

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 Rates and Approval of)
Construction)

Case No. 2020-00290

**Response to
Commission Staff's Second Request for Information**

Applicant Bluegrass Water Utility Operating Company, LLC (hereinafter "Bluegrass"), herewith submits its response to the Commission Staff's Second Request for Information. A signed, notarized verification for this Response appears on the following page. The undersigned counsel is responsible for any objection noted for a particular response.

Respectfully Submitted,

/s/ Kathryn A. Eckert

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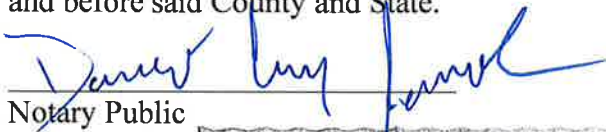
VERIFICATION

STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS)

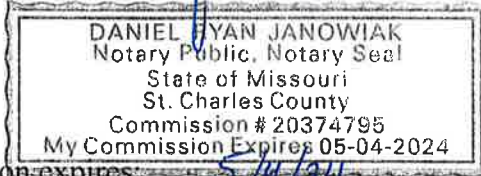
I, Mike Duncan, Vice President of Central States Water Resources, Inc., the manager of Applicant Bluegrass Water Utility Operating Company, LLC being duly sworn, state that I prepared or supervised the preparation of the following responses to Commission Staff's Second Request for Information, and that the matters and things set forth in the responses are true and correct to the best of my knowledge, information and belief formed after reasonable inquiry.


Mike Duncan

Subscribed and sworn to this 26th day of February 2021, before me a Notary Public in and before said County and State.


Notary Public

(SEAL)



My Commission expires: 5/4/24

Request

1. Refer to Schedule_OHA1.
 - a. Explain in detail what the “Total SG&A Budget” refers to as that term is used in the schedule, i.e., is it all or part of CSWR, LLC’s (CSWR) budget, and if it is only part of said budget, explain what part.
 - b. Explain in detail what the “BD Expense” refers to as that term is used in the schedule, and explain why it is excluded from the “overhead” allocated to the various utilities.
 - c. Provide an itemized breakdown of the Total SG&A Budget for the base year and the forecasted test year.
 - d. Explain why Bluegrass Water used only the 4th quarter of 2021 to allocate CSWR’s costs during the forecasted test period and why Bluegrass Water contends it is reasonable to do so.
 - e. State whether the Utility Plant in Service listed for the 4th quarter of 2021 represents the projected Utility Plant in Service for each of the utilities at the end of the quarter, and if not, explain what it represents.
 - f. Provide the projected Utility Plant in Service, Revenue, and Direct Labor, as those terms are used in Schedule_OHA1, for each utility identified in the schedule for the 2nd Quarter of 2021 through the 1st Quarter of 2022.
 - g. Provide the actual Utility Plant in Service, Revenue, and Direct Labor for each utility listed for each historical month from January 2020 through January 2021 and continuing through the case for future months as they become available.
 - h. Provide copies of any schedules showing the allocation of CSWR’s costs that have been filed in any rate cases in other states in the last 18 months.
-

Response

- a. As used in Schedule_OHA1, “Total SG&A Budget” refers to the administrative and general expenses, including employee expenses, that are incurred by CSWR, LLC. It is all of CSWR, LLC’s budget.
- b. As used in Schedule_OHA1, “BD Expense” refers to compensation and related expenses for employees whose job functions are not specifically related to regulated utility operations. It is excluded from the “overhead” allocated to the various utilities, because those expenses would provide only marginal benefit to Bluegrass Water.

- c. An itemized breakdown of the Total SG&A Budget for the base year and for the forecasted test year is provided separately as an Excel workbook/spreadsheet with the file name *2 PSC 01c.xlsx*.
- d. Bluegrass Water used only the 4th quarter of 2021 to allocate CSWR's costs during the forecasted test period because the overhead allocation percentage is calculated and adjusted twice per year. The allocation percentage covering the first two quarters of 2022 will be calculated using balance sheet or annualized values as of the end of the fourth quarter of 2021. It is reasonable to do so because this allocation calculation will cover the middle half of the forecasted test period.
- e. The Utility Plant in Service (UPIS) listed on Schedule_OHA1 for the 4th quarter of 2021 represents the projected UPIS for each of the systems at the end of that quarter.
- f. The Utility Plant in Service, Revenue, and Direct Labor, as those terms are used in Schedule_OHA1, projected for the 2nd Quarter of 2021 through the 1st Quarter of 2022 for each utility system identified in that schedule are provided separately – under seal and with a request for confidential treatment – in an Excel workbook/spreadsheet with the file name *2 PSC 1 f-g.xlsx*.
- g. The actual Utility Plant in Service, Revenue, and Direct Labor for each historical month from January 2020 through January 2021 for each utility system listed are provided separately in an Excel workbook/spreadsheet with the file name *2 PSC 1 f-g.xlsx*.¹

¹ This workbook will be provided under seal and with a request for confidential treatment in a concurrently filed Motion.

Bluegrass Water will continue to provide such historical data in this case for months after January 2021 as the data become available.

h. Schedules showing the allocation of CSWR's costs have been filed in the following rate cases in other states within the last 18 months:

- Missouri PSC WR-2020-0275
- Louisiana PSC U-35822

Copies of the schedules showing the allocation of CSWR's costs filed in these cases are provided separately in an Excel workbook/spreadsheet with the file name *2 PSC 1 h.xlsx*.

Request

2. Refer to the Application, Exhibit 8D: Direct Testimony of Brent Thies, page 16 in which he indicates that Bluegrass Water developed the depreciation rates it proposes to use in this matter “based on the rates in use in other jurisdictions where its affiliates operate.”
 - a. Explain in more detail how the rates Bluegrass Water proposes to use in this matter are based on the rates in use in other jurisdictions, including whether they are the exact same rates in use or simply “based” on them, and if so, explain why and how Bluegrass Water changed the rates and exactly whose rates they are based on.
 - b. Explain why Bluegrass Water contends it is reasonable to base its proposed rates on the rates in this other jurisdiction.
 - c. State whether the proposed rates on which Bluegrass Water proposes to base its depreciation rates are based on a depreciation study, and if so, provide a copy of that depreciation study.
-

Response

- a. The depreciation rates that Bluegrass Water proposes to use are the same as rates approved for affiliates in other jurisdictions. Bluegrass Water's affiliates have depreciation rates derived from multiple proceedings before regulatory commissions in other jurisdictions.
- b. Bluegrass Water contends it is reasonable to base its proposed rates on the rates in its other jurisdictions because the plant components and connections counts at Bluegrass Water's utility plants are similar to those operated by affiliates in other jurisdictions. Therefore, Bluegrass Water proposes to use the same rates.
- c. These proposed rates are not based on a depreciation study, so there is no responsive study to produce.

Request

3. Refer to the Application, Exhibit 8C: Direct Testimony of Jacob Freeman (Freeman Testimony), page 3:
 - a. Provide copies of all Agreed Orders Bluegrass Water has entered into with the Energy and Environment Cabinet (EEC) and any applicable Corrective Action Plan for each system.
 - b. Provide any reports Bluegrass Water has made to the EEC regarding its efforts to bring its systems within compliance and any correspondence received regarding the same from EEC.
-

Response

All Agreed Orders, Corrective Action Plans, and Correspondence and reporting with DEQ and EEC staff provided are identified in the index starting on the following page, with the exception of the CAP Approval letters for Airview, Brocklyn, Fox Run, Golden Acres, Great Oaks, Kingswood, LH Treatment, Lake Columbia, and Persimmon Ridge (which were previously filed in response to 1 AG 23 as attachments KY2020-00290_BW_376 to BW_384). Except for the CAP Approval letters identified above, all of the files listed in the index are provided as separate files to their volume.

Much of the reporting had no response from the EEC staff because key members of the staff were reassigned during the pandemic to aid in the workload for the state unemployment program.

A summary of the status of all systems in the Agreed Orders was prepared in January and is separately provided as an Excel workbook with filename *January 2021 KY System Status.xlsx*, and updated versions of the system corrective action plans are currently being reviewed for approval to reflect systems waiting on permit approvals from the department.

Index of Files Responsive to 2 PSC 03:

Agreed Orders (see 2 PSC 27 response re engineering memos attached to Agreed Orders as Exhibit A)

Airview AO - DOW 19-3-0149

Brocklyn AO - DOW 19-3-0150

Fox Run AO - DOW 19-3-0151

Golden Acres AO - DOW 19-3-0156

Great Oaks AO - DOW 19-3-0148

Kingswood AO - DOW 19-3-0152

Lake Columbia AO - DOW 19-3-0153

Longview AO - DOW 19-3-0154

Persimmon Ridge AO - DOW 19-3-0155

River Bluffs AO - DOW 20-3-0002

Timberland AO - DOW 20-3-0001

Corrective Action Plans (CAPs)

Airview Corrective Action Plan December 17, 2019

Brocklyn Corrective Action Plan December 13, 2019

Fox Run Corrective Action Plan December 23, 2019

Golden Acres Corrective Action Plan December 26, 2019

Great Oaks Corrective Action Plan December 26

Kingswood Corrective Action Plan December 12, 2019

Lake Columbia Corrective Action Plan December 20, 2019

LH Corrective Action Plan December 20, 2019

Persimmon Corrective Action Plan December 13, 2019

River Bluffs Corrective Action Plan July 30, 2020

Timberland Corrective Action Plan July 29, 2020

Correspondence

3-30-2020 EEC CAP Update letter

4-30-2020 EEC CAP Update letter

5-31-2020 LH CAP Status Report Letter - BWUOC

6-1-2020 EEC CAP Update letter

6-30-2020 Airview CAP Status Report Letter

6-30-2020 EEC CAP Update letter

6-30-2020 Great Oaks CAP Status Report Letter

6-30-2020 Lake Columbia CAP Status Report Letter

7-31-2020 EEC CAP Update letter

7-31-2020 Kingswood CAP Status Report Letter

8-31-2020 Brocklyn CAP Status Report Letter

8-31-2020 EEC CAP Update letter

8-31-2020 Fox Run CAP Status Report Letter

8-31-2020 Golden Acres CAP Status Report Letter

8-31-2020 Great Oaks CAP Status Report Letter

8-31-2020 Lake Columbia CAP Status Report Letter

8-31-2020 Persimmon Ridge CAP Status Report Letter

Airview CAP Revision February 2021

Brocklyn CAP Revision February 2021

Fox Run CAP Revision February 2021

Golden Acres CAP Revision February 2021

Great Oaks CAP Revision February 2021

Kingswood CAP Revision February 2021

Lake Columbia CAP Revision February 2021

LH Treatment CAP Revision February 2021

Persimmon Ridge CAP Revision February 2021

1-20-21 email re January 2021 KY System Status update

January 2021 KY System Status.xlsx (emailed 1-20-21)

Request

4. Refer to the itemized costs for the capital projects in the Freeman Testimony and Bluegrass Water’s response to the Attorney General’s First Request for Information (Attorney General’s First Request), Item 36.
 - a. Identify specifically and in detail the work included in the Construction Design and Investigative Services line item of the projects separately for each system;
 - b. Provide an itemized breakdown of those costs separately for each system;
 - c. Provide all bills and bids for those costs and any estimates that support those costs.
 - d. Identify the Construction Design and Investigative Services costs, if any, that arise or are expected to arise from capitalizing the cost of CSWR employees.
-

Response

- a. The exact contents of the “Construction Design and Investigative Services” line has some variance from system to system depending on what is included in a project. In general, this category includes Surveying Fees, GIS Fees, Engineering Fees, and other construction and design fees.
- b. To clarify, the line item in Mr. Freeman’s testimony is not a cost, but rather the capital estimate for Construction Design and Investigative Services provided by the contract engineer who produced the initial Engineering Memorandum and Capital Estimate for each system. The breakdown of the capital estimate for Construction Design and Investigative services per system is below:

Airview	
Surveying Fees	\$ 30,000
Other Construction Design and Investigation	\$ 29,000
Engineering	\$ 60,000
Total	\$ 119,000

Arcadia Pines	
Other Construction Design and Investigation	\$ 3,500

Surveying	\$ 7,500
GIS	\$ 2,500
Engineering	\$ 12,500
Total	\$ 26,000

Brocklyn	
Surveying Fees	\$ 25,000
Engineering	\$ 45,000
Other Construction Design and Investigation	\$ 85,850
Total	\$ 155,850

Carriage Park	
Other Construction Design and Investigation	\$ 3,500
Surveying	\$ 7,500
GIS	\$ 2,500
Engineering	\$ 17,500
Total	\$ 31,000

Fox Run	
Surveying Fees	\$ 20,000
Engineering	\$ 32,500
Other Construction Design and Investigation	\$ 24,450
Total	\$ 76,950

Golden Acres	
Surveying Fees	\$ 17,500
Engineering	\$ 20,000
Other Construction Design and Investigation	\$ 18,400
Total	\$ 55,900

Great Oaks	
Surveying Fees	\$ 20,000
Engineering	\$ 20,000
Other Construction Design and Investigation	\$ 18,350
Total	\$ 58,350

Timberland/Joann Estates	
GIS	\$ 5,000
Surveying	\$ 10,000
Engineering	\$ 64,600

Other Construction Design and Investigation	\$ 40,300
Total	\$ 119,900

Kingswood	
Surveying Fees	\$ 25,000
Engineering	\$ 15,000
Other Construction Design and Investigation	\$ 8,100
Total	\$ 48,100

Lake Columbia	
Surveying Fees	\$ 20,000
Engineering	\$ 32,500
Other Construction Design and Investigation	\$ 23,300
Total	\$ 75,800

Longview/Homestead	
Surveying Fees	\$ 25,000
Engineering	\$ 15,000
Other Construction Design and Investigation	\$ 8,950
Total	\$ 48,950

Marshal Ridge	
Other Construction Design and Investigation	\$ 3,500
Surveying	\$ 7,500
GIS	\$ 2,500
Engineering	\$ 17,500
Total	\$ 31,000

Randview	
GIS	\$ 5,000
Surveying	\$ 15,000
Engineering	\$ 22,500
Other Construction Design and Investigation	\$ 25,650
Total	\$ 68,150

Persimmon Ridge	
Surveying Fees	\$ 32,500
Engineering	\$ 35,000
Other Construction Design and Investigation	\$ 17,517
Total	\$ 85,017

River Bluffs	
GIS	\$ 5,000
Surveying	\$ 10,000
Engineering	\$ 43,800
Other Construction Design and Investigation	\$ 29,900
Total	\$ 88,700

Center Ridge District 1	
GIS	\$ 4,000
Surveying Fees	\$ 15,000
Engineering	\$ 30,000
Other Construction Design and Investigation	\$ 26,405
Total	\$ 75,405

Center Ridge District 2	
GIS	\$ 4,000
Surveying Fees	\$ 15,000
Engineering	\$ 30,000
Other Construction Design and Investigation	\$ 26,150
Total	\$ 75,150

Center Ridge District 3	
GIS	\$ 4,000
Surveying Fees	\$ 25,000
Engineering	\$ 40,000
Other Construction Design and Investigation	\$ 26,800
Total	\$ 95,800

Center Ridge District 4	
GIS	\$ 4,000
Surveying Fees	\$ 15,000
Engineering	\$ 30,000
Other Construction Design and Investigation	\$ 16,105
Total	\$ 65,150

Delaplain	
GIS	\$ 15,000
Surveying Fees	\$ 60,000
Engineering	\$ 180,000

Other Construction Design and Investigation	\$ 29,700
Total	\$ 284,700

Herrington Haven	
GIS	\$ 5,000
Surveying Fees	\$ 20,000
Engineering	\$ 25,000
Other Construction Design and Investigation	\$ 17,500
Total	\$ 67,500

Springcrest Sewer	
GIS	\$ 5,000
Surveying Fees	\$ 20,000
Engineering	\$ 15,000
Other Construction Design and Investigation	\$ 11,000
Total	\$ 51,000

Woodland Acres	
GIS	\$ 10,000
Surveying Fees	\$ 25,000
Engineering	\$ 40,000
Other Construction Design and Investigation	\$ 7,000
Total	\$ 82,000

- c. The separately provided Excel workbook/spreadsheet with filename *2 PSC 04.xlsx*, Construction Design and Investigative Services Costs Summary, contains costs to date that fit into categories listed in subpart a for the projects that are underway. The second sheet in the workbook contains the invoice backup information that makes up the summarized costs.
- d. All estimated costs in this category are external contractor costs. None of these costs represent capitalized costs from CSWR employees.

Request

5. Refer to tabs “UPIS – BY B2” and “UPIS – FY B2” of BGUOC2020RateCase-RateBase (Sewer).xlsx filed by Bluegrass Water in response to Commission Staff’s First Request for Information (Staff’s First Request).
 - a. State whether the additions Bluegrass Water included in plant in service during the base period, the forecasted period, or the months in between the base and forecasted periods included Allowance for Funds Used During Construction (AFUDC), and if so, identify the amounts included in each period by account and show how they were calculated.
 - b. Provide a spreadsheet, in Excel format with all formulas unprotected and all rows and columns fully accessible, breaking down the plant additions shown in those tabs and corresponding changes to construction work in progress (CWIP) by month for the base period, the months between the base and forecasted periods, and the forecasted period using the same actual or projected amounts and in service dates Bluegrass Water used to determine rate base in that spreadsheet.
 - c. Provide a spreadsheet, in Excel format with all formulas unprotected and all rows and columns fully accessible, breaking down the actual historical plant additions by NARUC account number and by sewer system from the beginning of the base period forward on a continuing basis.
-

Response

- a. The additions to plant in service do not include an Allowance for Funds Used During Construction.
- b. For the requested information, please refer to the separately provided Excel workbook/spreadsheet with the file name *2-PSC-05b.xlsx*.
- c. For the requested information, please refer to the separately provided Excel workbook/spreadsheet with the file name *2-PSC-05c.xlsx*.

