

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: Center Ridge Water District, Inc.;)
Joann Estates Utilities, Inc.; and River Bluffs,)
Inc.)
)
)
)
)

No. 2019-00360

Applicants’ Joint Motion for Confidential Treatment of Information

Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water”), Center Ridge Water District, Inc. (“Center Ridge”), Joann Estates Utilities, Inc. (“Joann Estates”), and River Bluffs, Inc. (“River Bluffs”), respectfully submit this joint Motion pursuant to 807 KAR 5:001, Section 13, for confidential treatment of certain information relating to the Joint Application in this case. In support of this Motion, the Applicants state as follows:

1. On this date, Applicants filed with the Commission their Joint Application for approval of an acquisition of ownership and transfer control of the utility system assets pursuant to KRS 278.020 (6), (7), and (10).
2. The proposed acquisition that is the subject of the Joint Application will occur, subject to the approval of the Commission, under the terms of Purchase Agreements between Bluegrass Water and the three transferring utilities. A fully executed copy of each Agreement is attached to the Joint Application as redacted Exhibits C – E. Confidential treatment is sought for certain material in these Agreements—specifically the dollar amounts contained therein. The

dollar amounts specifically identified in each Agreement have been redacted in the publicly-filed copies and are highlighted in the unredacted copy filed under seal.

<u>Seller</u>	<u>Date</u>	<u>Exhibit</u>
Center Ridge	5/7/19	C
Joann Estates	4/4/19	D
River Bluffs	6/10/19	E

3. An additional document for which Applicants are seeking confidential treatment is redacted Exhibit F attached to the Joint Application. Exhibit F is CSWR LLC's June 30, 2019 Consolidated Balance Sheet. This consolidated balance sheet contains confidential and proprietary information relating to the business of CSWR and its affiliates.

4. Applicants are also seeking confidential treatment for the engineering reports for each system, collectively attached to the Joint Application as redacted Exhibit G. The engineering reports have been redacted in the publicly-filed response; the material for which confidential treatment is sought has been highlighted in the unredacted copy filed under seal. These reports contain confidential and propriety information regarding the systems and the assets to be acquired.

5. Finally, Applicants are seeking confidential treatment for redacted Exhibit I of the Joint Application, the Bluegrass Water *pro forma* balance sheet and income statement. The *pro forma* statements for Bluegrass Water reflect the purchase prices, costs of planned repairs and improvements, and the most-recently reported annual operating expenses and revenues of the individual transferring utilities.

6. The information in these Exhibits for which Applicants seek confidential treatment is not publicly disseminated and public disclosure of this information would harm Blue-

grass Water, CSWR and its affiliates, the transferring utilities, or all of them. Exhibit F reveals information regarding the internal financial ability and workings of CSWR and its affiliates; furthermore, CSWR is not a utility and the information disclosed in Exhibit F would not otherwise be subject to disclosure to a regulatory body in the usual course of business. The sensitive, commercially-valuable, financial and inter-affiliate transaction information contained in the Consolidated Balance Sheet and the *pro forma* statements is not publicly distributed or disseminated outside of CSWR and its affiliates. It is provided with the Joint Application to show Bluegrass Water's financial ability (as required by KRS 278.020 (6), (7), and (10)), to give the Commission a fuller picture and background of finances within CSWR and its affiliates, so that it may be confident that financial ability exists for renovating and improving the system assets and for ongoing operations.

7. The risk of harm would be unnecessarily increased if the acquisition amounts and related dollar amounts contained in Exhibits C-G and I are disclosed. Disclosure of the acquisition amounts could create incentives for other potential purchasers to undercut efforts by the Applicants to successfully close this transaction. Furthermore, significant other redactions are required in Exhibit F because minimal redaction would allow competitively-sensitive confidential information to be inferred from other information disclosed. In the event that the Commission does not approve the transaction, or in the event that the transaction otherwise does not close, Applicants would suffer harm if this information were made public and therefore accessible to other potential purchasers, as it could lessen competition in a subsequent bidding process. Such disclosure would also be costly in the future when attempts to acquire similarly distressed systems are made and CSWR's ability to negotiate terms specific to a particular utility and its circumstances has been compromised.

8. The information in the engineering reports contained in Exhibit G for which Applicants seek confidential treatment is not publicly disseminated and public disclosure of this information would harm Bluegrass Water. The reports reveal information regarding the internal ability and workings of Bluegrass Water and its affiliates; specifically, how they evaluate potential systems for acquisition and the internal processes by which they respond to various issues that arise in similar wastewater systems. These documents also demonstrate innovative and proprietary technology and processes developed through experience and used by CSWR and its affiliates to renovate small water and wastewater systems. Such processes are “trade secrets” as defined by KRS 365.880(4) and fall within the scope of the trade secret exemption from disclosure pursuant to KRS 61.878(c). If these trade secrets contained within the engineering reports do not receive confidential treatment, the risk of harm would be unnecessarily increased that Bluegrass Water and its affiliates would suffer a serious business injury and these trade secrets would be misappropriated by other competitors in the wastewater industry.

9. Applicants further seek confidential treatment for the engineering reports in Exhibit G because these are also proprietary. Bluegrass Water expended funds with a third party as part of its due diligence in investigating these systems. Bluegrass Water therefore should not be forced to share this information publicly to its possible detriment. If this information were shared publicly, and especially in the event that the Application is denied, Bluegrass Water would suffer harm because it would give other potential purchasers and competitors a “leg-up” with the systems discussed in the report and lessen competition in a subsequent bidding process. Such disclosure would also be costly in the future when attempts to acquire similarly distressed systems are made and Bluegrass Water’s ability to negotiate terms specific to a particular utility and its circumstances has been compromised.

10. The dollar amounts in the Agreements and the information in Exhibits F and I could be used by competitors to the business injury of CSWR and its affiliates, including Bluegrass Water, in other ways as well. For example, if disclosed, the purchase prices, plans for the future, and consolidated financials would give competitors sensitive information about CSWR's acquisition strategy and capability and its valuation of systems, their problems, and potential. In addition, the cost estimates in the Exhibit I balance sheet reflect innovative and proprietary technology and processes developed through experience and used by CSWR and its affiliates to renovate small wastewater systems.

11. 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 the identified Exhibits may cause competitive harm to CSWR and its affiliates as well as the transferring utilities and could cause a lessening of competition in subsequent bidding processes in the event the Commission denies the Joint Application or the proposed acquisition otherwise fails to close.

12. The redacted information in Exhibits F and I is treated as confidential by Bluegrass Water and its affiliates, and it is not widely disseminated even among the employees of these companies. Only personnel with a business reason to use it are permitted to view this business information.

13. If the Commission disagrees with Applicants that redacted Exhibits C-G and I are exempt from disclosure as confidential commercial information, it must hold an evidentiary hearing to protect the due process rights of the affected Applicants and permit the opportunity to supply the Commission with a complete record to enable it to reach a decision with regard to this confidentiality request.

14. Applicants would not object to the disclosure of redacted Exhibits C-G and I pursuant to a confidentiality agreement with any intervenor who can demonstrate a legitimate interest in reviewing the confidential information for the purpose of participating in this proceeding.

15. In compliance with 807 KAR 5:001, Section 8(3) and 13(2)(3), Applicants are filing with the Commission one paper copy of Exhibits C-G and I, entirely unredacted and with highlighting of the material for which confidential treatment is sought. The unredacted paper copy is filed under seal; redacted pages of the subject Exhibits are being publicly filed with the electronic copy of this Motion.

16. 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. Movants respectfully submit that five years from the date of the filing of the Joint Application is a reasonable period of time for the material in Exhibits C-G and I to be treated as confidential in light of the competitive conditions in the water and wastewater industries.

WHEREFORE, the Applicants jointly and respectfully request that the Commission grant confidential treatment of the information described herein and shown as redacted on the attached publicly-filed Motion Exhibits.

Respectfully submitted,

/s/ Kathryn A. Eckert _____

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Attorneys for Movant

MOTION EXHIBITS

(excerpts from the Joint Application Exhibits, showing all redactions)

- C Agreement for Sale of Utility System (Center Ridge)
- D Agreement for Sale of Utility System (Joann Estates)
- E Agreement for Sale of Utility System (River Bluffs)
- F CYE June 30, 2019 CSWR, LLC Consolidated Balance Sheet
- G Engineering Reports
- I Pro Forma Balance Sheet and Income Statement, Bluegrass Water Utility Operating Company, LLC

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 7th day of May, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and CENTER RIDGE WATER DISTRICT, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates, as a regulated water corporation, water facilities in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in Calloway County, Kentucky, which includes but is not limited to the Pine Bluff Shores Subdivision, Keniana Shores Subdivision, and Center Ridge Lake Properties. (hereinafter the "System"); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and the laws of the Commonwealth of Kentucky, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of water to each of the customers connected to the service area (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of water service in the System located in Calloway County, in the Commonwealth of Kentucky, and related properties, including, without limitation, the following:

the Purchase Price issued by a company authorized to issue title insurance in the Commonwealth of Kentucky, which policy shall insure the owner's title to be marketable as the same is described and defined in the American Land Title Association ("ALTA") title examination standards ("Title Standards"). After delivery of said title insurance commitment and Buyer's completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the Kentucky Public Service Commission ("PSC"), Kentucky Pollutant Discharge Elimination System ("KPDES"), or any other regulatory agency in the State of Kentucky, as determined by Buyer in its sole discretion, and to obtain transfer of Seller's permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED] [REDACTED] for purchase of the Assets ("Purchase Price").

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion, or at such other time as the parties hereto may mutually agree (the "Closing"). At the Closing, Seller shall

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 4th day of April, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and JOANN ESTATES UTILITIES, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates as a regulated sewer corporation sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, which are located within Timberland Subdivision situated in McCracken County, Kentucky (hereinafter the "System") (for sake of clarity, the System does not include any assets of Seller related to or located within Joann Estates and Wilmington Chiles Subdivisions); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and the laws of the Commonwealth of Kentucky, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of sewer to each of the customers connected to the service area (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of sewer service in the System located in McCracken County, in the Commonwealth of Kentucky, and related properties, including, without limitation, the following:

the Purchase Price issued by a company authorized to issue title insurance in the Commonwealth of Kentucky, which policy shall insure the owner's title to be marketable as the same is described and defined in the American Land Title Association ("ALTA") title examination standards ("Title Standards"). After delivery of said title insurance commitment and Buyer's completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the Kentucky Public Service Commission ("PSC"), Kentucky Pollutant Discharge Elimination System ("KPDES"), or any other regulatory agency in the State of Kentucky, as determined by Buyer in its sole discretion, and to obtain transfer of Seller's permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED]

[REDACTED] for purchase of the Assets ("Purchase Price").

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion, or at such other time as the parties hereto may mutually agree (the "Closing"). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient

AGREEMENT FOR SALE OF UTILITY SYSTEM

THIS AGREEMENT ("Agreement"), is made and entered into this 10th day of JUNE, 2019, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its affiliate ("Buyer"), and RIVER BLUFFS, INC. ("Seller"), collectively ("Parties").

WITNESSETH:

WHEREAS, Seller has developed and operates as a regulated sewer corporation sewer facilities, in the area more particularly described and depicted in the documents attached hereto as *Exhibit "A"*, situated in Oldham County, Kentucky (hereinafter the "System"); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a corporation, organized and existing under the constitution and the laws of the Commonwealth of Kentucky, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, property and real estate connected with the System including, but not limited to, all associated improvements for the conveyance of sewer to each of the customers connected to the service area (defined further below as "Assets"); and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Assets (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF ASSETS.**

For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, Seller agrees that on the date of the Closing (as hereinafter defined), Seller shall sell, transfer, assign and deliver to Buyer, or Buyer's designated affiliate, all of Seller's then existing assets pertaining to the provision of sewer service in the System located in Oldham County, in the Commonwealth of Kentucky, and related properties, including, without limitation, the following:

A. The land, improvements thereon, easements, rights of way, permits and leases related to the System area depicted in *Exhibit "A"* and/or generally described in *Exhibit "B"*, attached hereto;

At Buyer's expense, Buyer shall obtain, at least thirty (30) calendar days prior to the Closing, a Commitment to issue an Owner's Policy of Title Insurance to Buyer in the amount of the Purchase Price issued by a company authorized to issue title insurance in the Commonwealth of Kentucky, which policy shall insure the owner's title to be marketable as the same is described and defined in the American Land Title Association ("ALTA") title examination standards ("Title Standards"). After delivery of said title insurance commitment and Buyer's completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.**

Buyer and Seller shall act diligently and cooperate with each other to obtain any regulatory approvals required from the Kentucky Public Service Commission ("PSC"), Kentucky Division of Water (with respect to Kentucky Pollutant Discharge Elimination System ("KPDES") permit), or any other regulatory agency in the State of Kentucky, as determined by Buyer in its sole discretion, and to obtain transfer of Seller's permits, if any.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing [REDACTED] [REDACTED] for purchase of the Assets ("Purchase Price").

