

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 Confidential Treatment of Information

Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water”), respectfully submits this Motion pursuant to 807 KAR 5:001, Section 13, for confidential treatment of certain information submitted in connection with the Guaranty filed today in response to the Orders in Case Nos. 2019-00104 and 2019-00360. 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 11 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 this date, Bluegrass Water filed with the Commission a Guaranty by its affiliate, CSWR, LLC ("CSWR") in response to Appendix Condition #5 of both Orders.

4. In Guaranty ¶ 9, CSWR promises to submit its audited consolidated 2019 financial statements (hereinafter "2019 Financials"), and the 2019 Financials are being submitted today to the Commission under seal. Confidential treatment is being sought for the 2019 Financials in their entirety. The 2019 Financials for which confidential treatment are sought are contained in full in an unredacted copy submitted under seal. As confidential treatment is being sought for the entire submission, no redacted copy has been provided pursuant to 807 KAR 5:001 Section 13(2)(a)(3)(b).

5. The 2019 Financials are not publicly disseminated and public disclosure of this information would harm CSWR because the 2019 Financials reveal sensitive information regarding the internal financial ability and workings of CSWR, a non-party who is not a utility nor is subject to regulation by the Commission. The sensitive, commercially-valuable, and financial information contained therein is not publicly distributed or disseminated outside of

CSWR. The only reason the 2019 Financials were provided was solely to support the Guaranty and fulfill the contractual obligation in ¶9.

6. Under KRS 61.878(1)(c)(1), commercial information generally recognized as confidential is protected if disclosure would cause competitive injury and permits competitors an unfair commercial advantage. Public disclosure of the information in 2019 Financials may cause competitive harm to CSWR in anticipated future acquisitions by causing a lessening of competition in subsequent bidding processes.

7. If the Commission disagrees with Bluegrass Water that the material for which this Motion seeks confidential treatment is exempt from disclosure, Bluegrass Water requests the return of the copy submitted under seal. CSWR would then find an alternative way to show the Commission its financial strength, for example, by providing for on-site review of the 2019 Financials without providing an electronic or paper copy for the Commission's records.

8. In compliance with 807 KAR 5:001, Sections 8(3) and 13(2)(3), Bluegrass Water will file one paper copy of the Motion with the Commission in paper medium within 30 days of the lifting of the state of emergency pursuant to the Commission's 3/16/20 and 3/24/20 Orders in Case No. 2020-00085. Per 807 KAR 5:001 Section 13 and the 3/24/20 Order, Bluegrass Water will also submit to the Commission under seal one unredacted copy of the 2019 Financials via the methods identified in the 3/24/20 Order.

9. 807 KAR 5:001, Section 13(2)(a)(2) provides that a motion for confidential treatment shall state the time period in which the material should be treated as confidential and the reasons for this time period. Movant respectfully submits that five years from the date of the filing of this Motion is a reasonable period of time for the 2019 Financials to be treated as confidential in light of the competitive conditions in the wastewater industry.

WHEREFORE, Bluegrass Water respectfully requests that the Commission grant confidential treatment of the information described herein.

Respectfully submitted,

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