Request

6. Identify all projects that Bluegrass Water contends support the projected additions or CWIP shown in attachment BGUOC2020RateCase-RateBase_(Sewer).xlsx for the base period, the forecasted period, and the months between the base and the forecasted periods, and provide:
 - a. A description of each project and the name of the system on which the project is being done;
 - b. An explanation of the need for each project (or where an explanation of the need for each specific project may be found in the record);
 - c. The total cost if completed or the expected total cost of each project;
 - d. The date on which work on each project began or is expected to begin; and
 - e. The date on which each project was placed in service or is expected to be placed in service.
-

Response

All information requested in each subpart of this request has been included in the separately-provided Excel spreadsheet/workbook with file name *2 PSC 06.xlsx*.

Request

7. Refer to tabs “UPIS – BY B2” and “UPIS – FY B2” of BGUOC2020RateCase-RateBase_(Water).xlsx filed by Bluegrass Water in response to Staff’s First Request.
 - a. State whether the additions Bluegrass Water included in plant in service during the base period, the forecasted period, or the months in between the base and forecasted periods included AFUDC, and if so, identify the amounts included in each period by NARUC account number and show how they were calculated.
 - b. Provide a spreadsheet, in Excel format with all formulas unprotected and all rows and columns fully accessible, breaking down the plant additions shown in those tabs and CWIP by month for the base period, the months between the base and forecasted periods, and the forecasted period using the same actual or projected amounts and in service dates Bluegrass Water used to determine rate base in that spreadsheet.
 - c. Provide a spreadsheet, in Excel format with all formulas unprotected and all rows and columns fully accessible, breaking down the actual historical plant additions by NARUC account number for the beginning of the base period forward on a continuing basis.
-

Response

- a. The additions to plant in service do not include an Allowance for Funds Used During Construction.
- b. For the requested information, please refer to the separately provided Excel workbook/spreadsheet with the file name *2-PSC-07b.xlsx*.
- c. For the requested information, please refer to the separately provided Excel workbook/spreadsheet with the file name *2-PSC-07c.xlsx*.

Request

8. Identify all projects that Bluegrass Water contends support the projected additions or CWIP shown in attachment BGUOC2020RateCase-RateBase_(Water).xlsx for the base period, the test period, and the months between the base and the forecasted periods, and provide:
 - a. A description of each project and the name of the system on which the project is being done;
 - b. An explanation of the need for each project (or where an explanation of the need for each specific project may be found);
 - c. The total cost if completed or the expected total cost of each project;
 - d. The date on which work on each project began or is expected to begin; and
 - e. The date on which each project was placed in service or is expected to be placed in service.
-

Response

All information requested in each subpart of this request has been included in the separately-provided Excel spreadsheet/workbook with file name *2 PSC 08.xlsx*.

Request

9. Refer to Bluegrass Water's response to Staff's First Request, Item 8, Item 9, attachment 1-PSC-8.xlsx, and attachment 1-PSC-9.xlsx.
 - a. Confirm that some of Bluegrass Water's proposed capital expenditures have or will be expensed immediately for tax purposes while those same expenditures are expensed over time through depreciation for book purposes, and explain if Bluegrass Water cannot confirm.
 - b. Confirm that Bluegrass Water's proposed capital expenditures have or will be depreciated more quickly for tax purposes, to the extent they were not eligible to be immediately expensed, than they have or will be depreciated for book purposes, and explain if Bluegrass Water cannot confirm.
 - c. Explain why Bluegrass Water did not reflect any accumulated deferred income taxes or book-tax timing differences in the forecasted period.
-

Response

- a. The proposed capital expenditures will not be expensed immediately for tax purposes.
Bluegrass Water uses straight-line depreciation for both book and tax depreciation.
- b. The proposed capital expenditures will not be depreciated more quickly for tax purposes.
Bluegrass Water uses straight line depreciation for both book and tax depreciation.
- c. Since Bluegrass Water does not use accelerated depreciation for tax purposes, there are no deferred income tax or timing differences. The capital expenditures that have been proposed will be depreciated on a straight-line basis and will result in no deferred income taxes or timing differences.

Request

10. Refer to attachment KY2020-00290_BW_0042 filed by Bluegrass Water in response to Staff's First Request, Item 15.
 - a. Explain each basis for why the per system monthly operator expense for each system in Kentucky is higher than the per system expense for nearly every other system in other states.
 - b. For each system listed on the attachment that is outside of Kentucky, provide the total number of customers served by each system by class.
 - c. For each sewage system listed on the attachment that is outside of Kentucky, provide the amount that each system is permitted to discharge in each month.
-

Response

- a. Due to regulatory requirements noted in 807 KAR 5:071 Section 7(4), Bluegrass Water is required to “make inspections of all mechanical equipment on a daily basis.” Daily inspection is not required for the various other systems referenced, which results in the higher expense per system.
- b. In part a above, Bluegrass Water has explained the basis for the difference in the per-system expense for Kentucky systems; system expense is not scaled by number of customers. To illustrate that the per-system expense is not based on customers served, Bluegrass Water provides the following information regarding the number of customers at each system outside Kentucky listed in the response to KY2020-00290_BW_0042 etc.:

Arkansas	Eagle Ridge	Eaglebrook	66
		Huntington Estates	59
		Shadow Ridge	129
	Flushing Meadows	Flushing Meadows	295
	Hayden's Place	Hayden's Place	122
	Oak Hill	North Hills	134
		Oak Tree	64
	Sebastian Lake	Sebastian Lake	219
	St. Joseph's Glen	St. Joseph's Glen	190

Louisiana	Magnolia North	Cherry Ridge	178
		Evangeline	65
		Jones Rolling Ridge Water	42
		Jones Rolling Ridge Sewer	43
		Olde Oaks	104
		S & S	55
		Suburban Water	295
		Suburban Sewer	0
		Wildwood Water	174
		Wildwood Sewer	119
	Magnolia South	Mo-Dad	9,728
Missouri	Confluence Rivers	Auburn Lake Water	21
		Auburn Lake Sewer	20
		Calvey Brook Water	13
		Calvey Brook Sewer	13
		Eugene Water	57
		Evergreen Water	68
		Gladlo Water	73
		Gladlo Sewer	63
		Lake Virginia Sewer	38
		Majestic Lakes Water	131
		Majestic Lakes Sewer	131
		Mill Creek Sewer	75
		Ranch Roy-L Water	60
		Ranch Roy-L Sewer	57
		Smithview (Kuhle) Water	107
		Villa Ridge Sewer	200
		Willows Water	157
		Willows Sewer	157
	Elm Hills	Missouri Utilities Water	137
		Missouri Utilities Sewer	132
		Twin Oaks	44
		Rainbow Acres	45
		State Park Village	176
	Indian Hills	Indian Hills	669

	Raccoon Creek	Villages of Whiteman	273
		WPC	85
		WSS	171

- c. In part a above, Bluegrass Water has explained the basis for the difference in the per-system expense between its Kentucky wastewater systems and those in other states; system expense is not scaled by permitted discharge.

Request

11. Refer to attachment KY2020-00290_BW_078 filed by Bluegrass Water in response to Staff's First Request, Item 18.
 - a. For each officer listed therein, identify specifically who is responsible for establishing the officer's compensation; identify the criteria, if any, they relied on to establish compensation, and any changes that have been made to that criteria since 2018; and explain how those criteria were developed.
 - b. Explain each basis for any change in Mr. Cox's or Mr. Thomas's salary in calendar years 2019 and 2020, including any compensation or other studies that supported any change in compensation.
 - c. Explain each basis for the projected change in the three officers' compensation between Calendar Year 2020 and the Forecasted Period, including specifically each basis for why the projected change for some officers is significantly different from historical changes for them or other officers.
 - d. State whether there is any overlap between amounts listed for the officers and the categories of employees and between the various categories of employees i.e. is the compensation for officers included within one of the categories or, for example, are amounts for exempt employees included within the manager category.
 - e. Provide the number of employees for each historical period and the projected number of employees for the forecasted periods within each category.
 - f. Identify which category in attachment KY2020-00290_BW_078, if any, includes employees' auto allowance, and provide the amount included for each officer and within each category for each period.
 - g. Identify which category in attachment KY2020-00290_BW_078, if any, includes CSWR's profit sharing 401K contributions, and provide the amount included for each officer and within each category for each period.
-

Response

- a. The CSWR, LLC Board of Directors is responsible to approve the annual budget which establishes salary for all employees, including officers. There are no formal criteria by which the Board of Directors establishes salary. Instead, they rely on recommendations from management and the business knowledge and experience of the board's members.

- b. In both 2019 and 2020, the Board of Directors of CSWR determined that compensation paid to Messrs. Cox and Thomas should be adjusted to reflect the company's growth and their increased responsibilities in executing the company's business plan, which included extensive travel and interactions with regulatory commissions and authorities. The board also concluded Messrs. Cox and Thomas had positively contributed to the continued expansion of the company, and subjectively adjusted their respective salaries to recognize their individual contributions to the company's development.
- c. In 2021, the Board of Directors of CSWR made compensation adjustments for each of the three officers to subjectively recognize their respective contributions to the company's successful growth, operational excellence and deep institutional knowledge. The Board of Directors considers the officers essential to the company's leadership, governance, and operations. The amount of increase in each officer's compensation was based on the board's business judgement and experience.
- d. There is no overlap among the categories for each individual year. It is possible for an employee to have moved from one category to another in a subsequent year.
- e. Please see the "Summary" tab of the Excel workbook with filename *2-PSC-14 (confidential).xlsx*, filed under seal with a request for confidential treatment in response to 2 PSC 14.
- f. Auto allowances were included in the salary category in the KY2020-00290_BW_078 attachment. Please see the Excel workbook with filename *2-PSC-14 (confidential).xlsx*, filed under seal with a request for confidential treatment in response to 2 PSC 14, in

which the company has divided the salary column into salary and auto allowance components.

- g. The category in KY2020-00290_BW_078 that includes CSWR, LLC's 401k profit share is the column titled "401k ER match". The requested breakout of 401k contribution amounts is in the separately provided Excel workbook/spreadsheet with the file name *2-PSC-11g (confidential).xlsx*, provided under seal and for which confidential treatment has been requested concurrently herewith.

Request

12. Provide a spreadsheet, in Excel format with all formulas unprotected and all rows and columns fully accessible, with the information contained in attachment BGUOC2020RateCase-RateBase_(Sewer).xlsx broken down by each sewer system.
-

Response

The requested information is provided separately in 19 Excel workbooks with file names of the form *2PSC12-##_RateBase(<systemName>).xlsx*.

Request

13. Refer to Bluegrass Water’s response to the Attorney General’s First Request, Item 6 in which Bluegrass Water contends that remote monitoring is necessary because it “increases the effectiveness of operations at basic sewage plants and collection systems and drives down costs related to improvements and environmental compliance that would otherwise be passed through to customers.”
 - a. Explain in detail how remote monitoring drives down costs related to improvements.
 - b. Explain in detail how remote monitoring drives down costs related to environmental compliance.
 - c. Quantify the costs savings Bluegrass Water contends will be achieved for each of its system through the installation of remote monitoring equipment, and explain each basis for Bluegrass Water’s contention regarding the expected cost savings.
 - d. State whether Bluegrass Water performed a cost-benefit analysis to determine whether the expected cost savings from remote monitoring will exceed the expected cost of remote monitoring, explain the results of any cost-benefit analysis, and provide any cost-benefit analysis performed.
 - e. Identify the amount of and where the expected cost savings from the remote monitoring are reflected in this case as a reduction in the revenue requirement for the forecasted test period, and if they are not reflected in the forecasted test period, explain why the cost savings are not reflected in the forecasted test period.
-

Response

- a. Remote monitoring provides accurate live data continuously to operators, allowing them to optimally operate a facility and thereby control costs. When operated optimally and to their full potential, facilities should be capable of consistently meeting limits. Conversely, when plants are not operated optimally and fail to consistently meet limits, those failures can result in facilities needlessly being upgraded. In some cases some or all of those upgrades could have been avoided if operators had a better understanding of how the plant was running. Remote monitoring ensures operators have constant access to this data and are able to fine-tune plant operations with full understanding of how that fine tuning affects plant performance.

An example of how this sort of optimization has played out in Bluegrass systems is the reductions in capital costs for the Airview system. Initial capital estimates put the projected project cost at \$460,000. Many companies would have immediately committed to that project and spent that much on plant upgrades. Alternatively, Bluegrass installed remote monitoring, removed solids from the facility, and worked on repairs and fine tuning the operations of the plant. With those optimizations, plant performance improved and the upgrades were revised, and the overall capital estimate was reduced to \$299,000 including the cost of the remote monitoring unit installed. This represents a reduction in cost related to improvements of \$161,000 at Airview alone which would not have been possible without the operational improvements that the remote monitoring unit allowed.

- b. Remote monitoring drives down costs related to environmental compliance by reducing the frequency and severity of violations of environmental regulation. The remote monitoring system provides an immediate alert to operators when abnormal operating conditions, equipment failures, and other treatment failures occur. By receiving an earlier warning, operators can respond quickly to abnormal conditions and correct problems before treatment process are interrupted, backups and sanitary system overflows can occur, or service to customers is interrupted. For example, if an operator receives a notification the moment a lift station pump fails, they can immediately go to the site and correct the problem. In systems without remote monitoring, when a lift station fails operators will typically not find out until an audio or visual alarm is triggered or a customer calls in to report a problem. This delay in alerting an operator about a problem or failure can lead to lift station overflows or backs up into customers' homes.

These types of events require a regulatory compliance reporting action be completed with the EEC/DEP, which may result in fines. Similarly, receiving an immediate alert when blowers fail at an extended aeration facility allows operators to respond before the treatment process is compromised, thereby preventing exceedances of permitted limits. In addition to preventing noncompliance events, live data from remote monitors allows for better operation of facilities as described in subpart a above. This means facilities are less likely to struggle to comply with permitted limits and reduces the likelihood of instances of noncompliance.

- c. The cost savings related to remote monitoring is difficult to quantify because, as noted in subparts a and b of this request, much of the savings results from the prevention of possible and likely events relating to equipment performance and avoiding incidents of noncompliance with environmental regulations. Quantification is further complicated by the high variability of the potential consequences. For example, remote monitoring allows operators to respond to lift station outages very quickly, meaning in most cases repairs can be made before a lift station can back up or overflow. In wastewater systems without remote monitoring, an overflow or backup could result in fines, environmental damage, or property damage.

For example, in a system acquired by Bluegrass Water's affiliate in Louisian, a lift station overflowed into a city storm drain, which resulted in legal action against the previous owner and more than \$10,000 in fines. Similarly, sewer backups into customers' homes may require the utility to expend thousands or tens of thousands of dollars to pay for cleanup and damages. Over time, improved responsiveness attributable to remote

monitoring will significantly reduce or eliminate these types of problems.

The sorts of operational improvements previously discussed already are helping Bluegrass reduce operating and capital costs. For example, under previous operations at the Airview facilities, a lift station was having repeated issues causing backups into an apartment building. The previous operator eventually instructed affected customer to flip a switch to turn on a mobile submersible pump when the backups occur to do some of the work of the failed lift station. However, this submersible pump was discharging wastewater into a ditch and therefore constituted an illegal sanitary sewage overflow that was being intentionally caused by the operator. If the EEC had become aware of the practice, the investigation would likely have resulted in fines in addition to the cost to clean up the environmental damage. Now that Bluegrass Water has installed remote monitoring, operators are able respond before backups occur. Remote monitoring also allowed Bluegrass Water to identify and permanently repair issues related to the lift station. While difficult to quantify, this is a case where within the first year following installation of remote monitoring, the costs of the unit were offset by savings resulting from preventing potential fines and environmental/property damage.

Similarly, at River Bluffs, two homeowners near a lift station had repeatedly complained about a lift station causing backups in their homes, which the previous ownership had been required to pay to cleanup and repair damages. Since installing remote monitoring, Bluegrass Water's operators have been able to prevent the backups, representing cost savings on the cleanup that offsets the cost of the unit and dramatically improved the customers' experience.

Emergency repairs typically require paying an emergency rate for an operator (about \$100 per hour). Remote monitoring units allow operators to be called out immediately as the emergency occurs. This reduces the amount of time an operator needs to correct problems and therefore reduces the cost of emergency calls.

As described in the answer to part a., optimized operations brought on by remote monitoring data has also contributed to significant reductions in the planned improvement costs for these systems. as well. For the Airview system alone, we estimate a savings of over \$160,000.

- d. Bluegrass Water did not conduct a formal cost/benefit analysis for the remote monitoring equipment it has installed. As described in the answer to subpart c above, quantifying the total savings related to remote monitoring is difficult, so a direct cost-benefit analysis would have been difficult. But even though a formal analysis was not performed, Bluegrass Water believes these units more than cover their installation and operating expense over time by reducing capital cost, reducing environmental noncompliance, reducing environmental and property damages resulting from abnormal operating conditions, improving operator response time, and reducing time billed in emergency operations by alerting operators before problems can escalate.
- e. Because the revenue requirement was developed with remote monitoring equipment included in the system from the beginning, expected savings cannot easily be quantified. However, using data from 2020, a reduction in operation costs can be approximated. The remote monitoring units sent a total of 382 alerts of abnormal operating conditions to operations staff, with about half of these events triggering two alerts. This indicates a

total of about 250 events where remote monitoring system provided the first alert to operators during 2020. As described above, remote monitoring enables operators to respond faster to these types of calls by providing an earlier alert of abnormal operating conditions, typically reducing the impact of the abnormal condition and as a result the number of emergency manhours required to complete the corrective action work order. To keep estimates conservative, we can assume this early alert allowed emergency calls to take 1 hour instead of 2 hours. Emergency call work is billed at a rate of \$100 per hour, so this represents a reduction in anticipated operations cost of approximately \$25,000 per year for all Bluegrass operations. This more than offsets the annual fees for the units and will quickly cover the equipment cost in operations savings alone — without even taking into account the avoided costs of cleanup and damage repair because the alarms allowed operators to respond before either of those results occurred. In addition, as described above, there are additional savings that are more difficult to quantify in reduced compliance costs, capital improvement requirements, and potential liability in damages caused by equipment failures. Had these costs not been avoided because of Bluegrass Water’s installation of remote monitoring equipment, these costs would have increased the company’s revenue requirement.