5. **CLOSING.**

The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion, or at such other time as the parties

Balance Sheet	
Current Assets	
Cash	
Accounts Receivable	
Other Current Assets	
Total Current Assets	
Property, Plant & Equipment, Net	
Misc Long-Term Assets	
Pre-Survey Investment	
Unamortized Debt Expense	
Other Long-Term Assets	
Total Misc Long-Term Assets	
Deferred Income Tax Asset, Net	
Total Assets	
Current Liabilities	
Accounts Payable	
Other Current Liabilities	
Total Current Liabilities	
Long-Term Liabilities	
Notes Payable	
CIAC	
Other Long-Term Liabilities	
Total Long-Term Liabilities	
Capitalization	
Paid-In Capital	
Retained Earnings	
Net Income	
Total Capitalization	
Total Liabilities and Capitalization	

Statement of Income	
Revenue	
Operating Revenue	
Other Revenue	
Total Revenue	
Expense	
Operations & Maintenance	
General & Admin	
Total Expense	
EBITDA	
Interest	
Depreciation & Amortization	
Income Taxes	
Net Income (Loss)	

Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



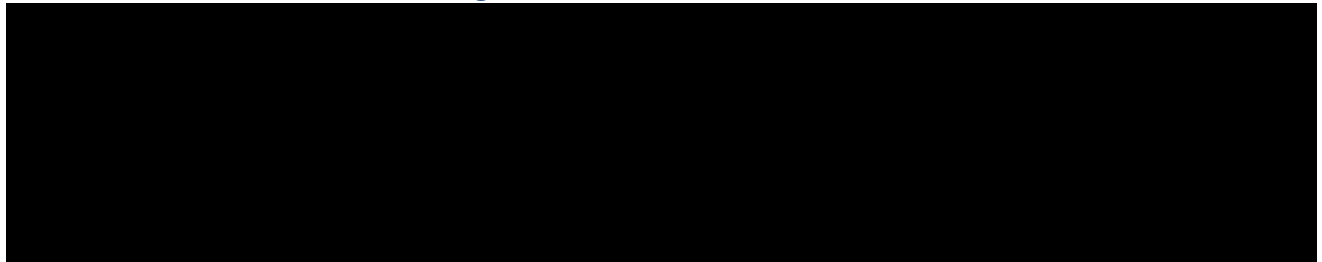
Civil Site Design
Construction Support
Transportation
Wastewater Collection

Center Ridge Water District (Water, KY0180549)

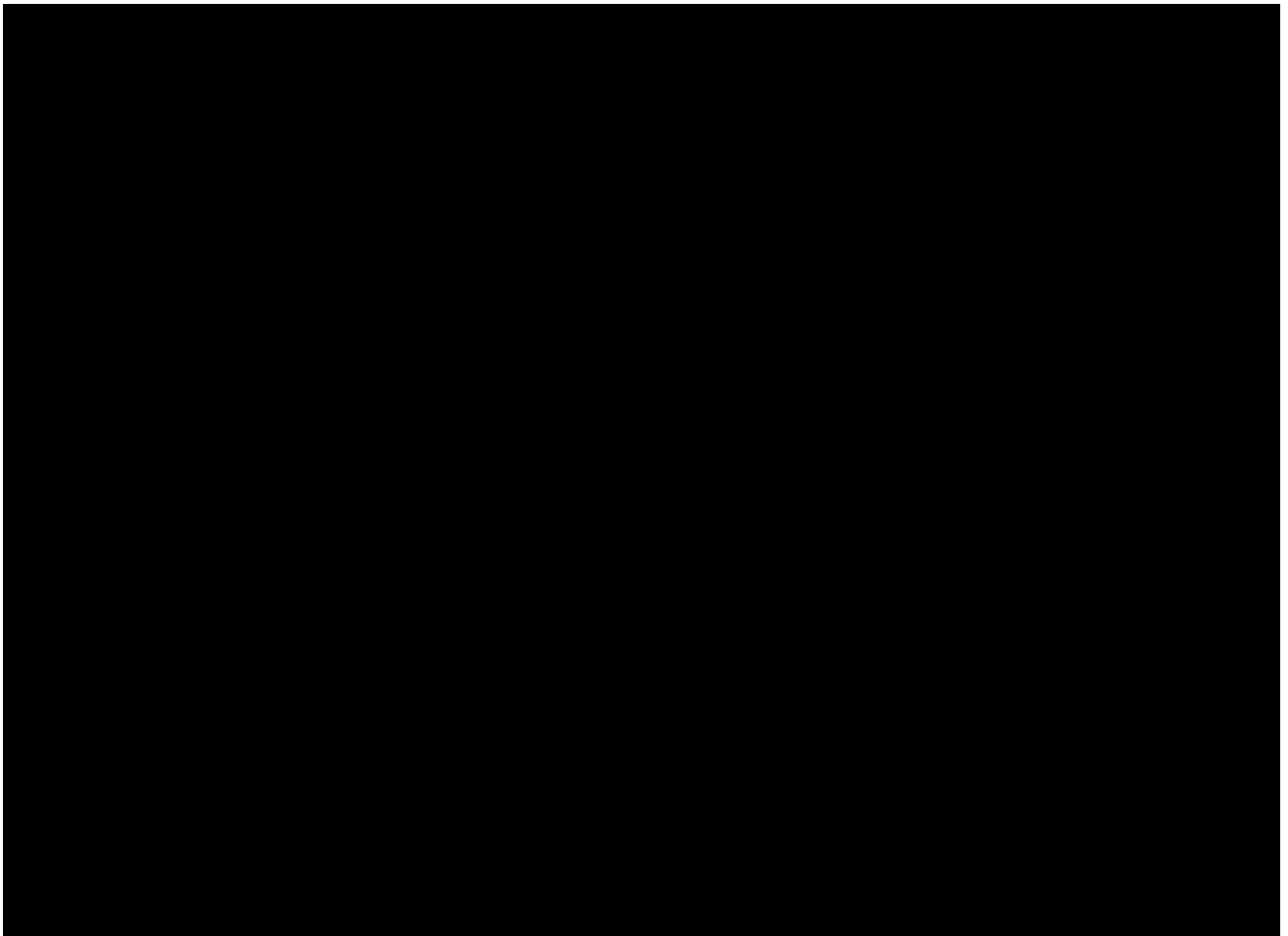
Engineering Memorandum

Date: September 18, 2019

Water distribution Understanding



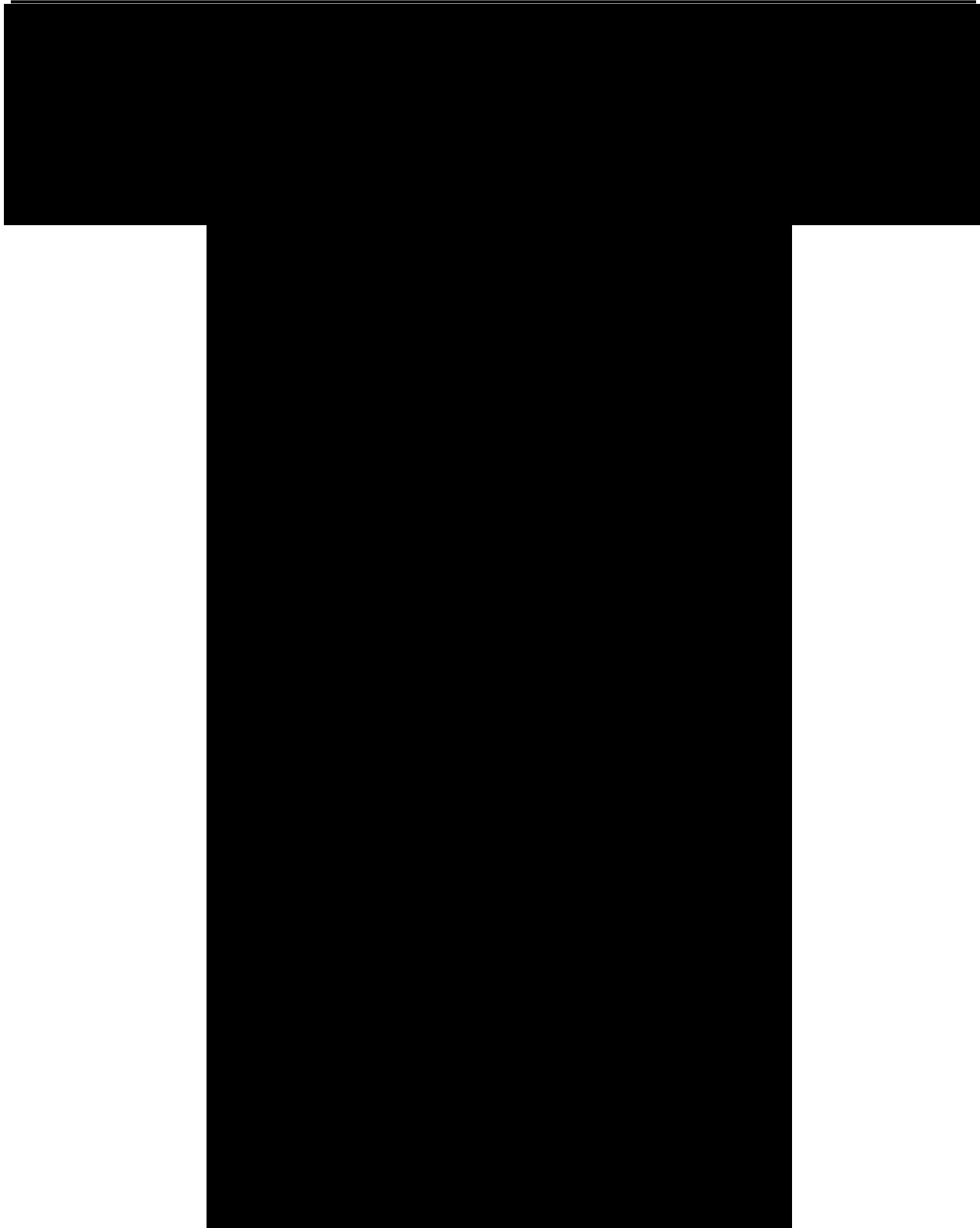
Water storage and well house Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



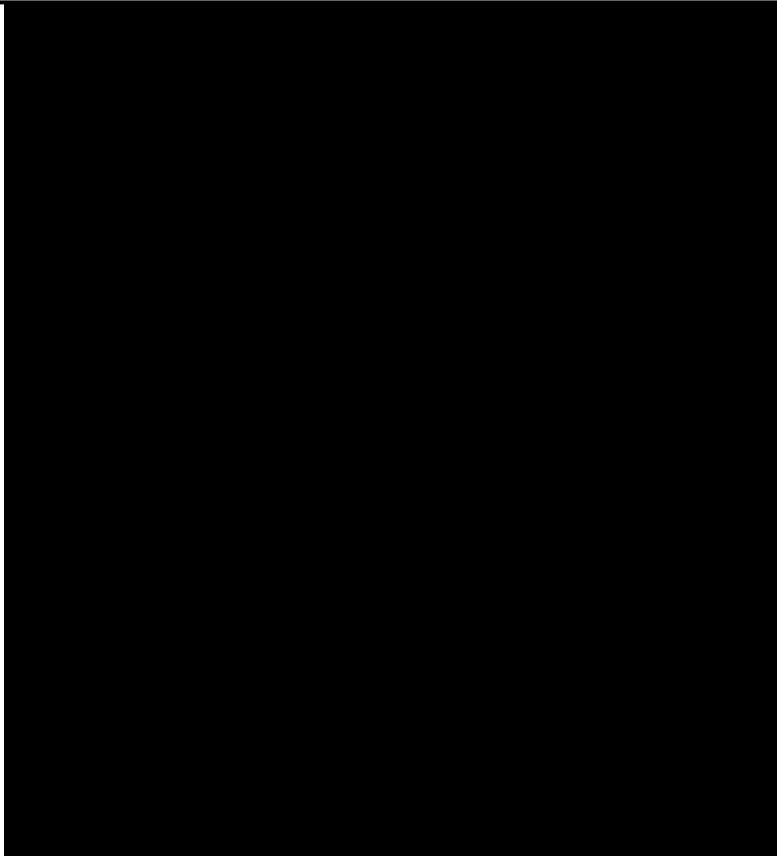
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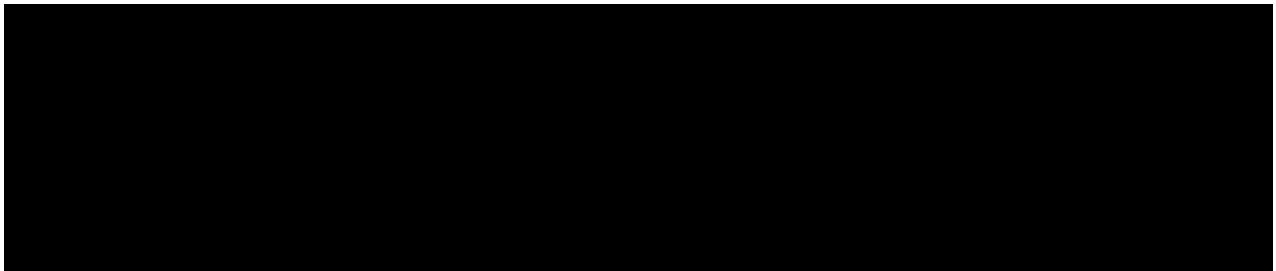
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Construction Support
Transportation
Wastewater Collection

