass UOC will not be the employer or purchaser of last resort for employees, assets, services and/or products associated with any affiliate of Bluegrass UOC.
26. No later than March 31st of every year, Bluegrass UOC shall file with the Commission a detailed organizational chart showing all subsidiaries and affiliates as of the end of the previous calendar year.
27. Post-closing, Bluegrass UOC shall adequately fund and maintain the systems subject to the proposed transaction(s).
28. In the event Bluegrass UOC and its affiliates should conduct any future water, or wastewater utility mergers or acquisitions, it will notify the Commission of any and all potential synergies and benefits from such transaction(s), together with a proposed methodology for allotting an appropriate share of the potential synergies and benefits to ratepayers.