Request

14. Refer to attachment KY2020-00290_BW_407 filed by Bluegrass Water in response to Attorney General's First Request, Item 39.
 - a. Other than the three officers identified separately, identify the category within which each of the employees identified on KY2020-00290_BW_407 were included in KY2020-00290_BW_078.
 - b. Provide a version of KY2020-00290_BW_407 that includes the same information for 2018 and 2019.
-

Response

- a. Please refer to the separately provided Excel workbook/spreadsheet with the file name *2-PSC-14 (confidential).xlsx*, for which confidential treatment has been requested concurrently herewith.
- b. Please refer to the response to subpart a.

Request

15. Refer to the service contracts for sewer operators between Bluegrass Water and Midwest Water Operation, LLC, filed as Exhibit 16A to Application and in response to Staff's First Request, Item 14, KY2020-00290_BW_0001-KY2020-00290_BW_0011.
 - a. Explain how the monthly "Operator Fee for Basic Services" was established in each contract—e.g., on a per customer basis, on a per system basis, on the basis of the expected number of work-hours per system, etc.—including an explanation for why the cost per system is lower in the more recent contract.
 - b. Provide all requests for proposals or similar requests for a bid sent to Midwest Water Operation, LLC, when soliciting operator services for its sewage systems; any responses thereto by or on behalf of Midwest Water Operation, LLC; and any written correspondence between Bluegrass Water, Midwest Water Operation, LLC, or their representatives regarding or relating to the contract prices.
 - c. Explain in detail why Midwest Water Operation, LLC was chosen as the operator for each contract over other potential persons or entities.
-

Response

- a. Bluegrass Water and Midwest Water Operation, LLC, established the monthly "Operator Fee for Basic Services" for each contract based on the number of sites, the regulatory requirements mentioned in the response to 2 PSC 10, and various site specifications that would indicate a need for more advanced operations knowledge. For the more recent contracts, the cost per system is lower due to Midwest's ability to realize economies of scale, such as supporting the newer systems with staffing from current facilities. The economies of scale achieved through consolidation of newer systems directly resulted in the lower costs per system.
- b. Please see the attachments (KY2020-00290_BW_0408 to BW_0440) for all correspondence between Bluegrass Water and Midwest Water Operation, LLC revolving around the requests for proposals or relating to the contract prices.

- c. Bluegrass Water chose Midwest Water Operation, LLC, as the operator for each contract due to the lower costs associated with Midwest Water.

From: [Kaleb Stephens](#)
To: [Terry Merritt](#)
Cc: [Jay Favor](#); [Todd Thomas](#)
Subject: CSWR Bid Package - Bluegrass UOC Second Rd
Date: Wednesday, February 19, 2020 12:29:00 PM
Attachments: [OM Contract - Draft Water - wastewater - Draft.docx](#)
[Blue Grass UOC Facility Proposal Second Rd- KY-Midwest.pdf](#)
[Bluegrass UOC Second Rd General Locations.png](#)
[O&M RFP response page - Blue Grass UOC Second Rd- KY .docx](#)

Mr. Merritt,

I am reaching out to see if Midwest Operations is interested in bidding on CSWR facilities within the Bluegrass UOC located in Kentucky.

Included with this email is a Letter outlining the facilities, an RFP response page, a sample contract, and a map showing the locations of the facilities.

If there are any questions on these documents, please contact me or Jay Favor.

Regards,

Kaleb Stephens
Environmental Health and Safety Auditor
Central States Water Resources
500 Northwest Plaza Drive
Suite 500
St. Ann, MO 63074
M - 715-790-2559
www.centralstateswaterresources.com

From: [Kaleb Stephens](#)
To: [Terry Merritt](#)
Cc: [Jay Favor](#); [Todd Thomas](#)
Subject: Blue Grass UOC Rd. 3 Bid Package
Date: Monday, March 9, 2020 11:37:00 AM
Attachments: [OM Contract - Draft Contract - KY.docx](#)
[Blue Grass UOC Facility Proposal Round 3 - KY -Midwest.pdf](#)
[O&M RFP response page - Blue Grass UOC Round 3 - KY.docx](#)

Mr. Merritt,

I am reaching out to see if Midwest Water Ops is interested in operating CSWR facilities located in Kentucky.

Attached to this email is a letter outlining the facilities, an RFP Response page, and a sample contract.

Regards,

Kaleb Stephens
Environmental Health and Safety Auditor
Central States Water Resources
500 Northwest Plaza Drive
Suite 500
St. Ann, MO 63074
M - 715-790-2559
www.centralstateswaterresouces.com

From: [Terry Merritt](#)
To: [Kaleb Stephens](#)
Cc: [Jay Favor](#); [Todd Thomas](#)
Subject: Re: Bid Packages for KY and MO
Date: Friday, November 6, 2020 1:55:32 PM

Mr. Stephens,

Thank you for the opportunity.
Midwest will be submitting you a proposal for both of the RFP's

Terry

On Fri, Nov 6, 2020 at 9:20 AM Kaleb Stephens <kstephens@cswrgroup.com> wrote:

Mr. Merritt,

You and your firm have been selected to bid on the projects attached to this email for Central States Water Resources.

Please, review the included bid packages. If there are any questions about the projects do not hesitate to reach out to me or Jay Favor.

Regards,

Kaleb Stephens

Environmental Health and Safety Auditor

Central States Water Resources

M - 715-790-2559

www.centralstateswaterresources.com



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Terry Merritt, Vice President
Midwest Water Operations LLC
1351 Jefferson St., STE 301
Washington, MO 63090
573-476-9836



February 19, 2020

Mr. Terry Merritt
Midwest Operations

Dear Mr. Merritt,

This letter is a request for a proposal to operate and maintain the water and wastewater facilities included in the Blue Grass Utility Operating Company. The facilities include and are known as:

- Central Ridge Water System – KY0180549 – Calloway County - AI:33828
- Central Ridge Water District No. 2 – KY0180509 - Calloway County - AI:33828
- Central Ridge Water District No. 3 – KY0180502 - Calloway County – AI:33828
- Central Ridge Water District No. 4 – KY0183106 - Calloway County – AI:33835
- JE – Timberland Subdivision WWTP – KY0083755 – McCracken County – AI:3070
- JE - Wilmington Chiles Subdivision WWTP – KY0078336 - McCracken County – AI:3080
- River Bluffs WWTP – KY0043150 – Oldham County – AI:3367

Attached to this letter is a sample agreement that outlines the basic responsibilities for the Operations and Maintenance contractor and RFP response sheet. Please respond by March 20th, 2020 with a proposal to provide operations and maintenance services to these facilities according to the requirements of their permits and the scope of services attached.

Please refer to the Kentucky Public Service Committee for water and wastewater inspection procedures and requirements for operations and maintenance.

<https://psc.ky.gov/Home/Utilities>

Wastewater/Water – Below is a link to Kentucky DEP's Issued Approvals page on eSearch. This page will give you up-to-date information on permits, registrations, registered-permits-by-rule, general permits and other approvals the Department has issued.

http://dep.gateway.ky.gov/eSearch/Search_Issued_Approvals.aspx?Program=Wastewater=30

If you have any questions, please feel free to call or email me at 314-240-2377 or jfavor@cswrgroup.com.

Sincerely,

Jay Favor
Central States Water Resources



March 9th, 2020

Mr. Terry Merritt
Midwest Water Ops

Dear Mr. Merritt,

This letter is a request for a proposal to operate and maintain the wastewater facilities included in the Blue Grass Utility Operating Company. The facilities include:

- Arcadia Pines – No discharge lagoon – McCracken County, KY
- Carriage Park – No discharge lagoon – West Paducah, KY
- Marshall Ridge – No discharge lagoon – West Paducah, KY
- Randview – No discharge lagoon – Graves, KY

Attached to this letter is a list a sample agreement that outlines the basic responsibilities for the Operations and Maintenance contractor and RFP response sheet. Please respond by March 31, 2020 with a proposal to provide operations and maintenance services to these facilities according to the requirements of their permits and the scope of services attached.

Wastewater – Below is a link to Kentucky DEP's Issued Approvals page on eSearch. This page will give you up-to-date information on permits, registrations, registered-permits-by-rule, general permits and other approvals the Department has issued.

http://dep.gateway.ky.gov/eSearch/Search_Issued_Approvals.aspx?Program=Wastewater=30

If you have any questions, please feel free to call or email me at 314-240-2377 or jfavor@cswrgroup.com.

Sincerely,

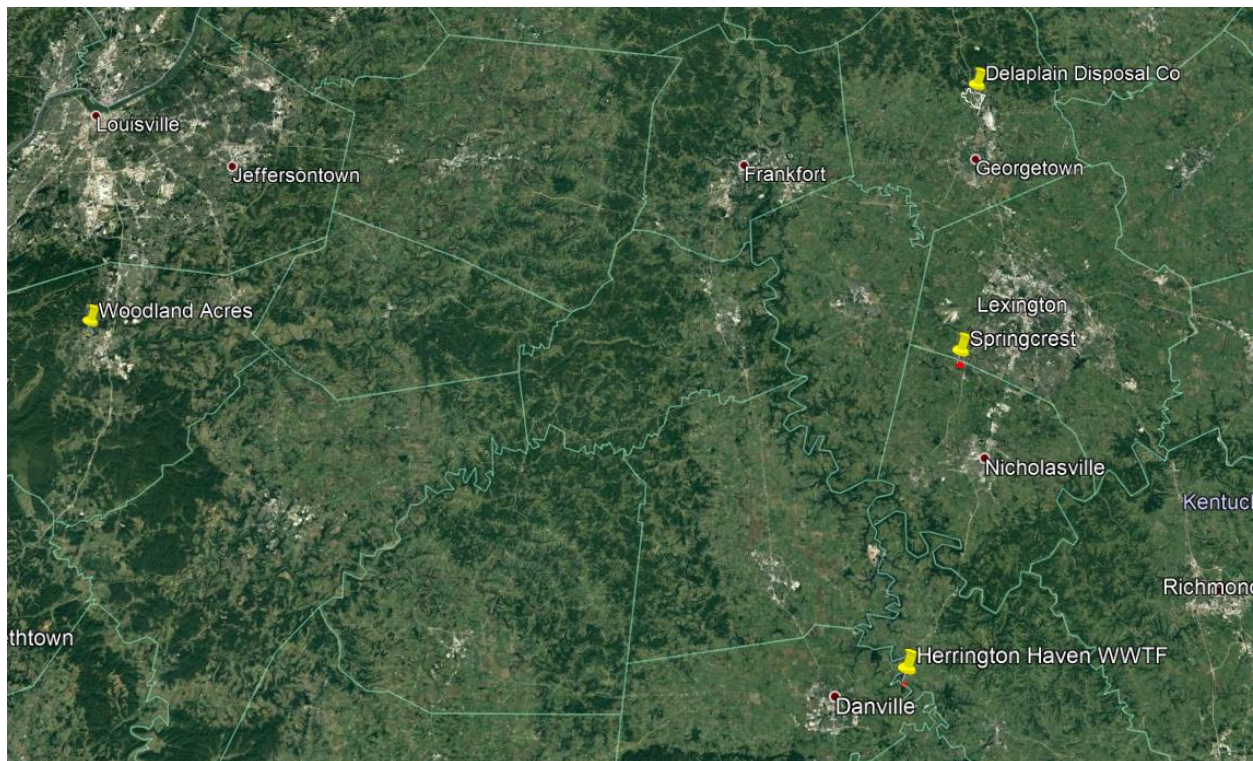
Jay Favor
Central States Water Resources

Your firm is invited to submit a proposal on project outlined below related to community water and wastewater treatment plants.

Bluegrass UOC: Phase 4

Is made up of facilities known as:

- Delaplain WWTP – KY0079049
- Herrington Haven WWTP – KY0053431
- Springcrest Wastewater Disposal
- Woodland Acres WWTP – KY0096100



Use the links below to utilize State Databases for additional information about these facilities.

- Wastewater Database: <https://dep.gateway.ky.gov/eSearch/>

Sincerely,

Jay Favor

Director of EH&S

Enclosure

FACILITY COMPONENTS

Delaplain WWTP – KY0079049

- Mechanical facility: 2 influent lines (1 gravity and 1 pressurized), comminutor, manual bar screen, aeration tank, two 50hp blowers, circular clarifier w/ RAS/WAS collection box, aerobic digester, and Chlorine/De-Chlorination systems.
- 5 lift station in the collection system
- Authorized to treat 240,000 gpd.
- 55% residential, 45% industrial.
- 38° 17'10.25"N, 84° 33'22.59"W

Springcrest Wastewater Disposal

- Resident septic tank system with irrigation disposal system.
- 4' force mains from septic tanks to wet wells.
- Four wet well zones with single control panel for irrigation disposal.
- 37° 58'55.14"N, 84° 36'5.46"W

Herrington Haven WWTP – KY0053431

- Extended Aeration Package Plant with mechanically cleaned bar rack screen, single aeration basin, two hopper clarifiers, and a chlorine contact tank.
- 8" and 10" gravity collection system.
- 9,800 gpd facility.
- 37° 39'40.67"N, 84° 41'23.89"W

Woodland Acres WWTP – KY0096100

- Extended Aeration Package plant containing mechanically cleaned bar rack screen, single aeration basin, equalization tank with two pumps, aerobic digestion, rapid sand filter, and chlorine contact chamber. De-chlorination is utilized downstream.
- 25,000 gpd facility.
- Gravity collection system: 8" and 10" lines.
- 38° 0'28.37"N, 85° 43'51.79"W

INTRODUCTION & BACKGROUND

Central States Water Resources (“CSWR,LLC”) owns and provides professional and managerial services to several private, regulated water and wastewater utility companies that the services of one or more outside firms capable of providing operation and maintenance services and or managing construction projects related to the company’s water and wastewater treatment plants. Therefore, CSWR is accepting proposals in response to this Request for Proposal (“RFP”) in order to find firms willing and qualified to provide these services. Our goal with operating and maintaining water and wastewater treatment facilities is to serve local communities with modern, EPA-compliant water and wastewater treatment facilities that ensure our customers receive reliable and safe service.

The objective of this RFP is to identify one or more firms that will provide the best overall value to CSWR. While price is a significant factor, other criteria will form the basis of our award decision, as more fully described in the Evaluation Factors section of this RFP below.

SUBMISSION GUIDELINES & REQUIREMENTS

The following submission guidelines and requirements apply to this RFP:

- First and foremost, only qualified individuals or firms with prior experience on projects such as this should submit proposals in response to this RFP.
- **Bidders intent on submitting a proposal should so notify CSWR staff no later than 11/13/2020.**
- Bidders may complete a “Company Narrative”, providing up to a 4-page narrative listing their companies experience with similar projects, expertise, and why they should be selected by CSWR. Please include references for each example provided. This narrative is optional.
- Bidders must complete the “RFP Response Page” at the end of this RFP that outline the require submittal documents and pricing.
- Proposals must be signed by a representative that is authorized to commit bidder’s company.
- **Proposals must be received prior to 12/15/2020 to be considered.**
- Proposals must remain valid for a period of 60 days.
- CSWR anticipates selecting at least two individuals or firms to have more in-depth discussions with and will make an award to one of these “down-selected” individuals or firms.
- Each bidder must read the “Agreement Regarding Operation of Utility Treatment Facilities Water/Wastewater” presented in **Attachment A**.
- Each bidder must provide proof of insurance coverage, including all inclusions and exclusions to the policy. For information regarding insurance requirements, please refer to **Insurance Requirements** below.
- Each bidder must provide a staffing plan for each of the facilities and include the key personnel’s biography, resume and certifications.

PROJECT DESCRIPTION

CSWR seeks to transform local water and wastewater treatment facilities across the central United States to improve the quality of water and therefore the quality of life in the region.

Project Purpose

To transform how water utilities, work by using technology and innovation to quickly assess and invest in reliable infrastructure that meets or exceeds stringent state and federal safety standards. By restoring communities water infrastructure to applicable regulatory standards, we ensure all CSWR's serviced communities have access to safe, clean, and reliable water resources while protecting the aquifers, lakes, rivers, and streams that are essential to our world. In addition, restoring water infrastructure to applicable regulatory standards will foster new investment into the communities leading to community revitalization in desperate regions.

Project Description

CSWR is looking to procure a qualified group to operate and maintain CSWR's water and wastewater treatment facilities across the United States. This includes all maintenance and construction projects needed to guarantee the highest quality product to CSWR's serviced communities while maintaining safe policies and best practices to comply with regulatory standards.

SITE VISIT (OPTIONAL)

CSWR will conduct an optional site visit at for prospective bidder, **upon request**, to examine the system. The site visit[s] will be schedule for the date[s] and time[s] below:

Site	Date	Time
Site 1		
Site 2		

PROJECT SCOPE

Provided below is CSWR's Project Scope focused on administrative duties and field operations which are comprised of both operator services for the water treatment facilities and wastewater treatment facilities. In addition to the scope of the above noted duties, requirements are provided for each.

Scope and Requirements:

Bidder shall provide a monthly fee in its response to this RFP to maintain the system(s), as described below. No additional charges will be allowed for the routine testing, reporting, operations and maintenance of the Facilities. All costs including, but not limited to, routine labor, materials, profit, meter reading and travel shall be included in the monthly fee. Costs for items such as equipment replacement, emergencies, or other non-routine repairs are not included in this scope item.