Center Ridge Water District #2 (Water, KY0180509)

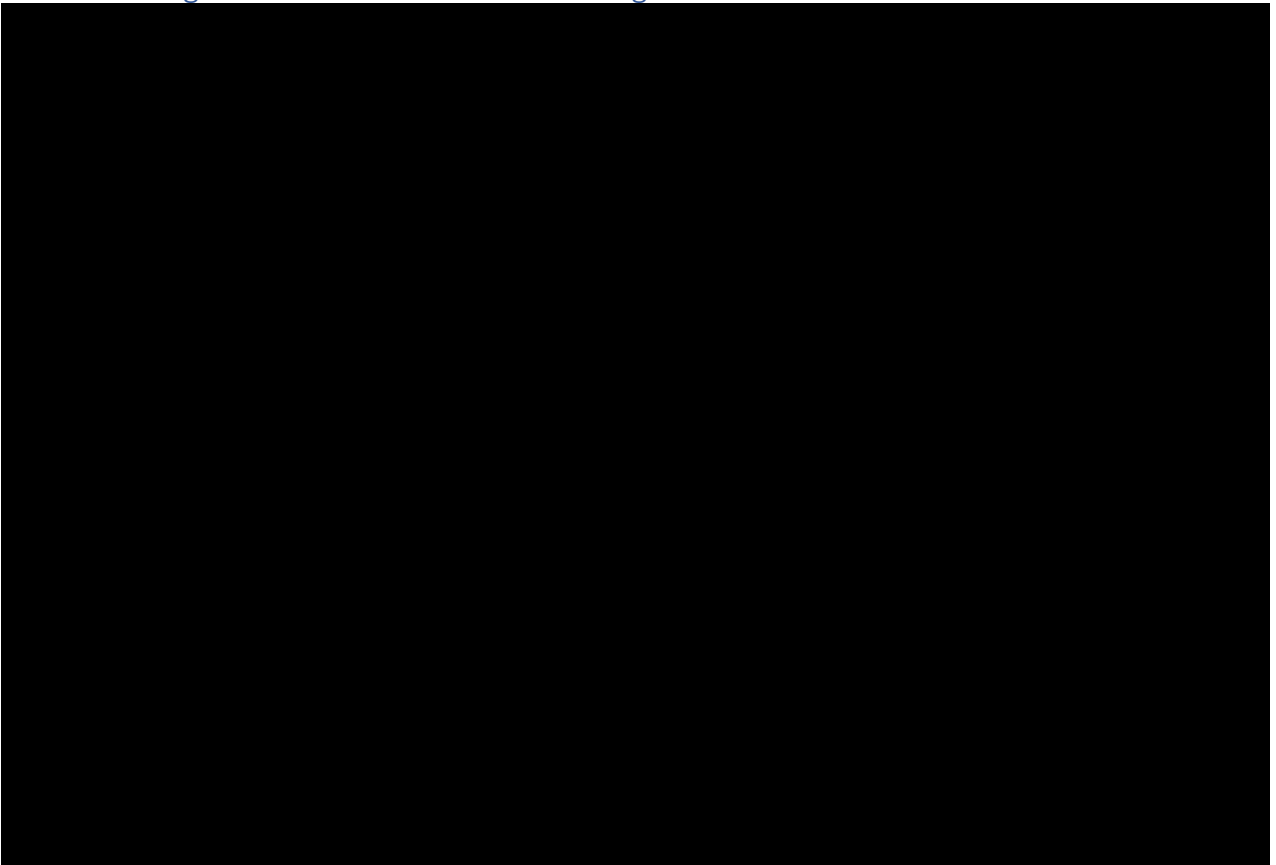
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Date: September 14, 2019

Water distribution Understanding



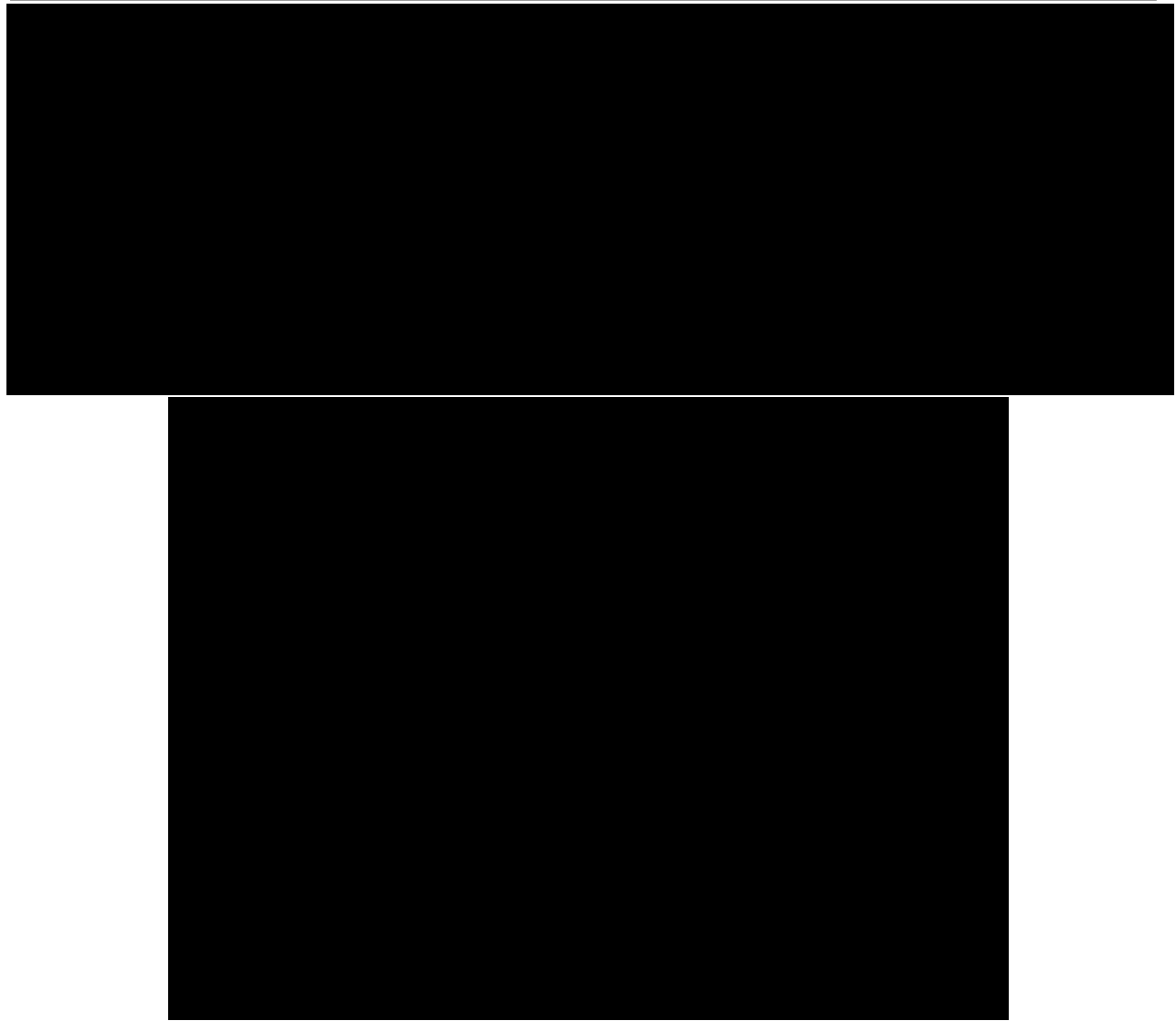
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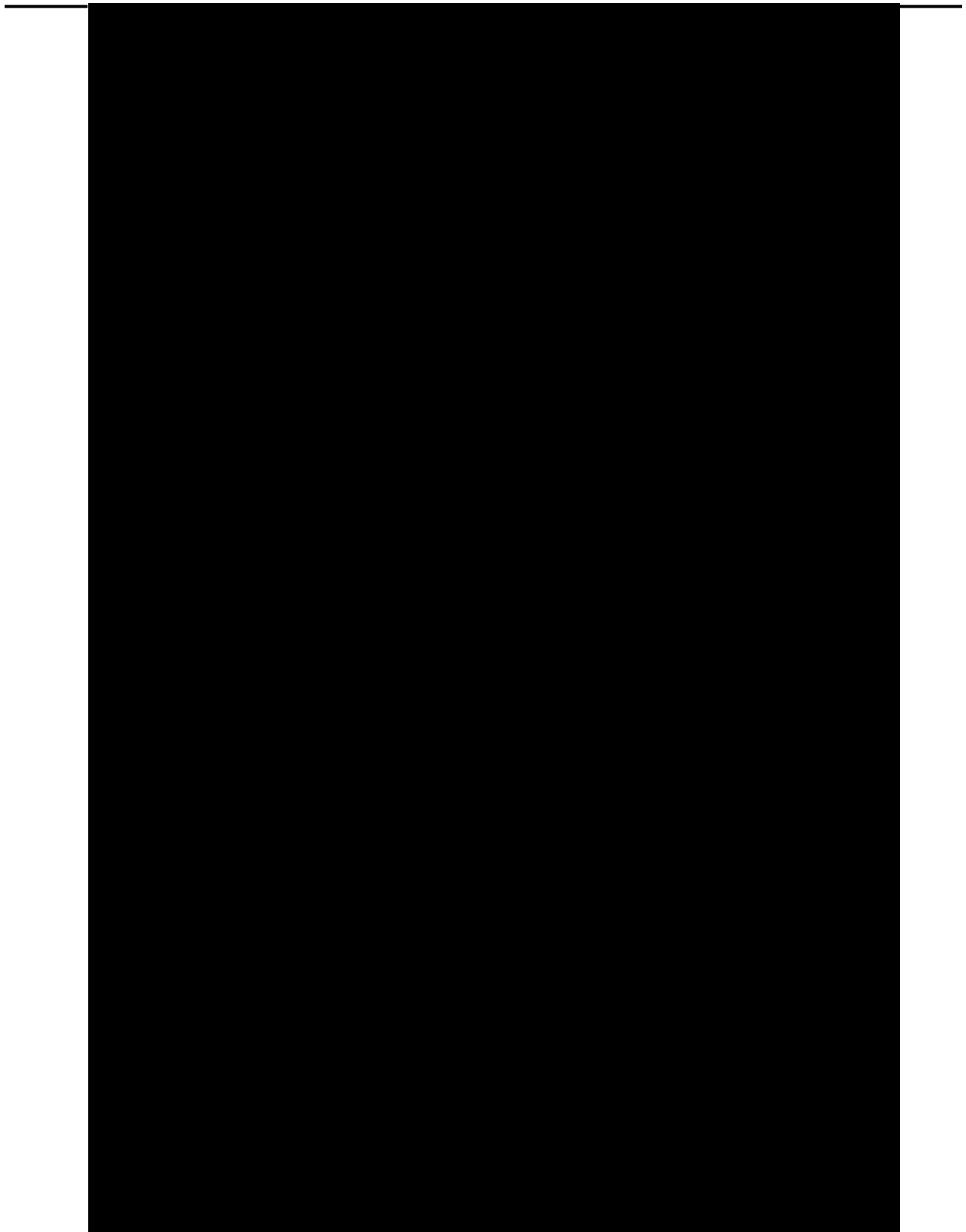
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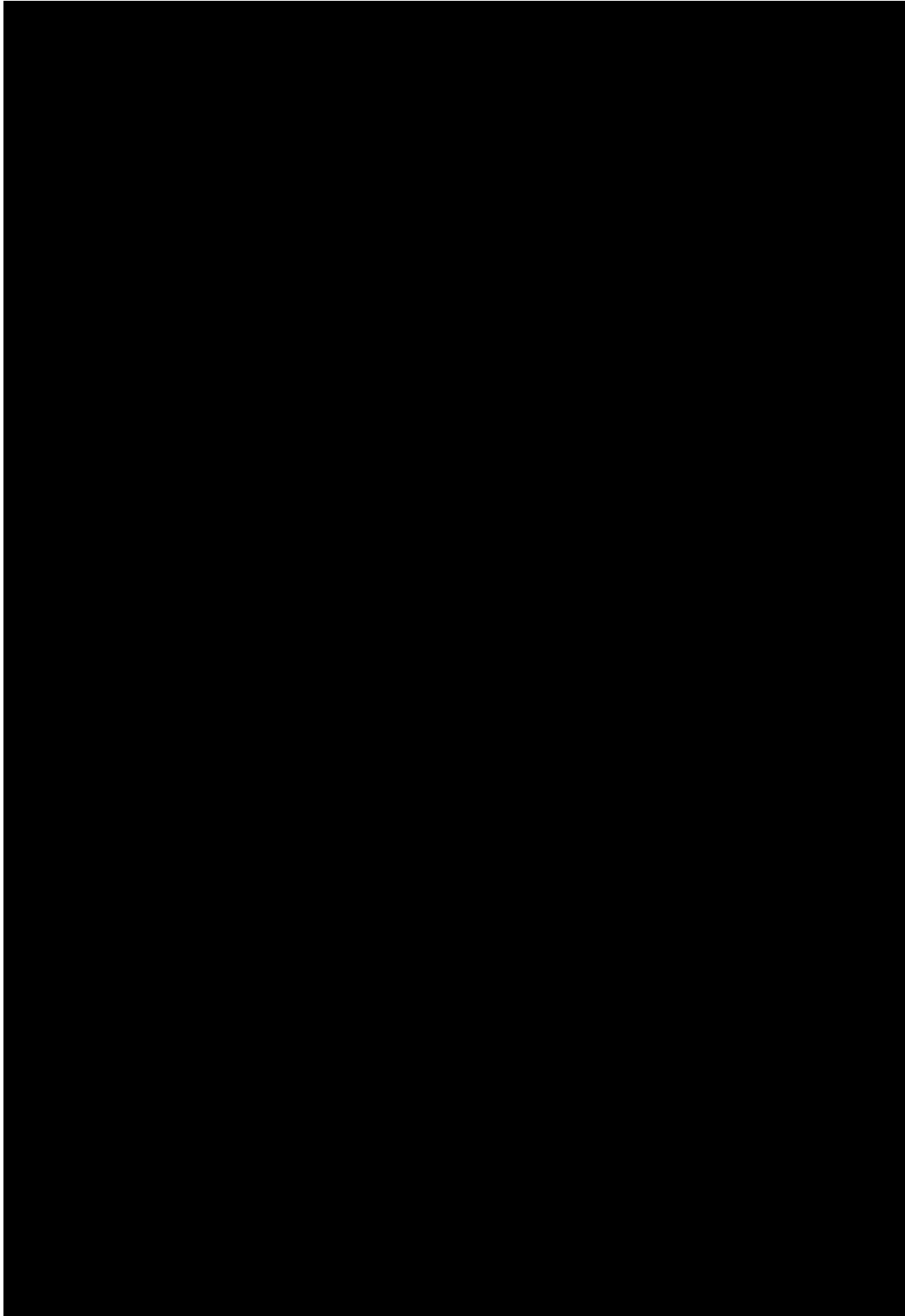
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Wastewater Collection