Administrative

The successful bidder shall maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities and provide copies of such to the Owner. Each bidder must provide a staffing plan for each of the facilities and include the key personnel's biography, resume and certifications.

The successful bidder shall maintain insurance meeting or exceeding the requirements listed below. Certificates of insurance showing that the Bidder meets the minimum requirements must be provided with the Bidder's response to this Request for Proposal (RFP). Failure to include the necessary certificates will result in the Bidder's proposal being disqualified from consideration.

Customer Service Requirement

The successful bidder shall be responsible for the accurate and timely reading of customer meters, including rereads at CSWR's request. Each bidder must identify a single point of contact who will be responsible for communications between CSWR Customer Service Staff and the bidder's field staff.

Insurance Requirement

Certificates of Insurance ("COI"), as outlined herein, shall be furnished to CSWR upon receipt of approval of the award of the contract. COI shall provide a minimum of a thirty (30) day notice of cancellation to CCPS and shall name CSWR as an additional insured as follows:

Comprehensive General Liability Insurance

Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.

Automobile Liability Insurance

Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.

Worker's Compensation and Employers Liability Insurance

Worker's Compensation and Employers Liability in the amount required by law.

Commercial Umbrella Coverage

Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.

Pollution Legal Liability

Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is

discontinued for any reason by Operator after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Professional Liability Error and Omissions

Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years from the date of the termination of this Agreement.

Duration of Insurance Policies

All insurance policies herein specified shall be in force for the term of the contract and contain a Rider that the insurance policies cannot be cancelled without a thirty (30) day prior written notice to the parties insured.

Insurance Policy Review

Insurance policies may be submitted for review to CSWR. Said policies shall be in form and content satisfactory to CSWR's said representatives. Said policies shall also name CSWR as an additional insured party where specified herein.

Wastewater Field Operations – Included in Monthly Fee

Tasks listed below are routine tasks expected for the operation of a wastewater facility and shall be included in the monthly fee. The monthly fee shall include all labor, materials, and costs to complete the following tasks.

- Make minimum of 3 (for mechanical plants) or 1 (for lagoons) weekly visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto.
- Perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
- Create and perform all routine scheduled work orders generated through CMMS.
- Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner.
- Utilize owner provided regulatory results database. Maintain/upload certified test results into the database by the last business day of each month.
- Obtain the sampling requirements for testing by the government regulators and/or the Owner and perform the necessary sampling.
- Maintain all facility records included in CMMS.

- Contact appropriate laboratories to provide adequate testing and reporting services for Owner.
- Provide all test results to the Owner as early as possible.
- Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public. Any fee or fines resulting from a delay in notifying the Owner will be the responsibility of the successful Bidder.
- Contact and direct appropriate contractors to make repairs to the system as needed for operation.
- Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm.
- Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events.
- Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification.
- Provide a 24-Hour on-call emergency utility service response for operations.
- Perform Utility Locates.

Wastewater Field Operations – Additional Work

Tasks listed below are non-routine tasks expected for the operation of a wastewater facility and shall be billed in addition to the monthly fee. The Bidder shall provide a list of labor rates and cost markup that will be charged.

- Sewer main, or manhole repair and maintenance
- Service and utility construction inspections
- Sewer main flushing, rodding, or jetting
- Lift station maintenance and repair
- Cleaning and vacuuming of manholes
- Lagoon repair/maintenance requiring excavating equipment (e.g. backhoe, loader, etc.)
- Mowing and trimming of plant, lagoon and right of way areas
- Chemical application to lagoon cells
- Fence repair & upkeep
- Sewer main video inspection and recording
- Sewer main repair and/or replacement
- Customer service issues requiring action on behalf of the utility
- Pavement repairs
- Items identified during start-up by Operator as inoperable or concerning conditions of the facility that would affect treatment performance. Owner to review items and grant approval prior to repair work beginning.
- Electrical Repair Services
- Tree trimming/brush removal services
- Mechanical repair services

- Structural repair services

RFP & PROJECT TIMELINES

The estimated RFP timeline is as follows

RFP Issuance	11/06/2020
Selection of Top Bidders/Notification to Unsuccessful Bidder	12/18/2020
Start of Negotiation	12/18/2020
Contract Award/Notification to Unsuccessful Bidder	12/28/2020

EVALUATION FACTORS

CSWR will rate proposals based on the following factors, with cost being the most important factor:

1. Responsiveness to the requirements set forth in this RFP.
2. Relevant past performance/experience.
3. Samples of work.
4. Cost, including an assessment of total cost of ownership
5. Technical expertise/experience of bidder and bidder's staff.
6. Response to CSWR's "RFP Response Page."

CSWR reserves the right to award to the bidder that presents the best value to CSWR as determined solely by CSWR in its absolute discretion.

RFP RESPONSE SHEET

Please complete each part of the Central States Water Resources RFP Response Sheet presented below by _____ no later than 11:59 PM CST.

Please complete each part in its entirety either electronically or with an ink pen with the exception of the affirmed by portion at the bottom of the sheet. The RFP Response sheet affirmed by portion must be signed by an ink.

Firm Name:		Firm Address	
Contact Phone:		Contact Email:	

Monthly Cost

Standard operations include all basic maintenance needed to operate and maintain the facility including all scheduled and/or annual repairs and replacement of consumables (i.e. lightbulbs, air filters, flex couplings, and other ancillary components that assist with safe and compliant operations)

and minor products necessary for proper operation of equipment. Basic maintenance also includes any maintenance recommended by the manufacturer, general housekeeping, and administrative work.

Monthly Cost – Wastewater Field Operations	\$
Monthly Cost – Water Field Operations	\$

Additional and Emergency Services

Additional services include all major repairs, replacements, and failures that are unanticipated and unscheduled. Emergency services will be for major materials that need repair or replacement due to a potential threat to public/worker safety, health, and welfare. The labor rate should include all ancillary tools and materials necessary to perform the emergency service. This cost should account for any perceived or expected overtime that may be required due to required emergency services.

Additional Services – Hourly Rate	\$
Emergency Services – Hourly Rate	\$
Cost Markup	%

Company Narrative (Optional)

Respondent must attach Company Narrative here. Please discuss the firm’s experience with similar projects, expertise, and why they should be selected by CSWR. Must include references for each example provided. The company narrative may be up to 4 pages in length.

Staffing Plan

Respondent must provide a staffing plan for each of the facilities and include the key personnel’s biography, resume and certifications.

Insurance

Respondent must attach a copy of the Certificate of Insurance showing evidence of meeting the required insurance limits.

Affirmation

The person undersigned affirms that all information contained within this Statement of Qualifications is true and accurate. Providing false or misleading or omitting relevant information may result in the Respondent’s firm being disqualified for any current or future work for Central States Water Resources.

Affirmed by (signature): _____

Name: _____

Title: _____

Date: _____

ATTACHMENT A – SAMPLE AGREEMENT

**AGREEMENT REGARDING OPERATION OF
UTILITY TREATMENT FACILITIES
WASTEWATER**

This Agreement Regarding Operation of Utility Treatment Facilities (“Agreement”) is entered into and shall be effective as of the 15th day of May 2019 (“Effective Date”), by and between **UTILITY OPERATING COMPANY, LLC.**, a limited liability company (“Owner”) and **Contracting Firm**, a [State] limited liability company (“Operator”), collectively the “Parties”.

RECITALS

WHEREAS, UTILITY OPERATING COMPANY, LLC., or its affiliate, is the Owner for the operation, maintenance, and modernization of the water and wastewater treatment facilities, located in [State] known as, and as more particularly identified under wastewater, and water facilities identified under (Facilities).

WHEREAS, Contracting Firm, provides the services of an Operator, certified by the appropriate regulatory authority, as required, for utility treatment facilities; and

WHEREAS, the Owner, wishes to retain Operator, and Operator desires to provide services to the Owner related to the operation of the Facilities.

NOW, THEREFORE, in consideration of the mutual promises and covenants set forth herein and other good and valuable consideration, the Parties agree as follows:

ENGAGEMENT; TERM; TERMINATION

1. **Engagement.** The Owner hereby engages Operator to provide services to the Owner related to the operation of the Facilities, as more particularly described herein, subject to the terms and conditions of this Agreement. Operator hereby accepts such engagement and agrees (i) to perform all services, including, without being limited to, those services specifically set forth in this Agreement and any attachment hereto; and (ii) to use reasonable and diligent efforts and to exercise the highest degree of professional competence in the performance of such services, in all cases, subject to the terms of this Agreement and any requirements of the Owner with regard to the operation of the Facilities.

ATTACHMENT A

2. Term. The term of this Agreement shall be effective as of the Effective Date and shall continue in full force and effect, unless sooner terminated as provided for herein, for a period of two (2) years.

3. Termination of Agreement Without Cause. The Owner or Operator may terminate this Agreement for any reason upon thirty (30) day prior written notice to the other Party of their desire to terminate the relationship and this Agreement.

4. Termination of Agreement With Cause. The Owner or Operator may terminate this Agreement upon written notice in the event of the failure by the other Party to perform in accordance with the terms of this Agreement. The nonperforming Party shall have ten (10) days from the date of the termination notice to cure or submit a plan for cure acceptable to the other Party.

5. Delay in Performance. Neither Owner nor Operator shall be considered in default of this Agreement for delays in performance caused by circumstances beyond the reasonable control of the nonperforming Party. For purposes of this Agreement, such circumstances include, but are not limited to, abnormal weather conditions, floods, earthquakes, fire, epidemics, war, riot, and other civil disturbances, strikes, lockouts, work slowdowns, and other labor disturbances, sabotage, judicial restraint, and inability to procure permits, licenses, or authorizations from any local, state or federal agency for any of the permissions, supplies, materials, accesses, or services required to be provided by either Owner or Operator under this Agreement. Should such circumstances occur, the nonperforming Party shall, within a reasonable time of being prevented from performing, give written notice to the other Party describing the circumstances preventing continued performance of this Agreement.

6. Termination Duties. Upon the termination of this Agreement, Operator shall render to the Owner a final accounting which shall cover the period from the date of the last statement rendered to the Owner. The Operator shall also forthwith (i) deliver copies of all records and reporting documents not already provided to the Owner, as well as, all materials, supplies, contracts, documents, accountings, papers and any and all other reports pertaining to the operation of the Facilities or this Agreement in the possession or under the control of Operator, and (ii) assign to the Owner, or its designee, existing contracts (previously approved by the Owner) in Operator's name, if any, relating to the operation of the Facilities. Within ten (10) days of the effective date of termination of this Agreement, the Owner shall forthwith pay to Operator all compensation then due Operator.

COMPENSATION TO OPERATOR

7. Operator Fee for Basic Services. In connection with Operator providing those services to the Owner related to the operation of the Facilities, and as more particularly described hereinbelow, and incorporated herein by this reference, the Owner shall pay to Operator a monthly fee of \$\$\$\$\$.

8. Additional Fee Charged for Services Outside of Basic Scope of Services. In the event the Owner requests Operator to provide additional services not included under the Scope of Services as described herein below, Operator shall be compensated for such additional services in accordance with Operator's Prevailing Fee Schedule as follows:

Engineer Fee	\$110.00/Hour
--------------	---------------

Technician Fee

\$60.00/Hour

9. Reimbursement of Out-of-Pocket Expenses. Operator shall be eligible for reimbursement for any and all documented costs paid by Operator associated with the testing services, electrical, mechanical and/or other parts purchased to repair and/or maintain the Facilities, chemicals required to operate the Facilities, and other out-of-pocket expenses required for the operation of the Facilities that are outside of the scope of the services for which the Operator is being paid the Fee for Basic Services. Prior approval by the Owner is required for all reimbursable expenses. Operator agrees there will be no mark-up, handling charge or other such service fee(s), related to out-of-pocket expenditures and that a copy of the original receipt(s) or other proof of purchase acceptable to Owner will be furnished with the reimbursement invoice. Reimbursement requests that were not approved in advance or are not accompanied by suitable proof of purchase may not be honored by Owner.

10. Payment of Fee and Reimbursable Costs. Operator shall submit to the Owner invoices for all Operator fees and claimed reimbursable costs on a monthly basis. All such invoices shall be due and payable to Operator by the Owner within thirty (30) days of the date of the invoice. Operator agrees that payment for claims for reimbursable expenses not received by Owner within sixty (60) days of the date incurred are at the discretion of the Owner. Invoices will be delivered to: ap@cswrgroup.com, or as provided in Section 20.

11. Collection Costs. If the Owner fails to make payments when due, Operator shall provide written notice to the Owner allowing the Owner fifteen (15) days to cure the default in payment. However, if after the fifteen (15) day cure period the Owner continues to fail to make payment to Operator, and Operator incurs any costs in order to collect the overdue sums from the Owner, the Owner agrees that all such documented collection costs incurred by Operator shall immediately become due and payable to Operator.

RESPONSIBILITIES - OWNER

12. Maintaining Permits. Owner shall keep all required permits up to date for the Facilities.

13. Payment of Fees Required by Government Authorities. Owner shall pay the annual operating fees, permit renewal fees, construction fees, testing fees, and any and all other fees as required by the governmental authorities for the operation of the Facilities.

14. Damages Caused by Bypass. Owner shall be responsible for and shall hold Operator harmless from liability for damages caused by a bypass of the Facilities or failure of the Facilities to meet the required effluent limits.

15. Maintenance of Records. Owner shall maintain all records on the operation and maintenance of the Facilities for a period of five (5) years or such additional period of time required by [State] State law.

RESPONSIBILITIES - OPERATOR

16. Basic Services. Operator shall provide to Owner the services set forth on the attached **EXHIBIT A**, which by this reference is incorporated herein.

17. Additional or Emergency Services. Any services not listed above shall be considered additional or emergency services. Additional Services are not included as part of the Basic Services and shall be paid for by Owner in accordance with the Operator's fee schedule set forth hereinabove.

18. Standard of Care. The standard of care of all services performed or furnished by Operator under this Agreement will be the care and skill ordinarily used by operators practicing under similar conditions at the same time and in the same locality.

19. Insurance. Operator shall procure and maintain in effect throughout the duration of the term of this Agreement insurance coverage not less than the types and amounts specified below. The Operator also agrees to furnish the Owner, from time to time and on demand, with suitable evidence that such insurance is in force. In the event that additional insurance, not specified herein, is required by Owner during the course of the services covered by this Agreement, Operator shall supply such insurance and all additional costs shall be borne by Owner. Policies containing a self-insured retention will not be acceptable to Owner. A company with an A- or better rating must issue all insurance policies. All coverage required herein shall list Owner as an additional insured including ongoing operations and completed operations on a primary and non-contributory basis using form CG 20 10 11 85 or its equivalent, and Operator shall maintain all coverage in force continuously without interruption for a period of three (3) years after the term of this Agreement. In addition, each coverage required herein shall include a waiver of subrogation (where allowable by law).

- (a) Comprehensive General liability insurance on an "occurrence basis," in the amount of at least \$1,000,000.00 per occurrence, with at least a \$2,000,000.00 annual aggregate limit, including broad form property damage, blanket contractual and personal injuries (including death resulting therefrom) coverage.
- (b) Automobile Liability insurance in the amount of \$500,000.00 per person and \$1,000,000.00 per occurrence for bodily injury and \$500,000.00 per occurrence for property damage or \$1,000,000.00 combined single limit. Coverage should extend to any auto or owned, hired or non-owned autos.
- (c) Worker's Compensation and Employers Liability in the amount required by law.
- (d) Commercial Umbrella Coverage on all of the foregoing coverage in the amount of \$5,000,000.00 per occurrence and \$5,000,000.00 aggregate.
- (e) Operator shall maintain in force Pollution Legal Liability policy with limits of \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Pollution Liability Coverage is discontinued for any reason by Operator after the termination of

ATTACHMENT A

this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.

- (f) Professional Liability Error and Omissions coverage of not less than \$1,000,000.00 per occurrence and \$2,000,000.00 aggregate. In the event that Professional Liability Errors and Omissions coverage is discontinued for any reason after the termination of this Agreement, Operator agrees to procure tail coverage in force continuously without interruption for a period of three (3) years.

In addition, Operator is required and shall require any contractors, subcontractors, vendors or any other party performing work or providing services at or for the operation of the facilities to carry the above insurance.

The policies listed above shall include within their certificate an endorsement that the policy may not be canceled until sixty (60) days prior written notice of cancellation has been served upon Owner by registered or certified mail.

Indemnification: Operator shall to the fullest extent of the law defend, indemnify and hold harmless Owner and all of its parent companies, subsidiaries, affiliates and subcontractors, including their respective officers, directors, employees, principals, partners, agents, successors and assigns, (collectively "Indemnitees") from and against any and all actions, suits, arbitrations, administrative proceedings, demands and claims for any and all damages, injunctive or any other relief based on any cause of action whatsoever (sometimes individually "Claim" and sometimes collectively "Claims"), that may be brought or made against, or incurred by, Indemnitees on account of liabilities, damages, losses, cost, expenses, settlements, judgments, awards, and governmental penalties and sanctions, including reasonable attorneys' fees and experts' fees, including those attributable to bodily injury (including death), personal injury and property damage (sometimes individually "Liability" and sometimes collectively "Liabilities"), caused by, arising out of, or contributed to by any negligence, acts, errors, omissions or conduct of Operator, its employees, subcontractors, or agents, related in any way to the performance of any and all services described herein, except to the extent the Claims or Liabilities are determined to have been caused by the negligent or the willful misconduct of the Owner. Such obligation shall not be construed to negate, abridge, or reduce other rights or obligations of indemnity that would otherwise exist as to a party or person described in this Agreement.

Operator shall provide to Owner at execution of this Agreement a certificate of insurance showing all required endorsements and additional insureds.