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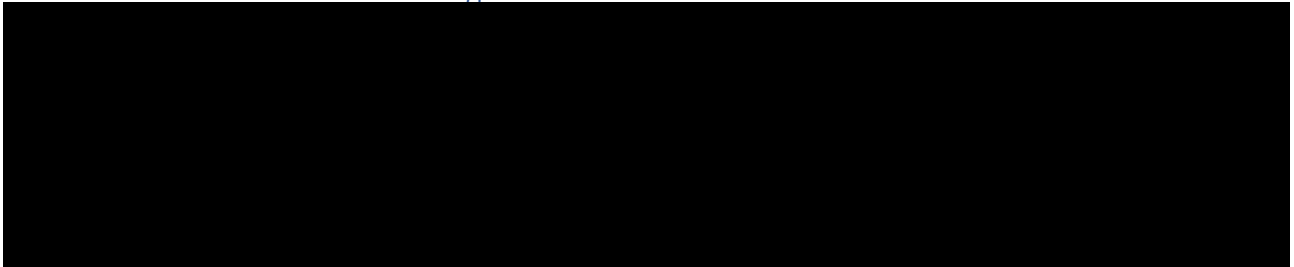
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Center Ridge Water District #3 (Water, KY0180502)

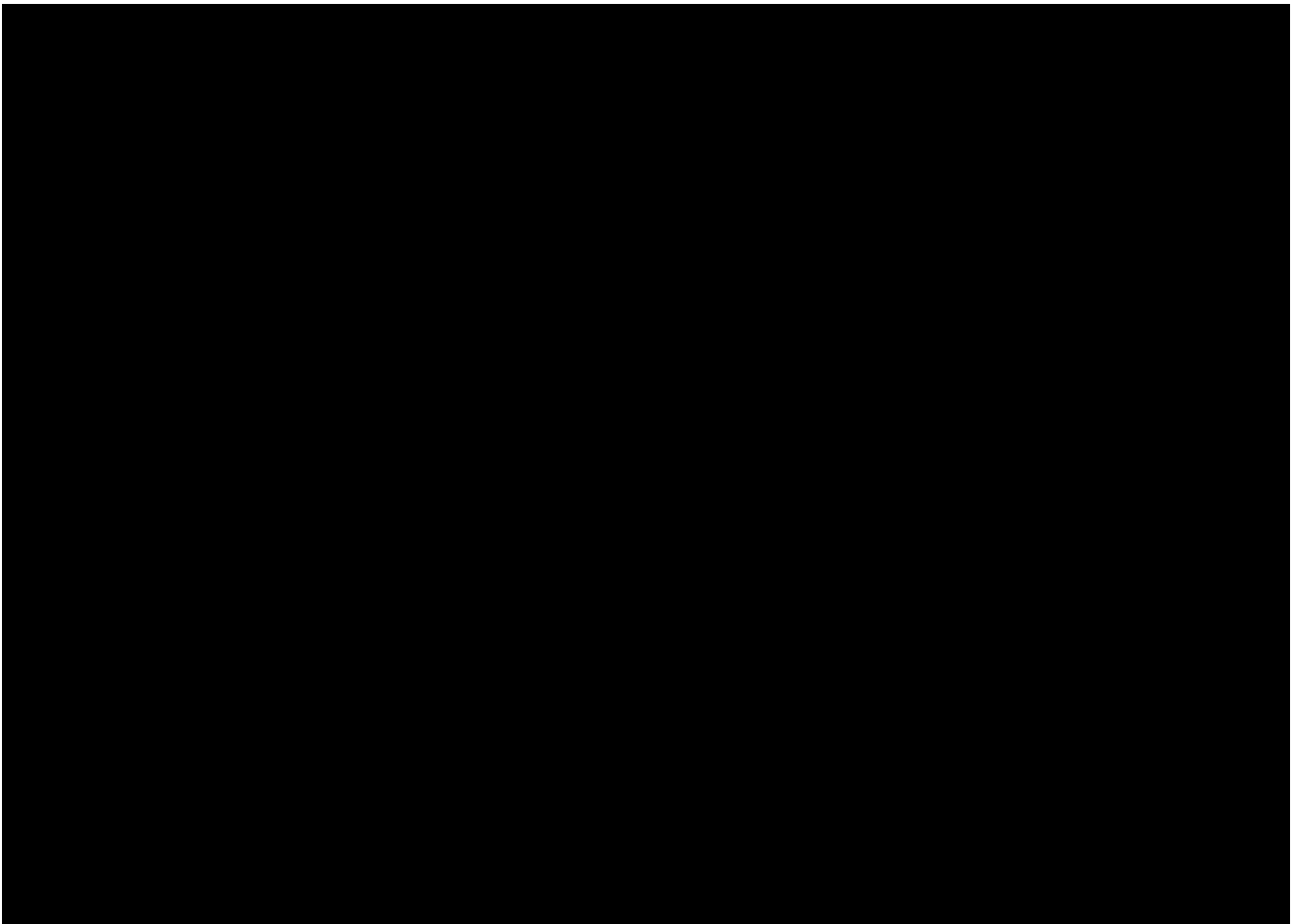
Engineering Memorandum

Date: September 16, 2019

Water distribution Understanding



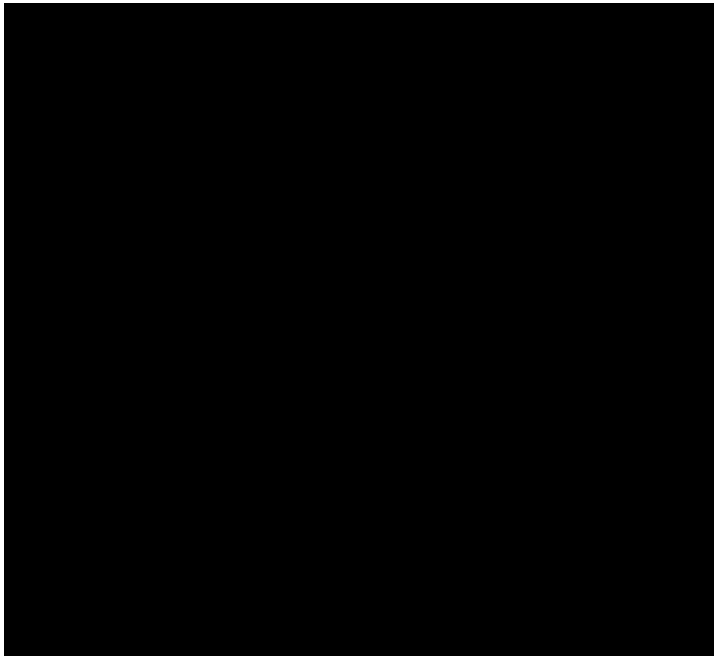
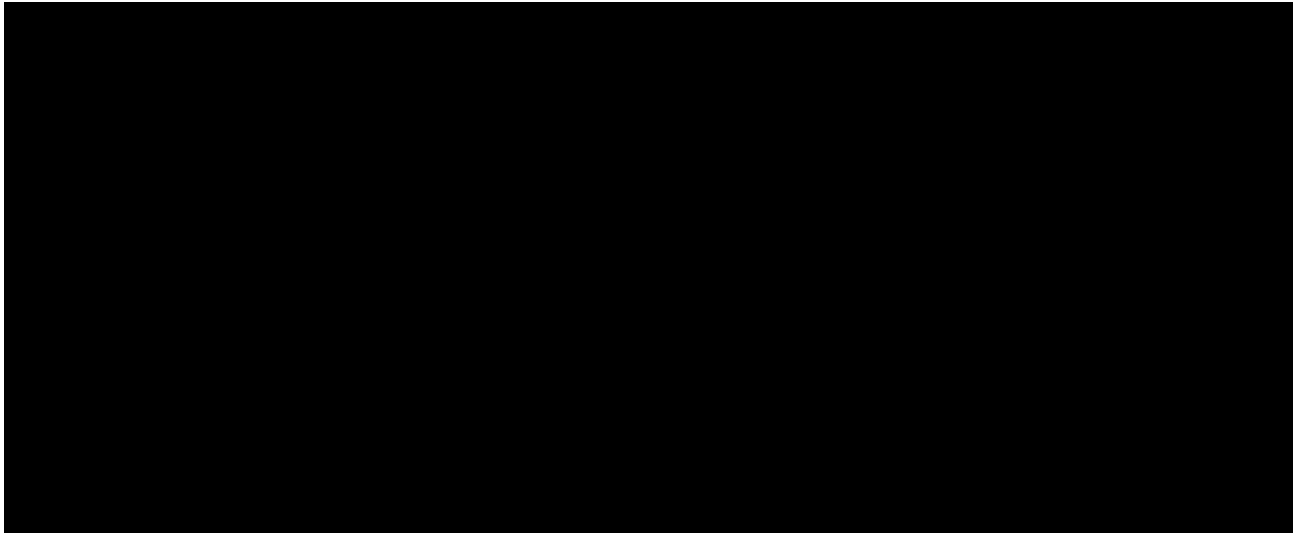
Water storage and well house Understanding



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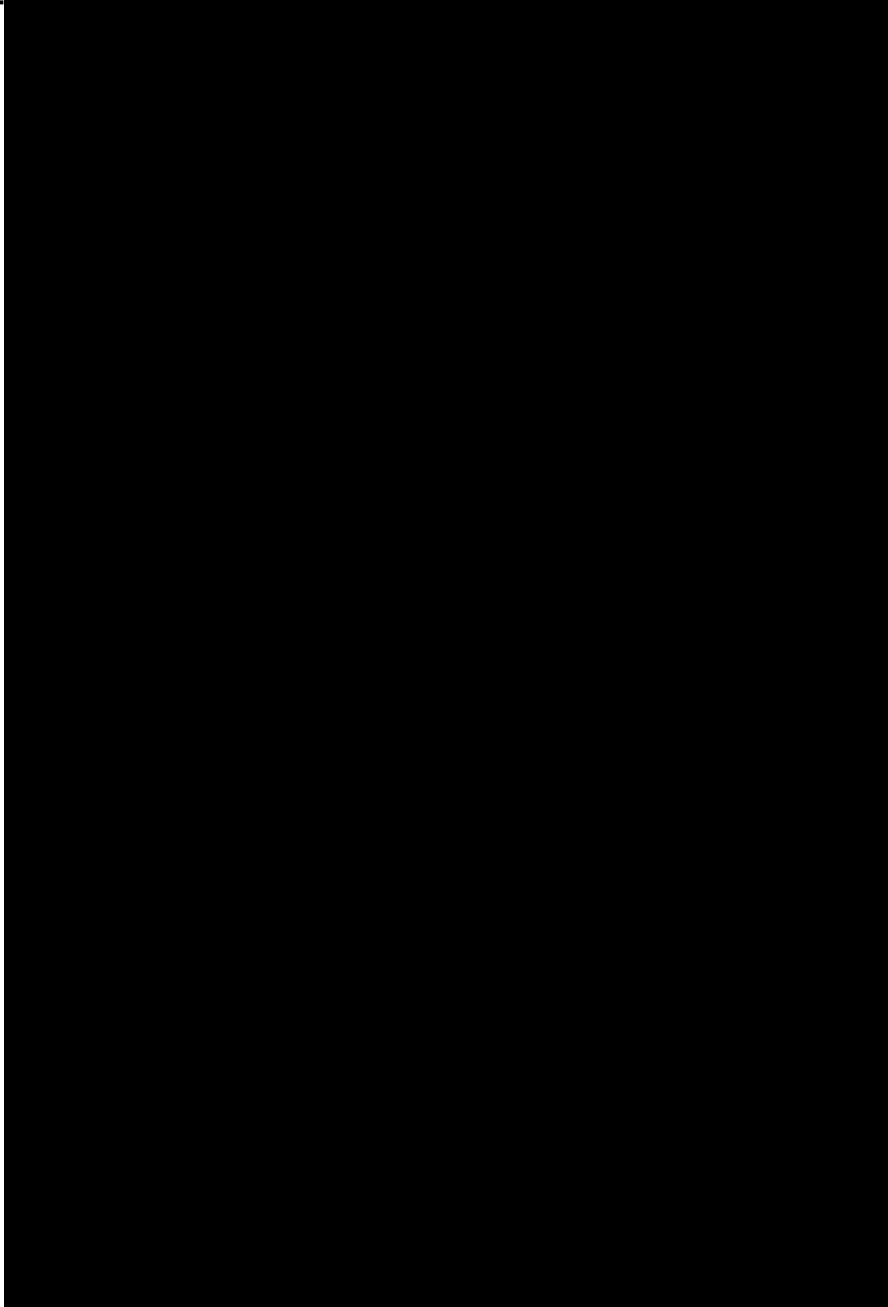
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21 DESIGN

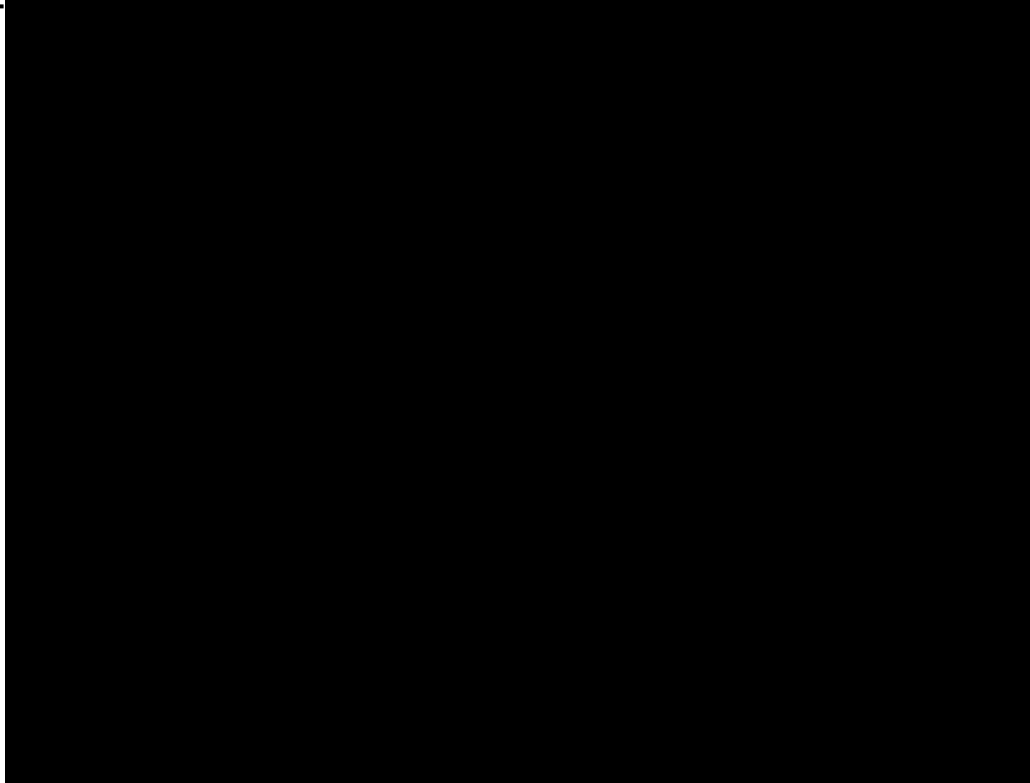
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21 DESIGN

Civil Site Design
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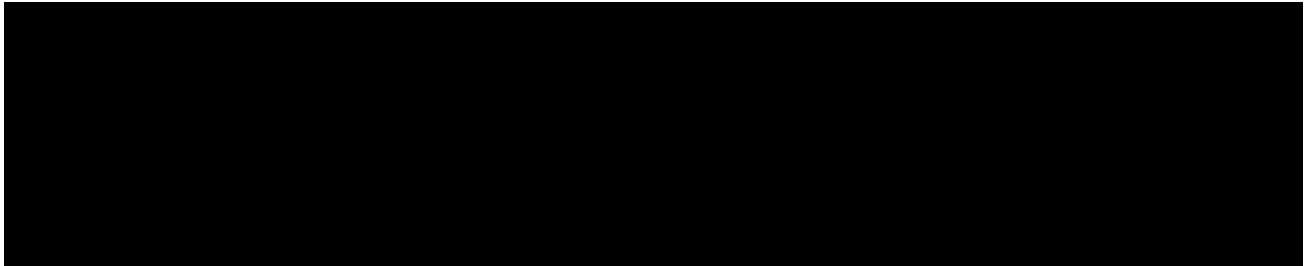
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Center Ridge Water District #4 Water (KY0183106)

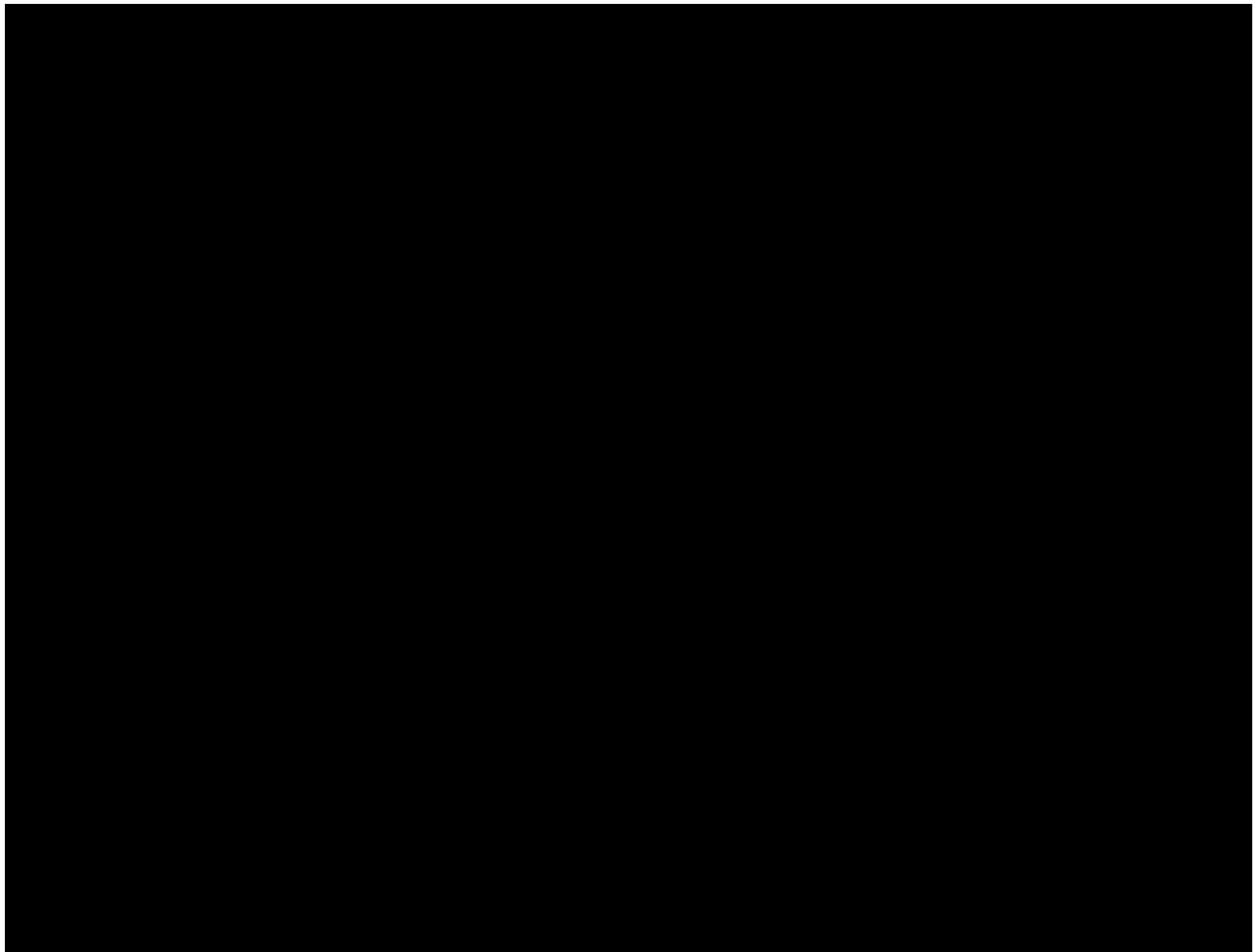
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Water storage and well house Understanding



Civil Engineering
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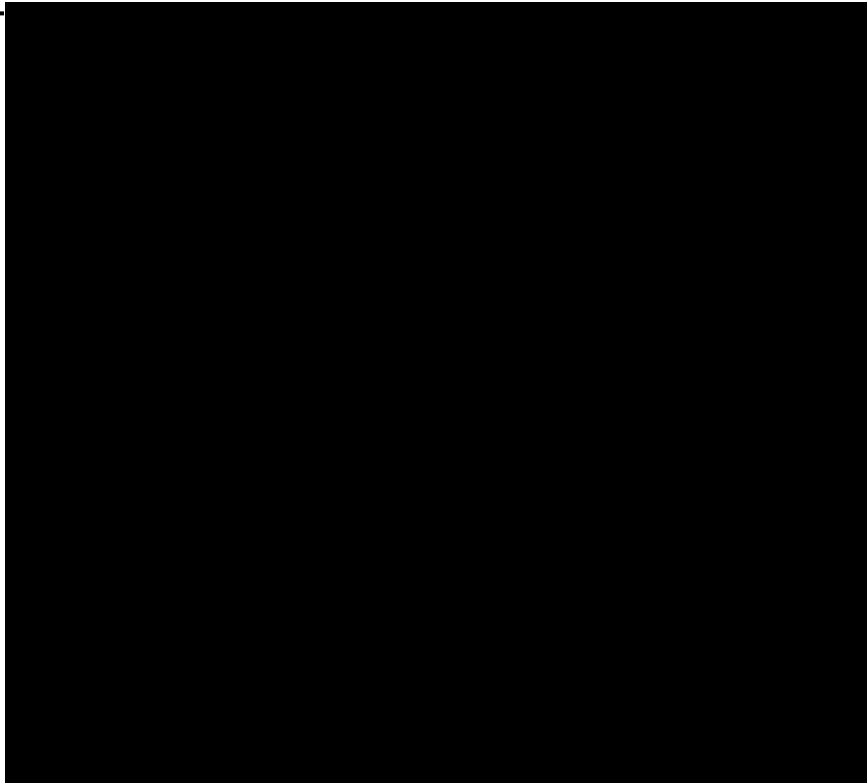
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21 DESIGN