It is further mutually agreed between the parties hereto, that no payment made under this Agreement shall be deemed as conclusive evidence of the performance of this Agreement, either in whole or in part, and that no payment shall be construed to be an acceptance of defective work or improper performance or materials. The Operator is to insure its own risk in and about the property, unless special agreement is made to the contrary, said risk to be considered as the unpaid balance due at any time.

NOTICES

20. Notices. Any notice, demand, consent, approval, request or other communication, required or permitted to be given hereunder, shall be in writing and shall be deemed to have been delivered (i) on the day personally delivered, (ii) upon receipt if sent by overnight courier, (iii) on the third business day following its mailing by registered or certified mail (return receipt requested), postage prepaid, by deposit in the United States mail, or (iv) on the day received (if received by 5:00 p.m. local time on a business day at the location of the recipient [i.e., any day other than a Saturday or Sunday or [State] state (depending on the recipient's location) or federal holiday] and if not so received then on the next business day) if sent by facsimile or electronic transmission with proof of successful transmission.

Owner: CONFLUENCE RIVER UTILITY
OPERATING COMPANY, LLC.
500 Northwest Plaza Dr., Suite 500
St. Ann, MO 63074
Attn: Josiah Cox, President
Phone: (314) 736-4672
Facsimile: (314) 736-4743
Email: jcox@cswrgroup.com

Operator: Contractor
1351 Jefferson St,
Washington, MO 63090
Phone:
Email:

Either party may, by notice given as aforesaid, designate a different address or addresses for notices to be given to it.

GENERAL PROVISIONS

21. Information Provided by Others. Owner shall furnish, at Owner's expense, all information, requirements, reports, data, surveys and instructions required by this Agreement. Operator may use such information, requirements, reports, data, surveys and instructions in performing its services and is entitled to rely upon the accuracy and completeness thereof.

22. Relationship of Parties. The Operator is and will remain for the term of this Agreement an independent contractor completely responsible for its own acts and for the manner in which, and the form by which, it performs this Agreement, and as such shall set its own hours and means and methods and shall not be subject to the supervision and control of the Owner except as to the results obtained. In no event shall the relationship created by this Agreement constitute a joint venture or partnership between the Owner and the Operator. Neither Party is authorized to assume or create any obligation or responsibility on behalf of, or in the name of, the other or bind the other in any manner whatsoever whether as agent, legal representative or otherwise.

ATTACHMENT A

23. Third Party Rights. Nothing contained in this Agreement shall be construed to give any rights or benefits to anyone other than Owner and Operator.

24. Waiver. A waiver by either Owner or Operator of any breach of this Agreement shall be in writing. Such a waiver shall not affect the waiving party's rights with respect to any other or further breach.

25. Severability. The invalidity, illegality, or unenforceability of any provision of this Agreement or the occurrence of any event rendering any portion or provision of this Agreement void shall in no way affect the validity or enforceability of any other portion or provision of this Agreement. Any void provision shall be deemed severed from this Agreement, and the balance of this agreement shall be construed and enforced as if this Agreement did not contain the particular portion or provision held to be void. The parties further agree to amend this Agreement to replace any stricken provision with a valid provision that comes as close as possible to the intent of the stricken provision. The provisions of this Section shall not prevent this entire Agreement from being void should a provision, which is of the essence of this Agreement, be determined void.

26. Survival. Notwithstanding completion or termination of this Agreement for any reason, all rights, duties and obligations of the parties to this Agreement shall survive such completion or termination and remain in full force and effect until fulfilled.

27. Successors and Assigns. Owner and Operator each binds itself and its successors, assigns, and legal representatives to the other party to this Agreement and to the successors, assigns, and legal representatives of such other party in respect to all provisions of this Agreement.

28. Assignment. The Operator shall assign any rights or duties under this Agreement without the prior written consent of the Owner, which shall not be unreasonably withheld. However, the Owner shall be free to assign the rights and/or duties under this Agreement to any successor in interest by providing written notice to the Operator setting forth the name and contact information for the assignee and the date that the assignment will become effective. Nothing contained in this Section shall prevent Operator from employing independent Operators, associates, and subcontractors to assist in the performance of the Services.

29. Controlling Law. The laws of the State of [State] shall govern this Agreement.

30. Anti-bribery, Anti-corruption and OFAC Compliance. The Owner takes a zero-tolerance approach to bribery and corruption. By executing this Agreement the Operator expressly acknowledges that all employees, agents, contractors and sub-contractors of the Company must at all times comply with all applicable anti-bribery and anti-corruption laws and Company policies and related procedures in relation to anti bribery and anti-corruption as set out herein or as may be implemented or amended from time to time and which will be made available for review upon request. Operator agrees to comply with the following policies:

- Operator may not provide or receive anything of value to obtain or retain business or favored treatment from public officials; candidates for office; employees of state-owned enterprises; employees or officers of counterparties, clients/customers, or suppliers; any agent of

ATTACHMENT A

the aforementioned parties; or any other person with whom the Company or Operator does or anticipates doing business.

- The prohibition against providing “anything of value” to obtain or retain business or favored treatment includes improper payments, such as cash bribes or kickbacks, but also may include other direct or indirect benefits and advantages, such as inappropriate gifts, meals, entertainment, charitable contributions, and offers of employment or internships.

In addition, the Company is committed to combating money laundering, terrorist financing, securities fraud and other financial crimes (collectively “money laundering”) and complying fully with all applicable laws and regulations relating to combating money laundering. The Company is also committed to complying with economic and trade sanctions administered and enforced by governments and supranational bodies, including, among others, the sanctions programs and designated sanctions lists administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), the United Nations Security Council, the European Union and Her Majesty’s Treasury. Compliance by employees, agents, contractors and sub-contractors of the Company with all applicable anti-money laundering laws and regulations and sanctions programs and lists (collectively, “AML”) is strictly required as a condition of this Agreement. Operator’s participation with any employee, agent, contractor and/or sub-contractor of the Company to engage in money laundering, or to fail to comply with all applicable AML laws, regulations, and Company’s AML policies, will be a breach of this Agreement, and will be cause for immediate termination of this Agreement by the Company.

31. Executed Counterparts/Facsimile Signatures. This Agreement may be executed in any number of counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same instrument. Signature pages may be detached from the counterparts and attached to a single copy of this Agreement to physically form one document. This Agreement may be executed by a Party’s signature transmitted by facsimile or electronic transmission, and copies of this Agreement executed and delivered with facsimile signatures shall have the same force and effect as copies hereof executed and delivered with original signatures. The Parties hereto may rely upon facsimile signatures as if such signatures were originals. The Parties hereto agree that a facsimile signature page may be introduced into evidence in any proceeding arising out of or related to this Agreement as if it were an original signature page.

32. Further Assurances. From time to time, each Party shall execute and deliver such further documents and shall take such other action as the other Party reasonably may request in order to discharge and perform their obligations and agreements hereunder.

33. Time. Time is of the essence of each provision of this Agreement in which time is an element. Time in which any act provided by this Agreement is to be done shall be computed by excluding the first day and including the last, unless the last day is a Saturday, Sunday or legal holiday under the laws of the States of [State] or the United States of America, and then it is also excluded. Unless the context otherwise requires, all periods terminating on a given day, period of days, or date shall terminate at 5:00 p.m. Central Time on that day or date and references to “days” shall refer to calendar days.

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34. Attorneys' Fees. In the event of any legal proceeding between the Parties arising out of the subject matter of this Agreement, in addition to any other award to which it shall be entitled, the prevailing party shall be entitled to an award for the reasonable attorneys' fees and costs incurred by its in connection with such proceedings.

35. Entire Agreement. This Agreement, and all attachments hereto, is the entire Agreement between Owner and Operator. It supersedes all prior communications, understandings and agreements, whether oral or written. The paragraph titles used in this Agreement are for general reference only and are not part of the Agreement. Amendments to this Agreement must be in writing and signed by both the Owner and the Operator.

IN WITNESS WHEREOF, Owner and Operator have executed this Agreement, effective on the date first above written.

OWNER:

OPERATOR:

UTILITY
OPERATING COMPANY, LLC

OPERATIONS, LLC

By _____

By _____

Title: _____

Title: Managing Member

EXHIBIT A**Operator Services – Wastewater**

1. Maintain all required certificates, licenses and approvals required by the governing authorities to operate the Facilities;
2. Make weekly or more frequent visits to the treatment facility to monitor the operation of the Facilities in order to assure the Facilities are in compliance with all required standards of the governing authorities and those set forth in this Agreement or any attachments hereto;
3. Create and perform weekly inspections of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
4. Create and perform monthly, quarterly, semiannual, annual duties of the Facilities' components as described in the CMMS (computerized maintenance management system) or as needed to meet manufacturers' specifications and recommendations.
5. Maintain all facility records included in CMMS;
6. Create and perform all routine scheduled work orders generated through CMMS;
7. Prepare and file the necessary reports to government regulators to maintain regulatory compliance and provide copy of same to Owner;
8. Obtain the sampling requirements for testing by the government regulators and/or the Owner;
9. Contact appropriate laboratories to provide adequate testing and reporting services for Owner;
 - a. Provide all test results to the Owner as early as possible.
 - b. Notify the Owner immediately via Email and Phone of any test results that are outside of regulatory or permit limits, represent a potential for a Notice of Violation, could result in a fine from a Regulatory agency, or could cause a negative impact on the public.
 - c. Additionally, provide the Owner immediate notification of any situation or activity that would require a precautionary boil order or other interruption to normal service to customers.
10. Contact and direct appropriate contractors to make repairs to the system as needed for operation;
11. Meter readings;
12. Monitor all of the Facilities' system alarms and remote controls and contact Owner in the event of an alarm;
13. Maintain a 24-Hour 7 day per week maintenance and emergency service phone line for customer utility service disruption events;
14. Must respond to all customer calls and notifications within a 2-hr period of receiving call or notification;
15. Provide a 24-Hour on-call emergency utility service response for operations including 2-Hour emergency service per month;
16. Perform Utility Locates.
17. Perform Operation and Maintenance Tasks (tracked via work orders in the CMMS system), for time and material, which may include but are not limited to:
 - a. Sewer main, or manhole repair and maintenance
 - b. Service and utility construction inspections
 - c. Sewer main flushing, rodding, or jetting
 - d. Lift station maintenance and repair
 - e. Cleaning and vaccing of manholes
 - f. Lagoon repair/maintenance requiring excavating equipment (e.g. backhoe, loader, etc.)
 - g. Mowing and trimming of plant, lagoon and right of way areas
 - h. Chemical application to lagoon cells
 - i. Fence repair & upkeep

ATTACHMENT A

- j. Sewer main video inspection and recording
- k. Sewer main repair and/or replacement
- l. Customer service issues requiring action on behalf of the utility
- m. Pavement repairs

SAMPLE



1st RD
KY

September 9, 2019

Jay Favor
Director, EH&S
Central States Water Resources
500 Northwest Plaza Drive
Suite 500
St. Ann, MO 63074

Mr. Favor,

The staffing plans for Blue Grass in Kentucky are to have Two fully certified employees in the Louisville and Lexington areas that will serve as the lead operators for the plants and systems in that area, these plants are:
Persimmon Ridge, Kingswood, Brocklyn, Airview, Fox Run, LH, and Lake Columbia.

Joe Arnold and Kathy Carey will be assigned these plants, The daily routes for the system have not yet been set up, however they will be as they come on line.

The Marshal County area will also have a fully Certified employee to serve as the lead operator, at this time Mark Riley has been identified and has agreed to serve in this roll for the time being, while Midwest works out a permanent agreement with him or another person.

Midwest will also have a full time utility worker to serve as backup and service worker help to the operators.

Midwest also has a higher level operations person (Jon Rogers) that will be serving in the state of Kentucky as needed during startups, and projects. Jon will be relocating temporary to Kentucky to help oversee that Blue Grass operations.

Terry Merritt

Date: September 6, 2019

Central States Water Resources, Inc. RFQ Response Sheet – Blue Grass UOC

Please fill in the blanks below in pen. Scan and send to jfavor@cswrgroup.com.

Due Date – August 25, 2019 rebid, after September 5, 2019 meeting

Name of responding Company Midwest Water Operations LLC

Date September 6, 2019

Price per month for Standard Operations of Blue Grass \$ 41,330./month

Written out Forty one thousand three hundred thirty dollars/month

Price per hour operator to perform additional duties outside of scope \$ 70.0/hr

Price per hour for operator overtime to perform additional duties outside of scope \$ 105./hr

Price per hour for operator emergency callouts to address operational issues. \$ 70.0/hr

Note:

This fee does not reflect cost for checking system seven days a week, per our September 5, 2019 meeting. If it is required in the future, then a base fee adjustment will be required.

Name of Company Representative Terry Merritt

Signature of Company Representative 

Date signed 9/6/19

[Handwritten initials]

Date:

Central States Water Resources, Inc. RFQ Response Sheet – Blue Grass UOC Second Rd.

For facilities known as: Central Ridge Water System – KY0180549, Central Ridge Water District No. 2 – KY0180509, Central Ridge Water District No. 3 – KY0180502, Central Ridge Water District No. 4 – KY0183106, JE – Timberland Subdivision WWTP – KY0083755, JE – ~~Wilmington Chiles Subdivision WWTP – KY0078336~~, and River Bluffs WWTP – KY0043150.

Please fill in the blanks below in pen. Scan and send to jfavor@cswrgrupo.com.

Due Date – March 20th, 2020

Name of responding Company: Midwest Water Operations, LLC

Date: 3-17-2020

Price per month for Standard Operations of Blue Grass: \$18,006.00/month

Written out: eighteen-thousand and six dollars/month

Price per hour operator to perform additional duties outside of scope: \$70.00/hr

Price per hour for operator overtime to perform additional duties outside of scope: \$105.00/hr

Price per hour for operator emergency callouts to address operational issues: \$70.00/hr

Name of Company Representative Terry Merritt VP

Signature of Company Representative *[Handwritten Signature]*

Date signed 3/17/2020

3rd PD
KI

Date:

Central States Water Resources, Inc. RFQ Response Sheet – Blue Grass UOC, for facilities known as Arcadia Pines, Carriage Park, Marshall Ridge, and Randview.

Please fill in the blanks below in pen. Scan and send to jfavor@cswrgrupo.com.

Due Date – March 31, 2020

Name of responding Company: Midwest Water Operations, LLC

Date : 3-16-2020

Price per month for Standard Operations of Blue Grass-Round 3: \$3001.00/month - per site

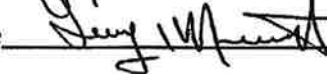
Written out: three-thousand and one dollars/month

Price per hour operator to perform additional duties outside of scope: \$70.00/hr

Price per hour for operator overtime to perform additional duties outside of scope: \$105/hr

Price per hour for operator emergency callouts to address operational issues: \$70.00/hr

Name of Company Representative Terry Merritt VP.

Signature of Company Representative 

Date signed 3/17/2020

Request

16. Refer to the service contract for water operators between Bluegrass Water and Midwest Water Operation, LLC, filed as Exhibit 16B to Application.
 - a. Explain how the monthly “Operator Fee for Basic Services” was established in that contract.
 - b. Provide all requests for proposals or similar requests for a bid sent to Midwest Water Operation, LLC, when soliciting operator services for its water systems; any responses thereto by or on behalf of Midwest Water Operation, LLC; and any written correspondence between Bluegrass Water, Midwest Water Operation, LLC, or their representatives regarding or relating to the contract price.
 - c. Explain in detail why Midwest Water Operation, LLC was chosen as the water operator over other potential persons or entities.
-

Response

- a. Bluegrass Water and Midwest Water Operation, LLC established the monthly “Operator Fee for Basic Services” for each contract depending on the number of sites, the regulatory requirements set out in 401 KAR 8:150 Section 1(1)(a)3, and various site specifications that indicated the need for more advanced operations knowledge.
- b. Please see the attachments provided in response to 2 PSC 15(b).
- c. Bluegrass Water chose Midwest Water Operation, LLC, as the operator for each contract due to the lower costs associated with Midwest Water.

Request

17. Provide all timesheets, daily logs, or similar documents used by Midwest Water Operation, LLC to track its time spent or tasks completed on Bluegrass Water's system on a daily, weekly, or monthly basis.
-

Response

Bluegrass Water does not have copies of or access to timesheets, daily logs, or similar documents maintained by Midwest Water Operation, LLC. However, Bluegrass Water and CSWR, LLC have internal documents that provide information along the lines of the information sought in this request.

Please see the attachments for examples of documentation related to routine task completion. The "Facility Housekeeping" (KY2020-00290_BW_0441 to KY2020-00290_BW_0443) and "Plant Checklist" (KY2020-00290_BW_0444 to KY2020-00290_BW_0447) forms are completed by Midwest Water personnel on a weekly basis for sewer and water systems. Please see the attachment labeled "Well Amp Checklist" (KY2020-00290_BW_0448 to KY2020-00290_BW_0449) form for a monthly checklist conducted on water systems.

Provided separately is a workbook containing spreadsheets tracking work orders on a site-by-site basis, with the filename *2 PSC 17 (UC Bluegrass Workflows).xlsx*. These spreadsheets are generated by CSWR, LLC's web-based maintenance management system and show each workflow and work order with basic information on the involved assets and the party responsible for the work. The spreadsheets also contain links to the asset page where each work order related to the asset can be reviewed. Individual work orders can be pulled from the asset page to see when the work was performed, any notes from the operator, and operator signature verifying the work order was completed. The sheets provided show work

performed in the calendar year 2020. Work orders range in scope from routine inspections required for the checklists described above to repairs and corrective actions for system maintenance.