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Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

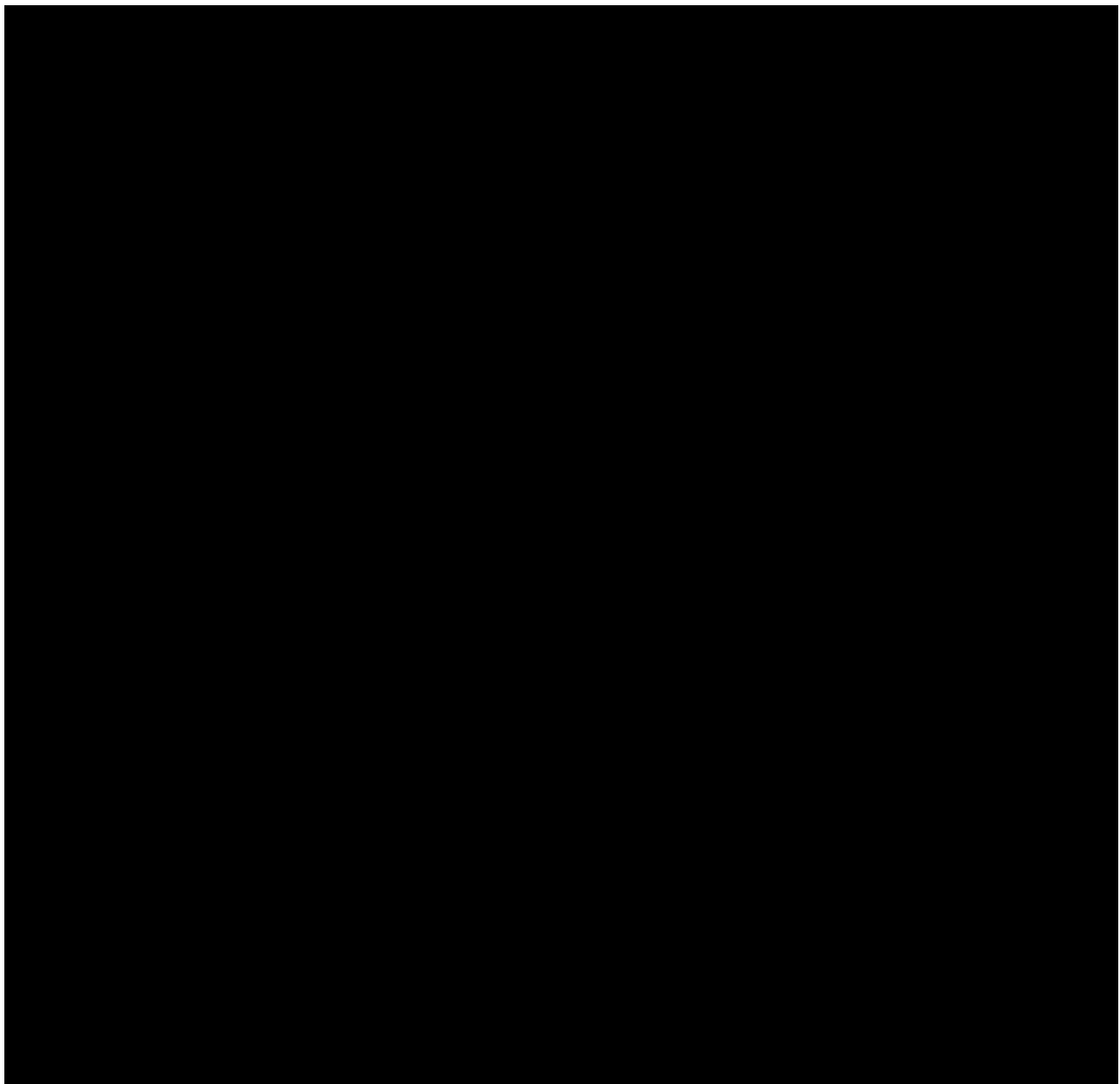
Timberland (Wastewater) – KY0083755

Joann Estates, Inc.

Engineering Memorandum

Date: September 23, 2019

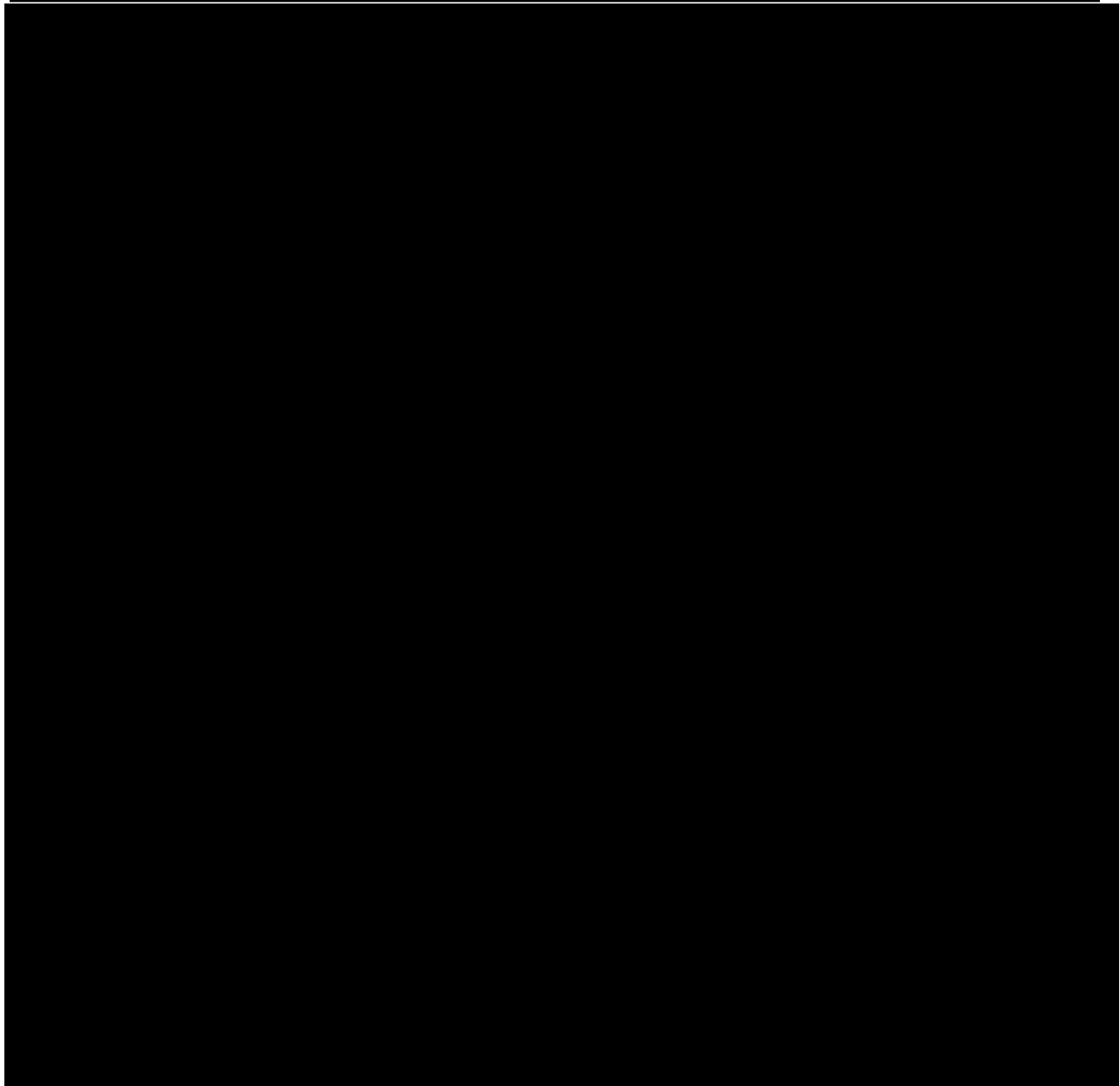
Wastewater Treatment Facility Understanding



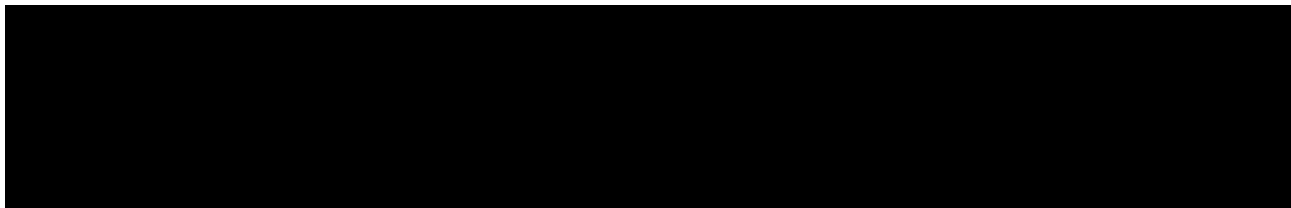
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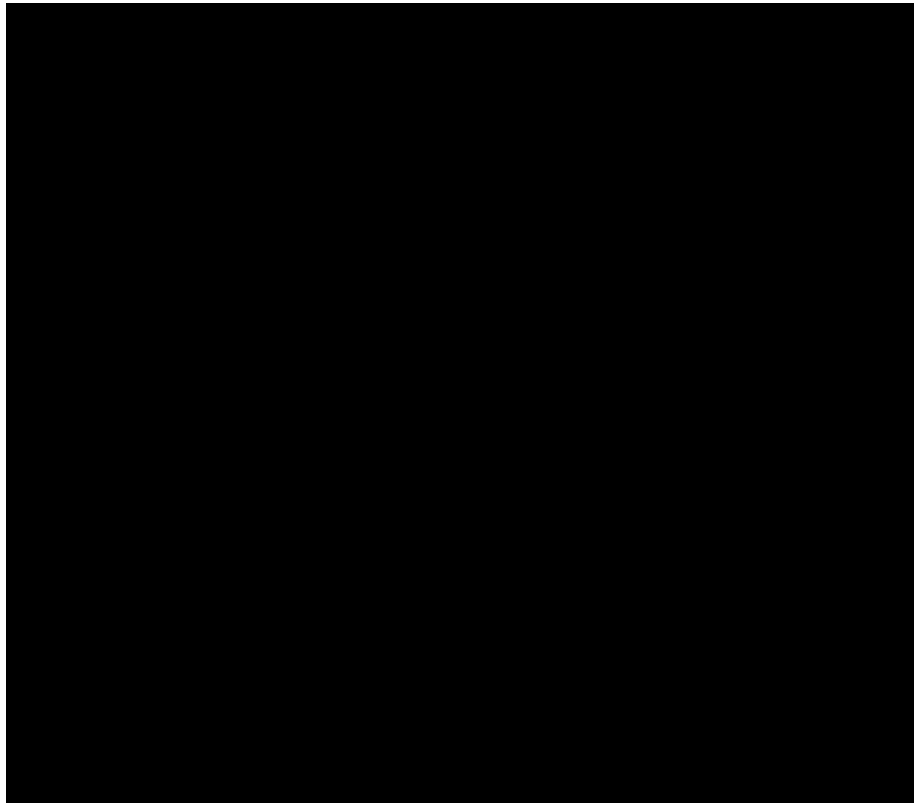
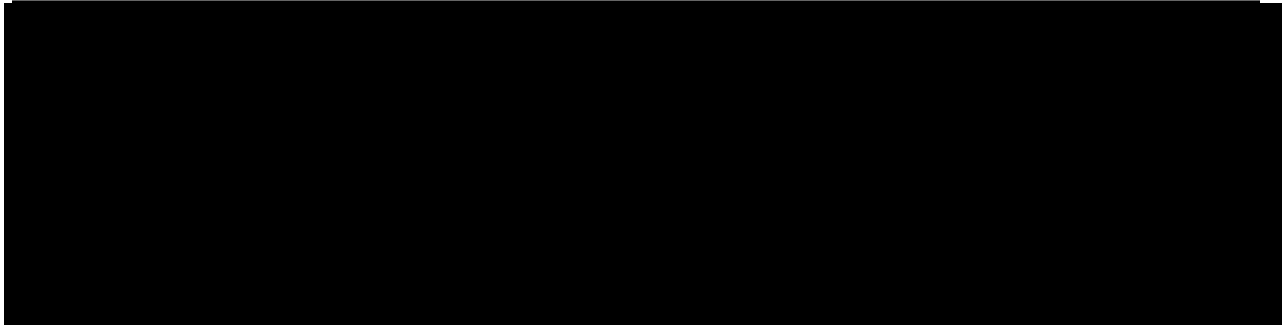
Wastewater Collection System Understanding