Wastewater Treatment Plant - BG - River Bluff - WWTP - WWTP-124

Wastewater Treatment Plant

Facility Housekeeping [EDIT]

Work completed on 2/9/2021 at 6:13 pm by Kathy Carey (kcarey@midwestwaterop.com)

Admin Timestamp:

02/09/2021

06:13 PM

Workflow Fields

Is there a building on-site?:

N/A

Water Infiltration?:

N/A

Climate Control?:

HVAC

N/A

Facility Security?:

Excellent

Inside Cleaning?:

Fair

Action taken to bring inside cleanliness condition to Excellent?:

Working on

Outside Cleaning?:

Pick-up trash and prevent leaves, sticks and debris.

Fair

Action taken to bring Outside cleanliness condition to Excellent?:

Working on

KY2020-00290_BW_0441

Inspect Mowing and Weed Control?:

Excellent

Fencing?:

Ensure is secure free of debris.

Excellent



Save



DELETE



Cancel

Account Information



Name Bluegrass_River Bluff (Bluegrass_River Bluff)

Parent Account Kentucky (Kentucky)

Asset Attributes

Edit



Title (Description)	Value
Permit Number	KY0043150
Facility Name	River Bluff
Owner Name	Bluegrass Utility Operating Co.
Owner Street	1650 Des Peres Rd, Suite 303
Owner City	St. Louis, MO
Owner State	MO
Owner Zip	63131
Facility Street	13121 Creekview Road
Facility City	Prospect
Facility County or Parish	
Facility State	Kentucky
Facility Zip	
Legal Description	
Receiving Stream	Unnamed Tributary of Pond Creek
Permit Effective Date	1/1/2020
Permit Expiration Date	12/31/2024
Permit Renewal Date	Invalid Date
Regulatory Regional Office Email	
Reporting Frequency	Monthly
First Report Due Date	1/28/2020

Process Information

Design Flow 0.066
(MGD)

Treatment Process Activated Sludge

Number of Septic Tanks

Septic Tank 1 Depth

Septic Tank 2 Depth

Septic Tank 3 Depth

Septic Tank 4 Depth

Septic Tank 5 Depth

Septic Tank 6 Depth

Septic Tank 7 Depth

Septic Tank 8 Depth

Septic Tank 9 Depth

Septic Tank 10 Depth

Septic Tank 11 Depth

Septic Tank 12 Depth

Septic Tank 13 Depth

Septic Tank 14 Depth

Septic Tank 15 Depth

Septic Tank 16 Depth

Septic Tank 17 Depth

Septic Tank 18 Depth

Septic Tank 19 Depth

Septic Tank 20 Depth

Workflow History



File Date: 2/4/2021 9:42:30 PM

Filed By: Kathy Carey

Description	Value
Is there a building on-site?	No
Water Infiltration?	N/A
Climate Control?	N/A
Facility Security?	N/A
Inside Cleaning?	N/A
Outside Cleaning?	Fair
Action taken to bring Outside cleanliness condition to Excellent?	Working on
Inspect Mowing and Weed Control?	Excellent
Fencing?	Excellent





Wastewater Treatment Plant -
 BG - River Bluff -
 WWTP - WWTP-124

Wastewater Treatment Plant

Weekly Sewer Plant Checklist Revised [EDIT]

Work completed on 2/9/2021 at 6:11 pm by Kathy Carey
 (kcarey@midwestwaterop.com)

Admin Timestamp:

02/09/2021	06:11 PM
------------	----------

Workflow Fields

Date:

Buildings Inspected?:

Lift Stations Inspected?:

Blowers Inspected?:

Number of Blowers?:

Blower #1 Hours:

Blower #2 Hours:

Pumps Inspected?:

Treatment System Inspected?:

Disinfection System Inspected?:

Yes

Any issues with any equipment?:

No

Fire Extinguisher Inspected?:

N/A

Comments:

Witness Signature:



Save



DELETE



Cancel

Account Information



Name Bluegrass_River Bluff (Bluegrass_River Bluff)

Parent Account Kentucky (Kentucky)

Asset Attributes

Edit



Title (Description)	Value
Permit Number	KY0043150
Facility Name	River Bluff
Owner Name	Bluegrass Utility Operating Co.
Owner Street	1650 Des Peres Rd, Suite 303
Owner City	St. Louis, MO
Owner State	MO
Owner Zip	63131
Facility Street	13121 Creekview Road

Facility City	Prospect
Facility County or Parish	
Facility State	Kentucky
Facility Zip	
Legal Description	
Receiving Stream	Unnamed Tributary of Pond Creek
Permit Effective Date	1/1/2020
Permit Expiration Date	12/31/2024
Permit Renewal Date	Invalid Date
Regulatory Regional Office Email	
Reporting Frequency	Monthly
First Report Due Date	1/28/2020

Process Information

Design Flow <i>(MGD)</i>	0.066
Treatment Process	Activated Sludge
Number of Septic Tanks	
Septic Tank 1 Depth	
Septic Tank 2 Depth	
Septic Tank 3 Depth	
Septic Tank 4 Depth	
Septic Tank 5 Depth	
Septic Tank 6 Depth	
Septic Tank 7 Depth	
Septic Tank 8 Depth	
Septic Tank 9 Depth	
Septic Tank 10 Depth	
Septic Tank 11 Depth	
Septic Tank 12 Depth	
Septic Tank 13 Depth	
Septic Tank 14 Depth	
Septic Tank 15 Depth	
Septic Tank 16 Depth	
Septic Tank 17 Depth	
Septic Tank 18 Depth	
Septic Tank 19 Depth	
Septic Tank 20 Depth	

Workflow History



File Date: 2/4/2021 9:49:15 PM
 Filed By: Kathy Carey

Description

Value

KY2020-00290_BW_0446

Date	2/3/2021
Buildings Inspected?	No
Lift Stations Inspected?	Yes
Blowers Inspected?	Yes
Number of Blowers?	2
Blower #1 Hours	18
Blower #2 Hours	18
Pumps Inspected?	Yes
Treatment System Inspected?	Yes
Disinfection System Inspected?	Yes
Any issues with any equipment?	No
Fire Extinguisher Inspected?	N/A
Comments	

12 City Club



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Water Treatment
Plant - BG - Center
Ridge - Water District 3
- WTP - WTP-50

Water Treatment Plant

Monthly - Well Amp Checklist [EDIT]

Work completed on 2/3/2021 at 8:07 am by Freddie O'Bryan
(fobryan@midwestwaterop.com)

Admin Timestamp:

02/03/2021

08:07 AM

Workflow Fields

Amps (Pump #1):

14.3

Amps (Pump #2):

*If there are 2 well pumps.

Comments:



Save



DELETE



Cancel

Account Information



Name Bluegrass_Center Ridge_Water District 3
(Bluegrass_Center Ridge_Water District 3)

Parent Account Kentucky (Kentucky)

KY2020-00290_BW_0448

Asset Attributes

Edit 

Title (Description)	Value
PWSID Number	KY0180502
PWS Name	Center Ridge Water District 3
PWS Town	New Concord
Address	850 Ridge Rd, New Concord, KY 42076
County/Parish	
Phone	
Source of Water	Ground Water/Well
Regulatory Regional Office Email	
Generator Onsite?	No
Submersible Well Pump Onsite?	Yes
Booster Pump Onsite?	N/A
Chemical Feed Pump Onsite?	Yes

Workflow History



File Date: 1/1/2021 9:15:47 PM

Filed By: Freddie O'Bryan

Description	Value
Amps (Pump #1)	14
Amps (Pump #2)	
Comments	



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Request

18. Provide copies of the most recent contracts between the previous owners of Bluegrass Water's systems and the persons or entities with whom they contracted to operate the systems.
-

Response

Bluegrass Water does not possess or have access to contracts between previous owners and the persons or entities with whom they contracted to operate the systems.

Request

19. Provide copies of any bills or invoices to the previous owners of Bluegrass Water's systems from or on behalf of the persons or entities with whom the previous owners contracted to operate the systems for the year before Bluegrass Water began operating each system.
-

Response

Bluegrass Water does not possess or have access to copies of bills or invoices to the previous owners from the persons or entities with whom the previous owners contracted to operate the systems.

Request

20. Describe the “Direct Labor” used to allocate CSWR’s costs in detail, including in the description the type of labor that is included as direct labor, the type of labor that is not included as direct labor, and how direct labor is distinguished from other types of labor.

Response

The direct labor that is used in CSWR, LLC’s, cost allocation methodology refers to the base operator contract costs associated with the individual subsidiaries. Each operations contract specifies base costs and the miscellaneous supplies and expenses for which the contractor can seek reimbursement. The base monthly values are considered direct labor for the purpose of calculating the cost allocation percentage. None of the costs associated with the employees of CSWR, LLC, are incorporated into the cost allocation percentage calculation.

Request

21. Explain how CSWR and its affiliates track the “Direct Labor” used to allocate CSWRs costs.

Response

The Direct Labor costs are paid monthly via invoice from the respective contractors. The agreed upon base contract amounts are billed directly to Bluegrass Water per the terms of the contracts.

Request

22. State whether CSWR, through an outside consultant or otherwise, performed a study or survey to compare its wages, salaries, benefits, and other compensation to those of other utility holding companies or utilities, or to other enterprises.
- a. If comparisons were performed, provide the results of the study or survey, including all workpapers, and discuss the results of such comparisons. State whether any adjustments to wages, salaries, benefits, and other compensation in the rate application are consistent with the results of such comparisons.
 - b. If comparisons were not performed, explain why such comparisons were not performed.
-

Response

- a. CSWR, through an outside consultant or otherwise, has not performed a study to compare its wages, salaries, benefits, and other compensation to other similarly-situated companies.
- b. The kind of study suggested by this question generally is very costly, and CSWR does not believe the potential benefits of such a study (which would need to be regularly updated) justify that cost, which ultimately would be passed on to customers in rates.

Request

23. State whether CSWR has an employee compensation policy, and if so:
- a. Provide the compensation policy, if written, or provide a narrative description of the compensation policy if it is not in writing.
 - b. Explain the reasons for establishing the policy and the objectives for the policy.
 - c. Explain who adopted or approved the compensation policy.
-

Response

- a. CSWR, LLC does not have a formal employee compensation policy. The company seeks to recruit and retain the most talented workforce in the water and wastewater industry. The leadership of CSWR, LLC stays attuned to the market conditions regarding employment and compensation levels.
- b. CSWR, LLC believes its compensation practices to be appropriate and in line with firms of its size and geographic locations.
- c. See response to subpart a above.

Request

24. Refer to recent Commission cases in which the Commission has generally found that the payment of 100 percent of employees health insurance and related premiums is not a reasonable cost and in which the Commission has utilized the average employee contribution rates in the Bureau of Labor Statistics report to adjust utilities' health insurance premium expense when a utility has not required employees to pay any portion of health insurance premiums. [Footnote 2 omitted]
- a. State whether CSWR looked at the typical private sector employer contribution for health insurance premiums when determining the level at which it should contribute to paying for its employees' health insurance premiums, and if not, explain why it did not do so.
 - b. Explain why Bluegrass Water contends that it is reasonable for CSWR to continue to pay 99 percent of the premiums for employees' health insurance given that information compiled by the Bureau of Labor Statistics indicates that private sector companies typically pay only about 79 percent of employee health insurance premium costs. [Footnote 3 omitted]
 - c. If Bluegrass Water contends that the Bureau of Labor Statistics percentage contributions referenced herein are inaccurate, explain each basis for Bluegrass Water's contention.
-

Response

- a. CSWR, LLC did not look at typical private sector employer contributions for health insurance premiums when setting its policy. This policy has been in place since the inception of CSWR, LLC. As a small company CSWR, LLC, sees the need to offer best in class compensation and benefits in order to attract the most-qualified employees.
- b. CSWR, LLC seeks to attract the most qualified individuals and views total compensation, including the benefits package, as key to achieving that goal. Please note that the Bureau of Labor Statistics reference table reports an average of 79% for all private industry workers and an 88% employer share for private sector Utilities workers.

- c. Bluegrass Water has no reason to question the accuracy of the Bureau of Labor Statistics survey findings, but also has no basis to believe the percentages referenced are instructive as to CSWR's workforce and the types of employees it is required to hire and retain.

Request

25. Refer to recent Commission cases in which the Commission has generally found that the payment of 100 percent of employees dental insurance premiums is not a reasonable cost and in which the Commission has utilized the average employer contribution rates to adjust utilities' dental insurance premium expense when a utility has not required employees to pay any portion of health insurance premiums. [Footnote 4 omitted]
Explain why Bluegrass Water contends that it is reasonable for CSWR to continue to pay 99 percent of the premiums for employees' dental insurance. [Footnote 5 omitted]
-

Response

Please refer to Bluegrass Water's response to data request 2 PSC 24.

Request

26. Identify each project for which Bluegrass Water is requesting a CPCN in this case.

Response

As stated in paragraph 24 of its *Application for Authority to Adjust Water and Sewage Rates and for Certificates of Convenience and Necessity to Construct* (Application), Bluegrass Water believes all or most of the individual construction projects identified and discussed in Jacob Freeman's direct testimony would not be categorized as new construction or extension for which a KRS 278.020(1) certificate is needed. However, if any such project is determined to require a certificate, the company has requested such certificate(s) be issued as part of the Commission's final decision in this case in paragraph 27 as well as in the Conclusion section of the Application.

Request

27. Provide copies of all engineering reports and any updates thereto that support the capital projects discussed in the Freeman Testimony regardless of whether they have been provided in previous cases.
-

Response

Please see the attached redacted engineering memorandums which were previously produced in prior Bluegrass Water acquisition cases as follows. Unredacted copies will be filed with the Commission under seal.

Case No. 2019-00104:¹

1. Airview
2. Brocklyn
3. Fox Run
4. Golden Acres
5. Great Oaks
6. Kingswood
7. Lake Columbia
8. LH Treatment
9. P.R. Wastewater

Case No. 2019-00360:²

10. Center Ridge

¹ The Commission granted confidential treatment for these documents by Order entered February 25, 2021.

² The Commission granted confidential treatment for these documents by Orders entered March 10, 2020.

11. Joann Estates

12. River Bluffs

Case No. 2020-00028:³

13. Arcadia Pines

14. Carriage Park

15. Marshall Ridge

16. Randview

Case No. 2020-00297:⁴

17. Delaplain

18. Herrington Haven

19. Springcrest

20. Woodland Acres

Additional engineering-related materials are included in the documents filed as part of the response to 2 PSC 03.

³ The Commission granted confidential treatment for these documents by Order entered April 16, 2020.

⁴ Bluegrass Water's Motion for Confidential Treatment of these memos is still pending and awaiting ruling by the Commission.

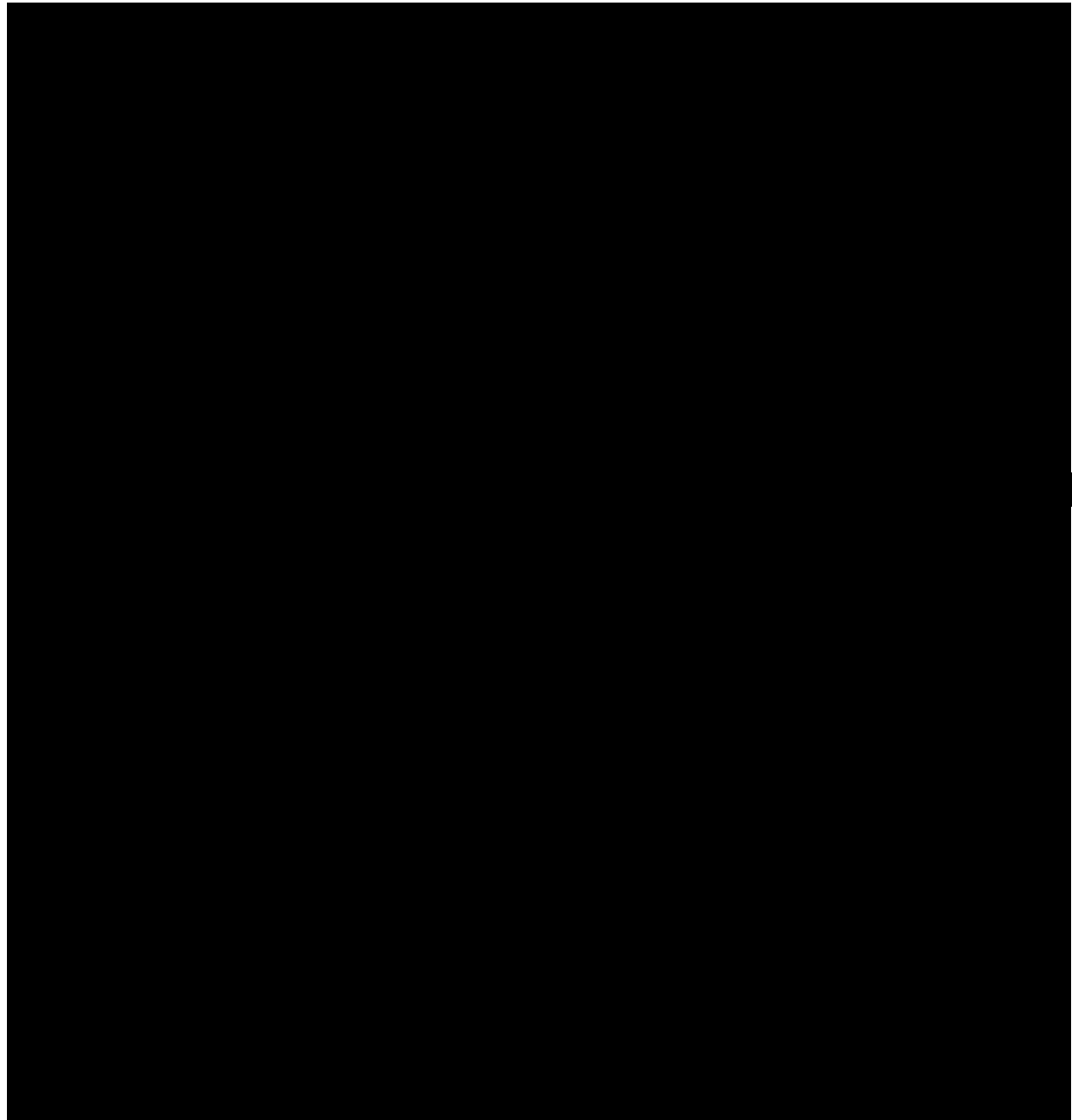
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Airview-Kentucky (Wastewater)
Engineering Memorandum
Date: December 22, 2018