Civil Engineering
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Wastewater Treatment



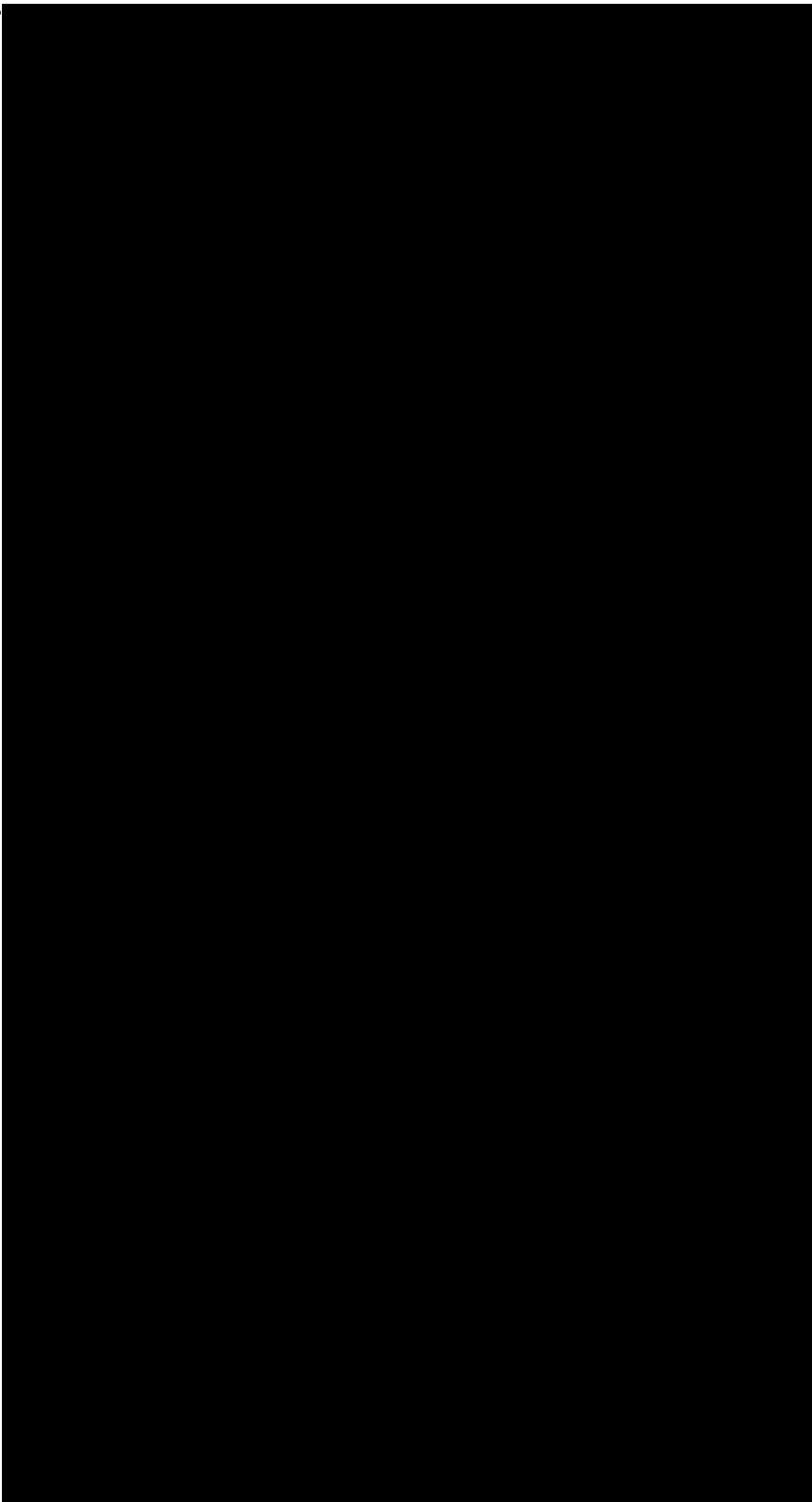
Civil Site Design
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Civil Engineering
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Wastewater Treatment



Civil Site Design
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Civil Engineering
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Wastewater Treatment



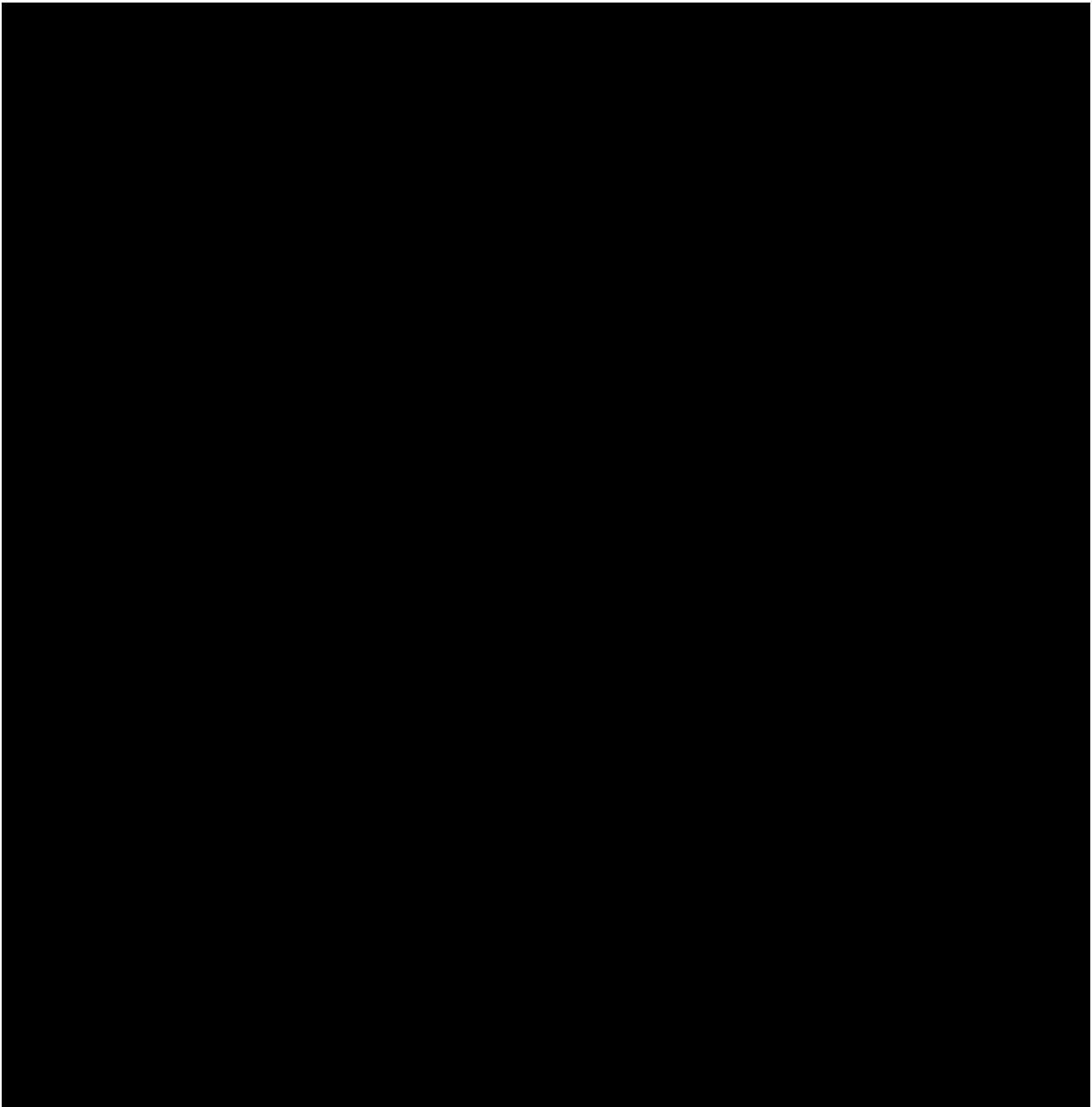
Civil Site Design
Construction Support
Transportation
Wastewater Collection

River Bluff (Wastewater) – KY0043150

Engineering Memorandum

Date: October 5, 2019

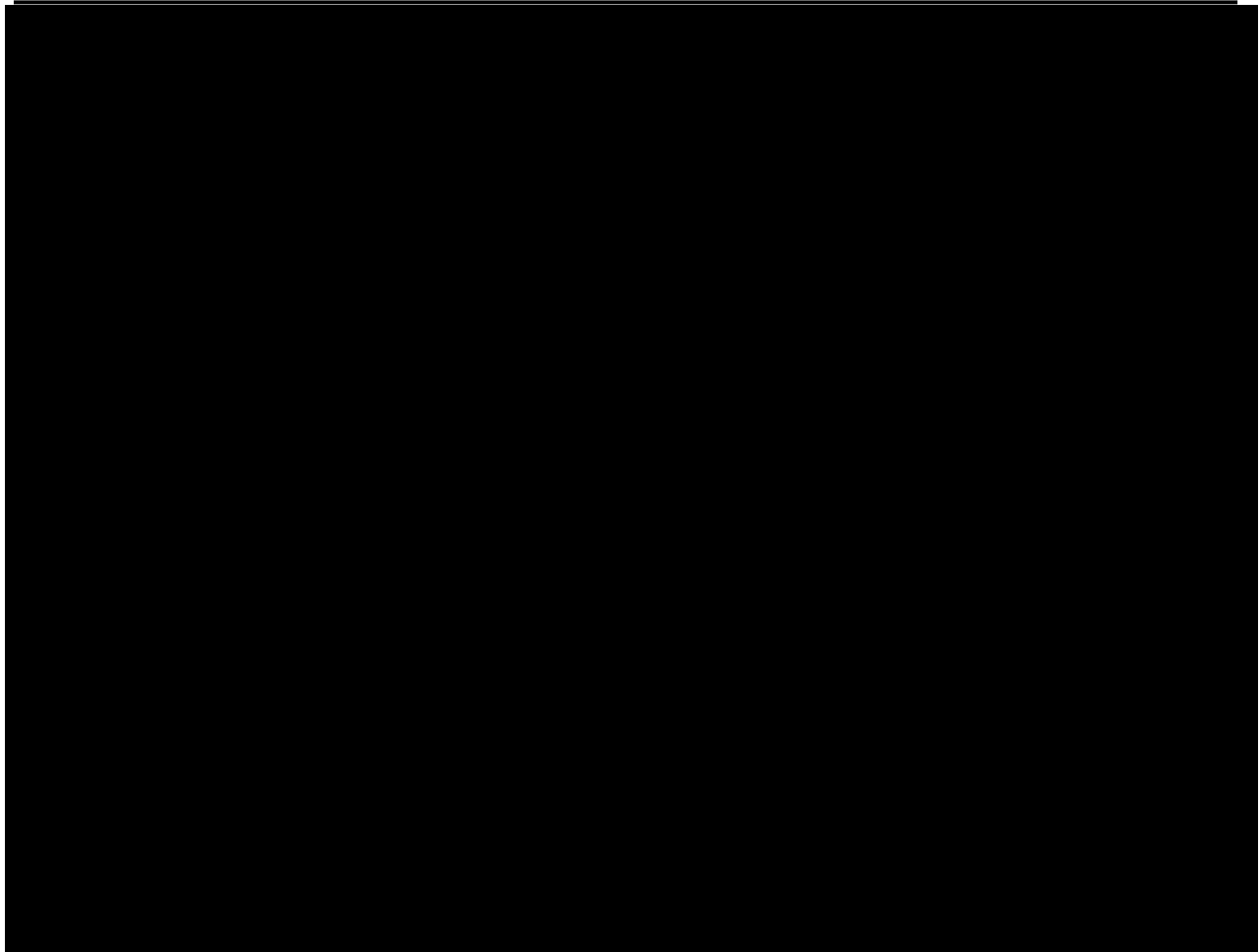
Wastewater Treatment Facility Understanding