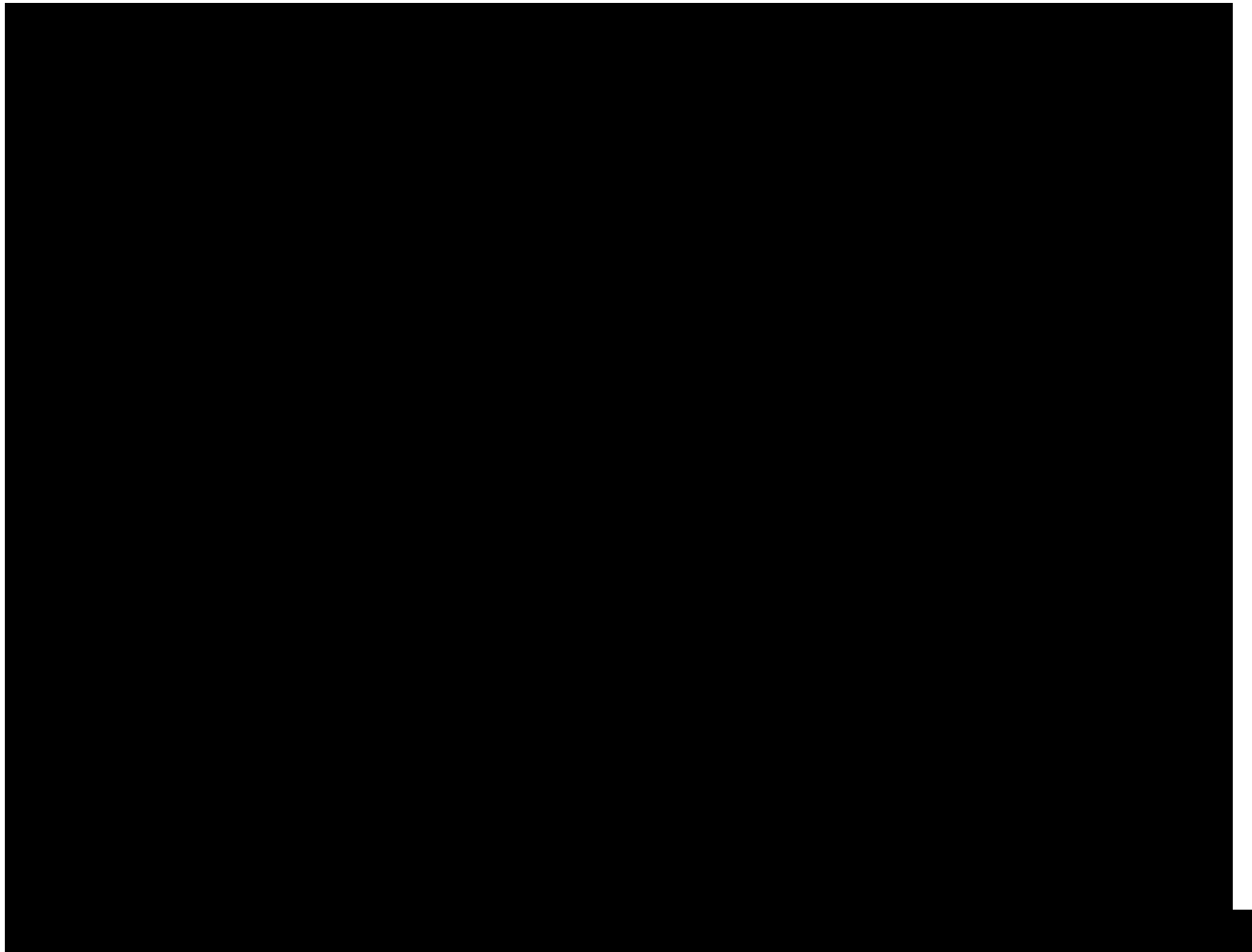
Wastewater Treatment Facility Understanding



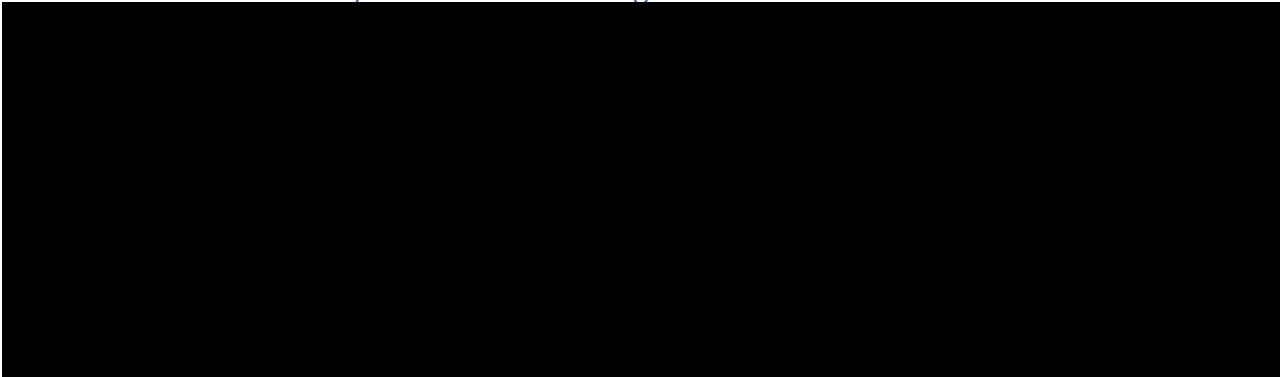
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Wastewater Collection System Understanding

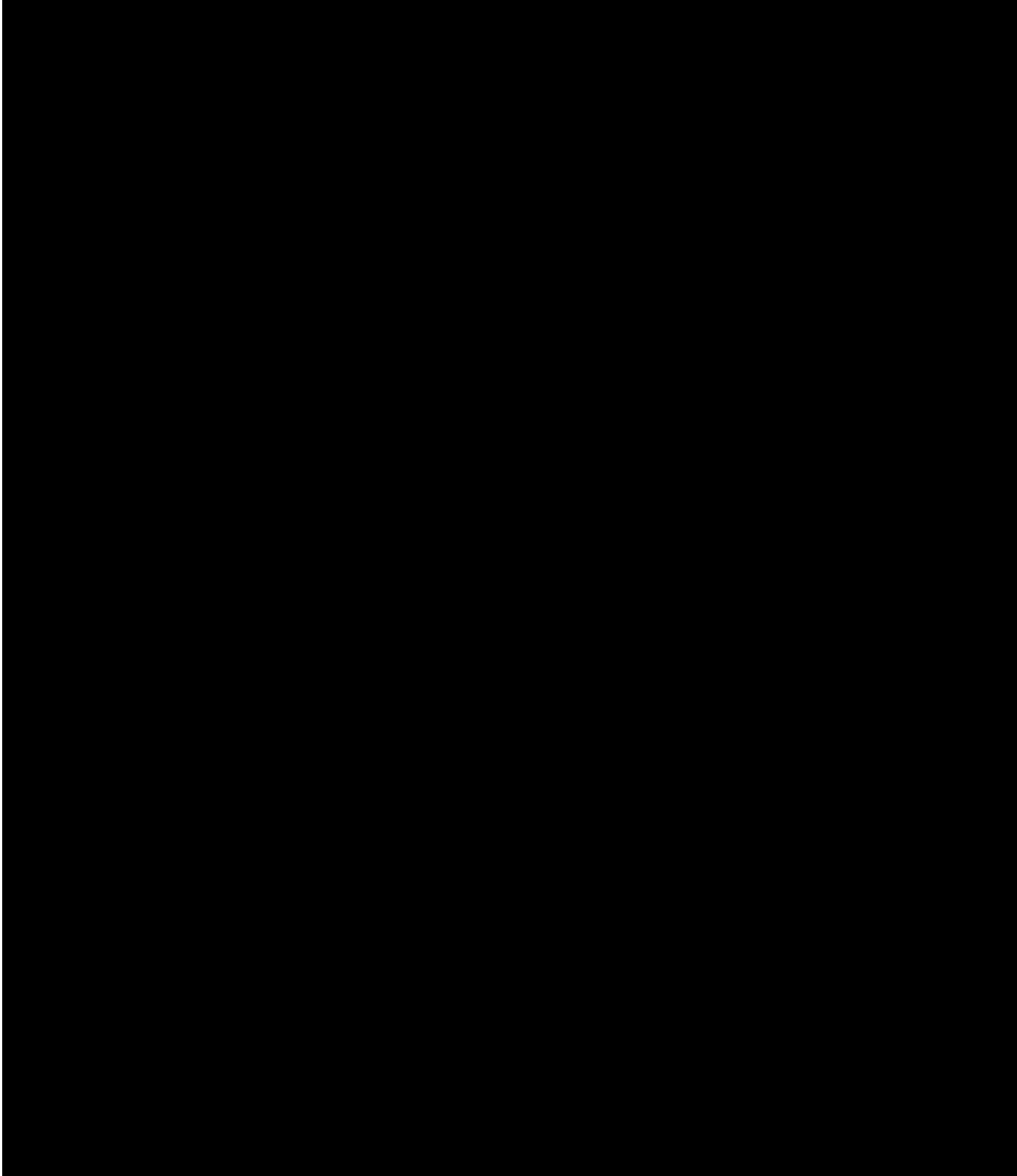


Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

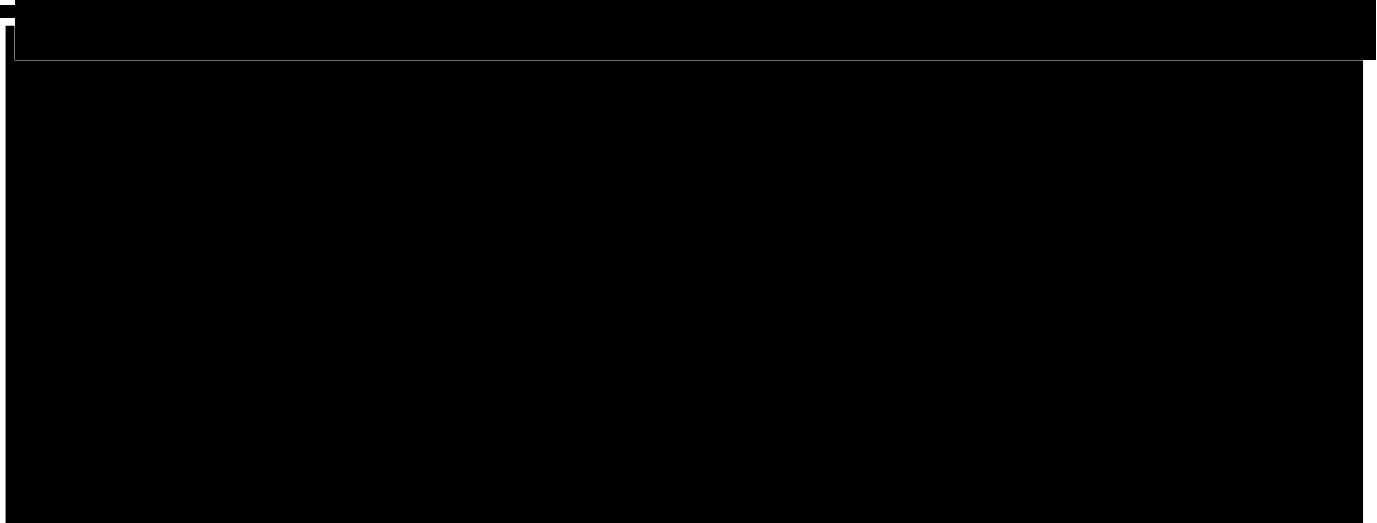
APPENDIX



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



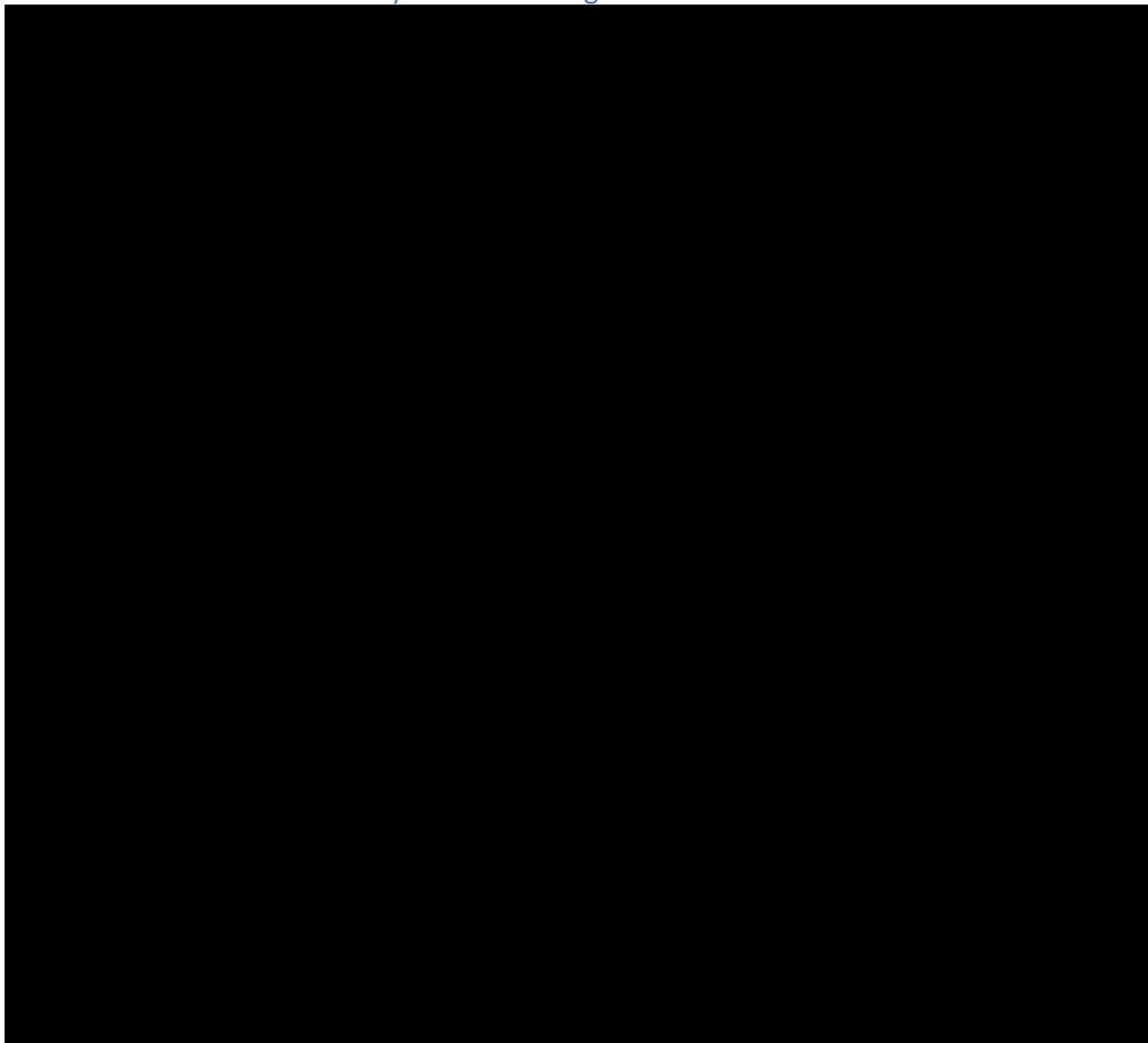
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Arcadia Pines (Wastewater) – No discharge/No permit
Engineering Memorandum
Date: October 5, 2019

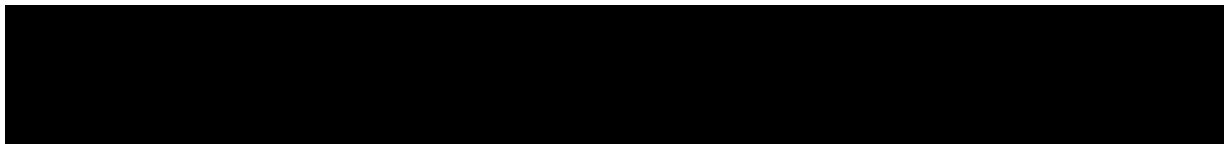
Wastewater Treatment Facility Understanding