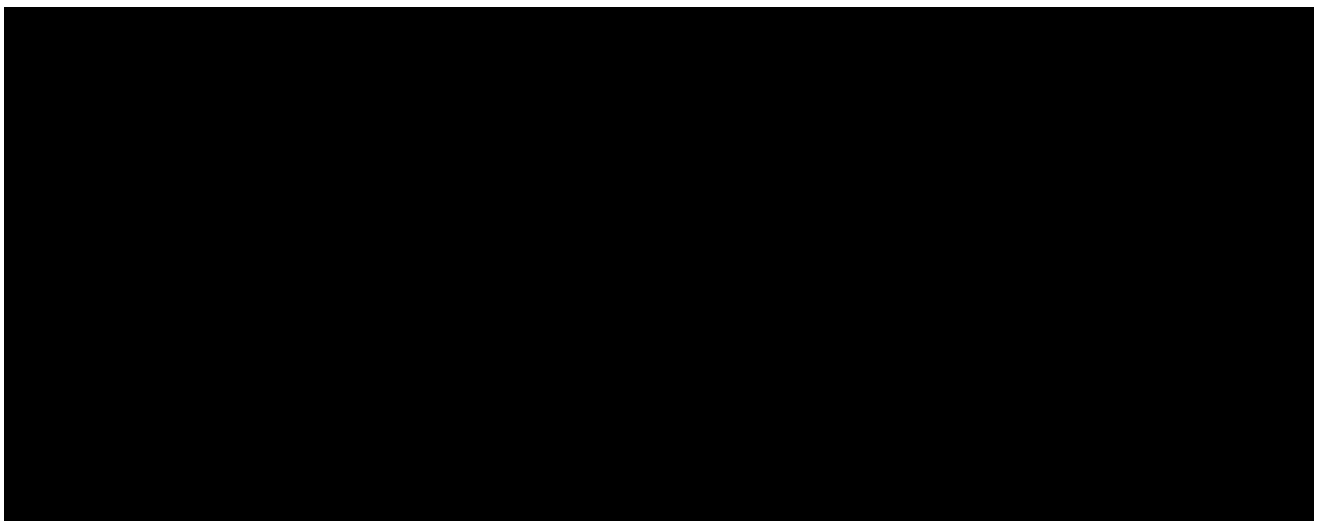
Civil Engineering
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Civil Site Design
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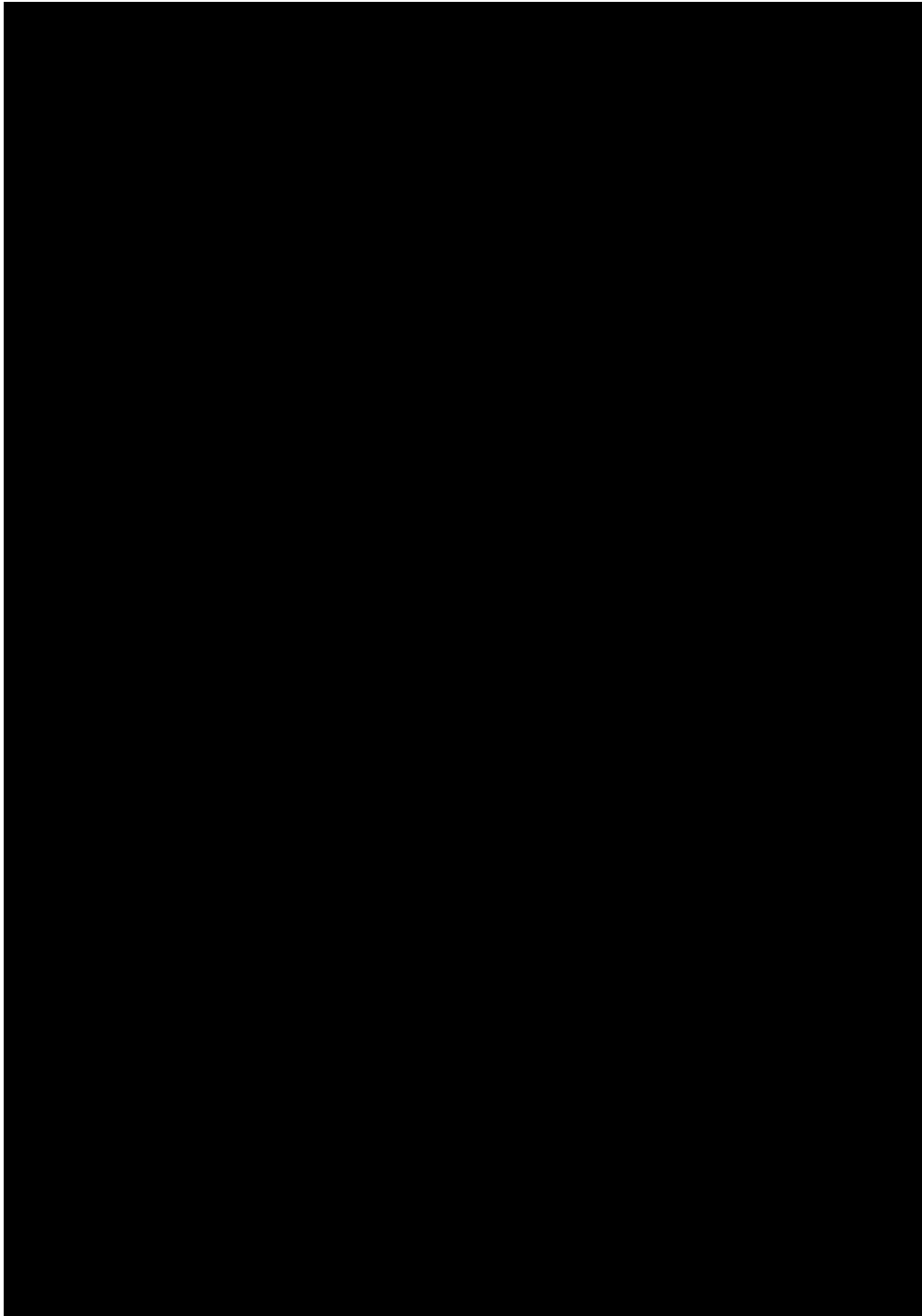
Wastewater Collection System Understanding



Civil Engineering
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Wastewater Treatment



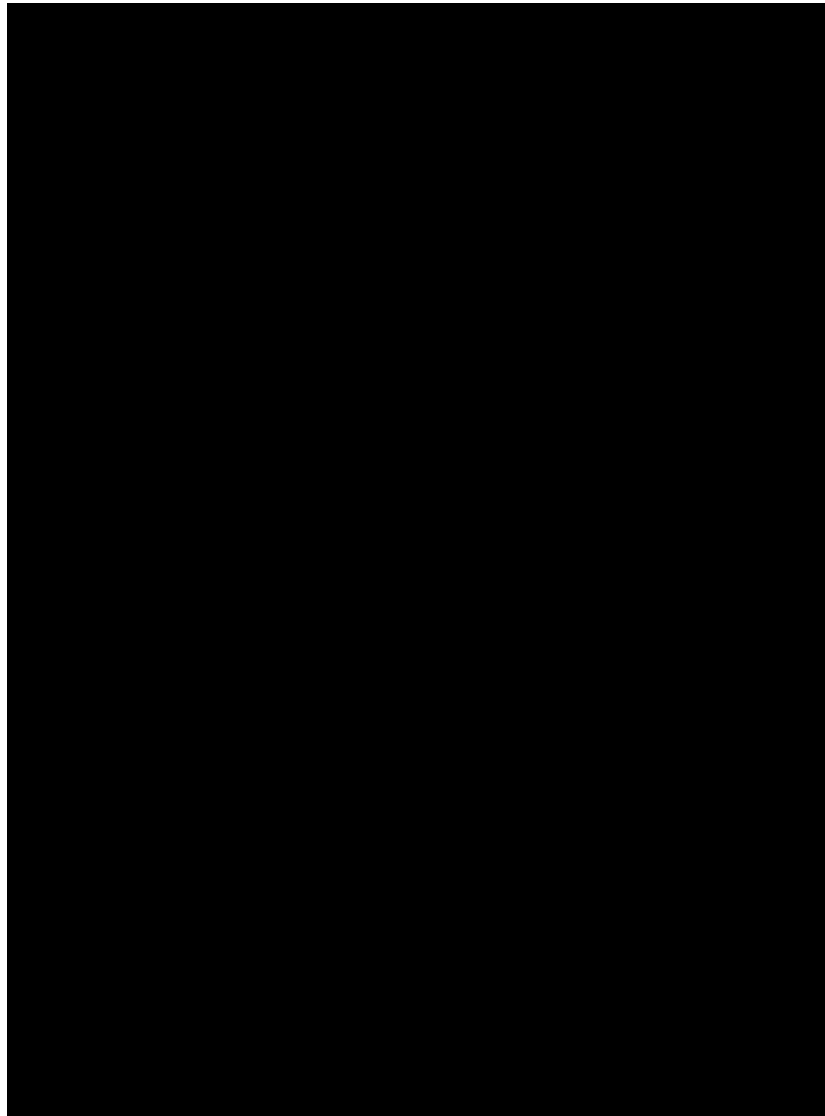
Civil Site Design
Construction Support
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Civil Engineering
Surveying & Mapping
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Civil Site Design
Construction Support
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Wastewater Collection



Pro-Forma Balance Sheet - Bluegrass Water Utility Operating Company, LLC										
									<i>Pro Forma</i>	
			Bluegrass Water UOC	Center Ridge Water District	Joann Estates, Inc. (Timberland)	River Bluffs Inc.			Bluegrass Water UOC	
ASSETS				Water Acquisition	Sewer Acquisition	Sewer Acquisition			Post Acquisition	
Utility Plant In Service:										
Total Plant in Service*			\$ 455,600.00						\$ 815,601.00	
Construction Work in Progress**			\$ 2,929,039.00						\$ 3,505,539.00	
Utility Plant Acquisition Adjustment			\$ -						\$ -	
Less: Depreciation Reserve			\$ -						\$ -	
Net Plant In Service			\$ 3,384,639.00						\$ 4,321,140.00	
Current Assets:										
Cash and Cash Equivalents			\$ 100,000.00						\$ 100,000.00	
Other			\$ -						\$ -	
Current Assets			\$ 100,000.00						\$ 100,000.00	
Other Investments and Long-Term Assets										
Total Assets			\$ 3,484,639.00						\$ 4,421,140.00	
LIABILITIES AND CAPITALIZATION										
Company Capitalization:										
Common Stock Equity, Net			\$ 1,742,319.50						\$ 2,210,570.00	
Long-term Debt (including current maturities)			\$ 1,742,319.50						\$ 2,210,570.00	
Company Capitalization			\$ 3,484,639.00						\$ 4,421,140.00	
Current Liabilities:										
Current Liabilities			\$ -						\$ -	
Deferred Credits:										
Deferred Credits			\$ -						\$ -	
Contributions in Aid of Construction			\$ -						\$ -	
			\$ -						\$ -	
Total Capitalization and Liabilities			\$ 3,484,639.00						\$ 4,421,140.00	
<p>* Reflects Purchase Price or Depreciated Original Cost Engineering Value</p> <p>** Estimated total of Engineering & Permitting Costs at Time of Acquisition</p>										

— Redacted —

Pro-Forma Income Statement - Bluegrass Water Utility Operating Company, LLC									
									<i>Pro Forma</i>
			Bluegrass Water UOC	Center Ridge Water District	Joann Estates, Inc. (Timberland)	River Bluffs Inc.		Bluegrass Water UOC	
				Water Acquisition	Sewer Acquisition	Sewer Acquisition		Post Acquisition	
Operating Revenues			\$ 703,274.15	\$ 92,019.42	\$ 35,845.50	\$ 122,991.00		\$ 954,130.07	
Operating Expenses:									
Operating and Maintenance Expenses			\$ 689,336.28	\$ 87,346.32	\$ 37,965.26	\$ 108,905.00		\$ 923,552.86	
Depreciation and Amortization Expenses			\$ 23,696.00	\$ 12,645.76	\$ 398.41	\$ 3,086.00		\$ 39,826.17	
Taxes, Other than Income Taxes			\$ 28,586.51	\$ 3,635.28	\$ 2,891.70	\$ 9,313.00		\$ 44,426.49	
Operating Expenses			\$ 741,618.79	\$ 103,627.36	\$ 41,255.37	\$ 121,304.00		\$ 1,007,805.52	
Net Operating Income			\$ (38,344.64)	\$ (11,607.94)	\$ (5,409.87)	\$ 1,687.00		\$ (53,675.45)	
Other Income and Deductions:									
Total Other Income and Deductions			\$ -	\$ -	\$ -	\$ -		\$ -	
Income (Loss) Before Income Taxes			\$ (38,344.64)	\$ (11,607.94)	\$ (5,409.87)	\$ 1,687.00		\$ (53,675.45)	
State Income Taxes			\$ -	\$ -	\$ -	\$ -		\$ -	
Federal Income Taxes			\$ -	\$ -	\$ -	\$ -		\$ -	
Net Income			\$ (38,344.64)	\$ (11,607.94)	\$ (5,409.87)	\$ 1,687.00		\$ (53,675.45)	