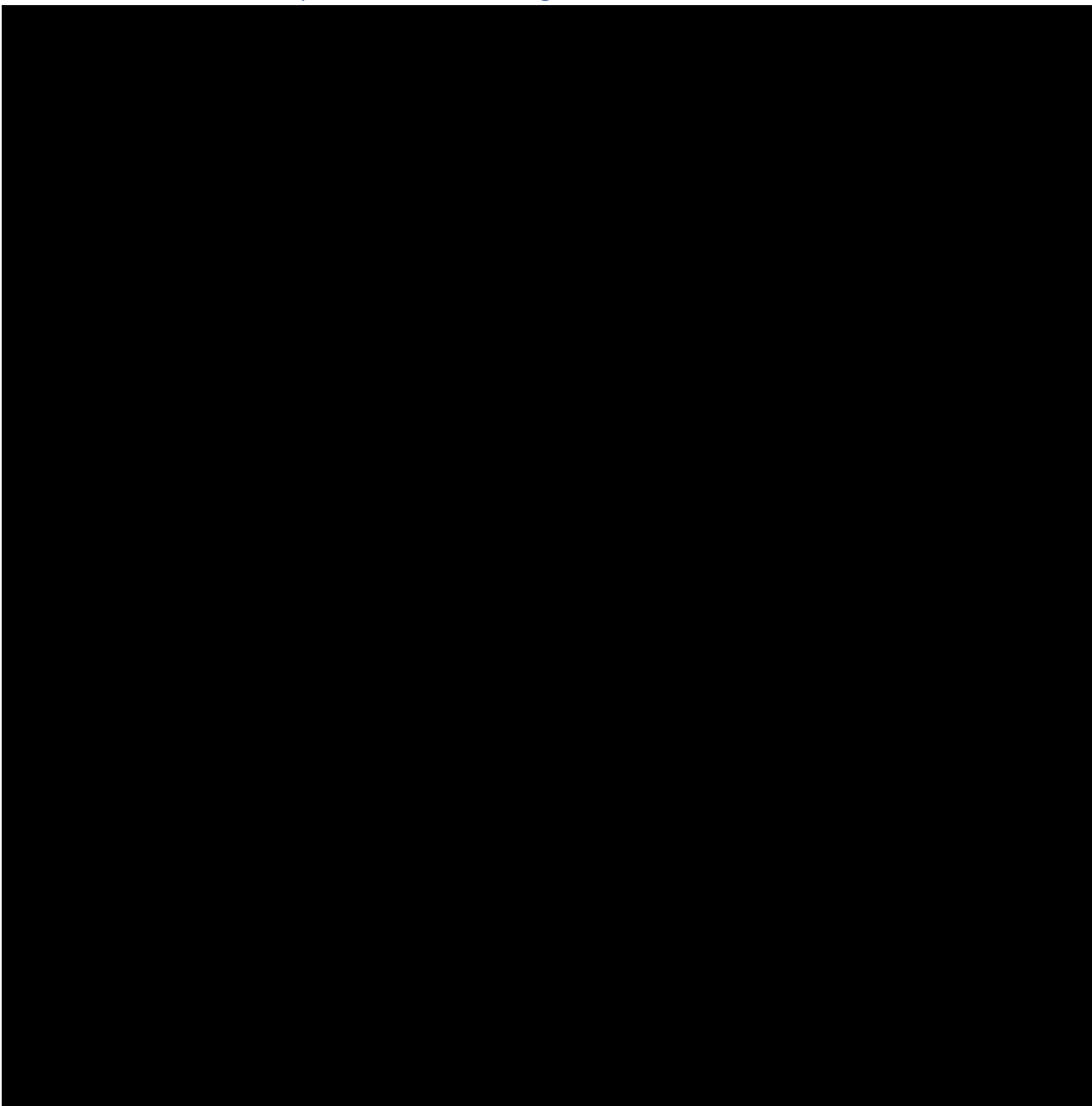
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Wastewater Collection System Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



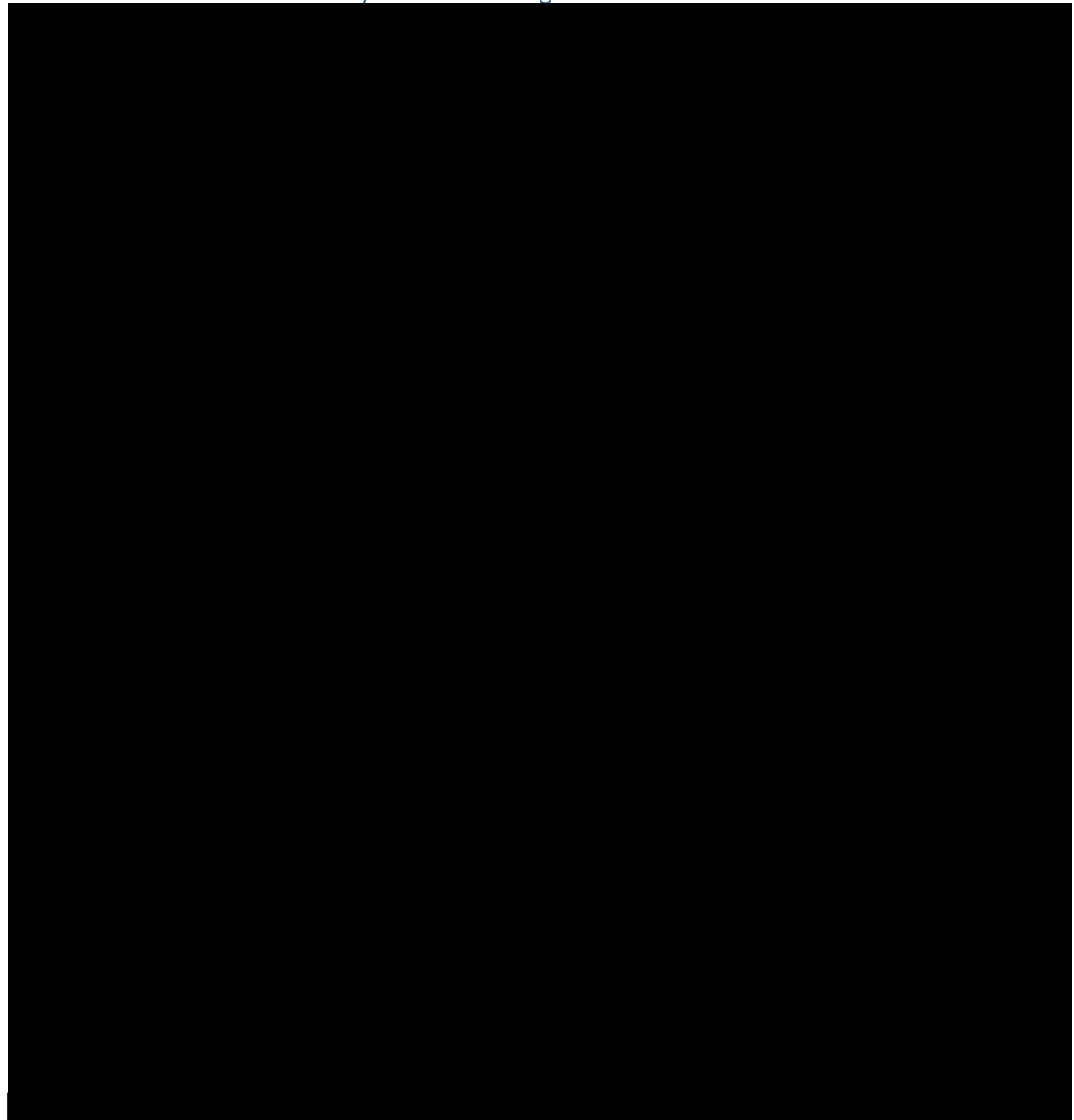
Civil Site Design
Construction Support
Transportation
Wastewater Collection

Brocklyn-Kentucky (Wastewater)

Engineering Memorandum

Date: December 26, 2018

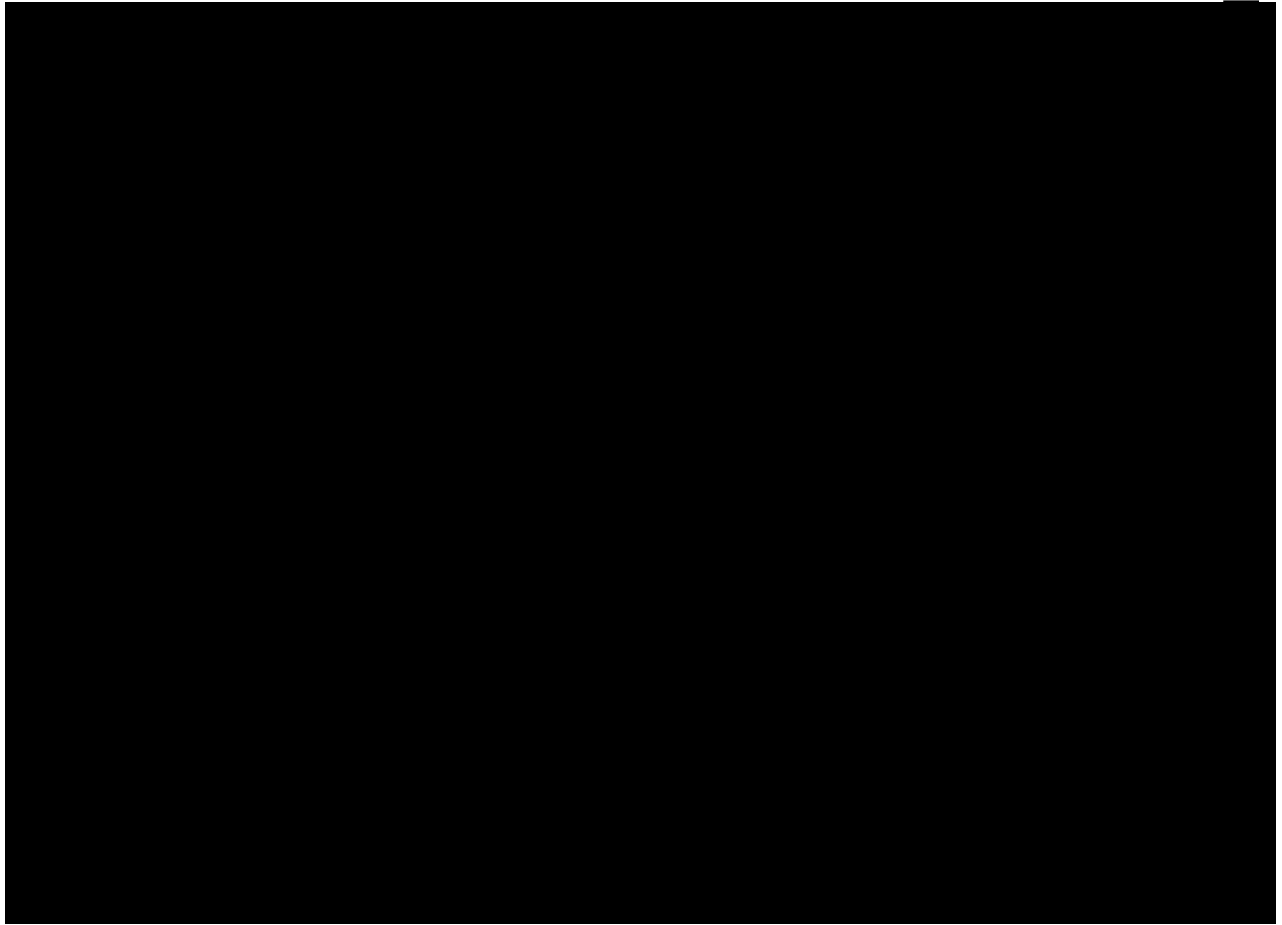
Wastewater Treatment Facility Understanding



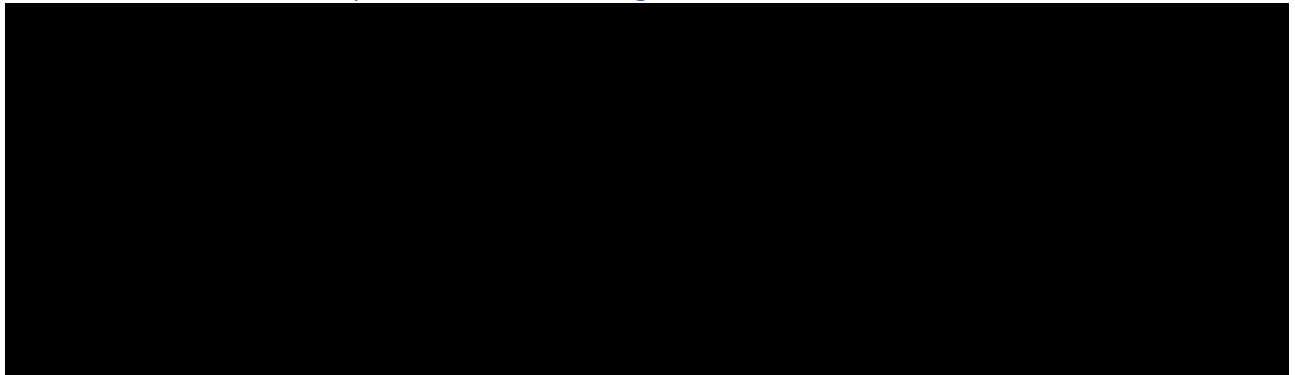
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Wastewater Collection System Understanding

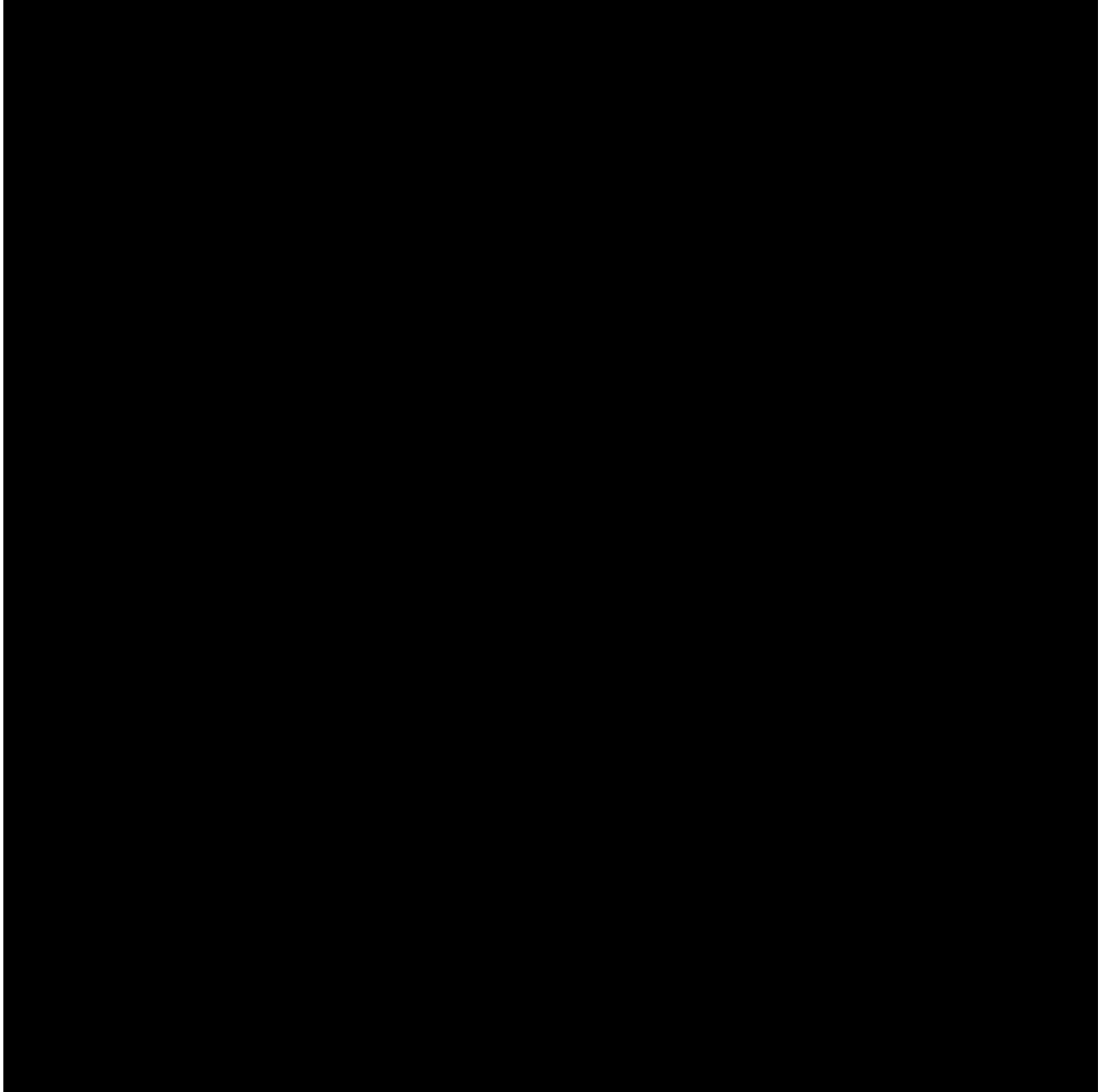


Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
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Wastewater Collection

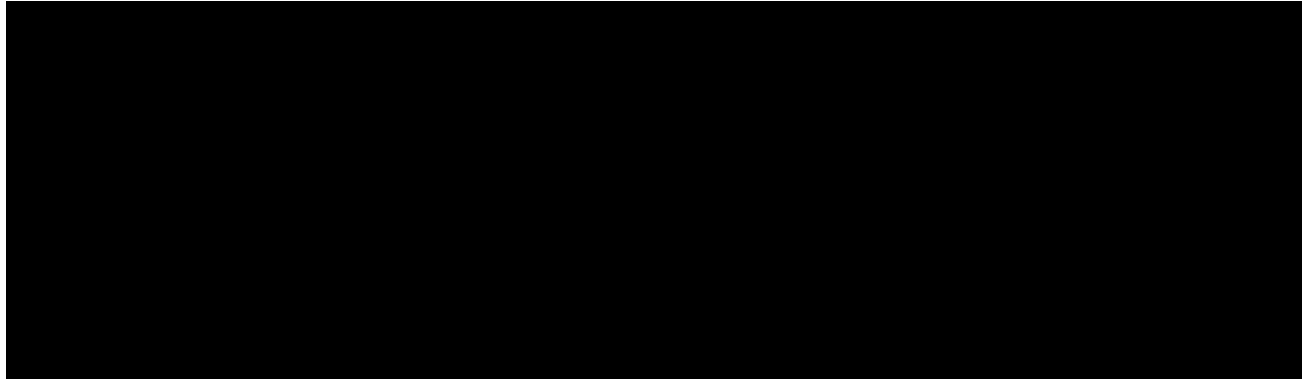
APPENDIX



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
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Wastewater Collection



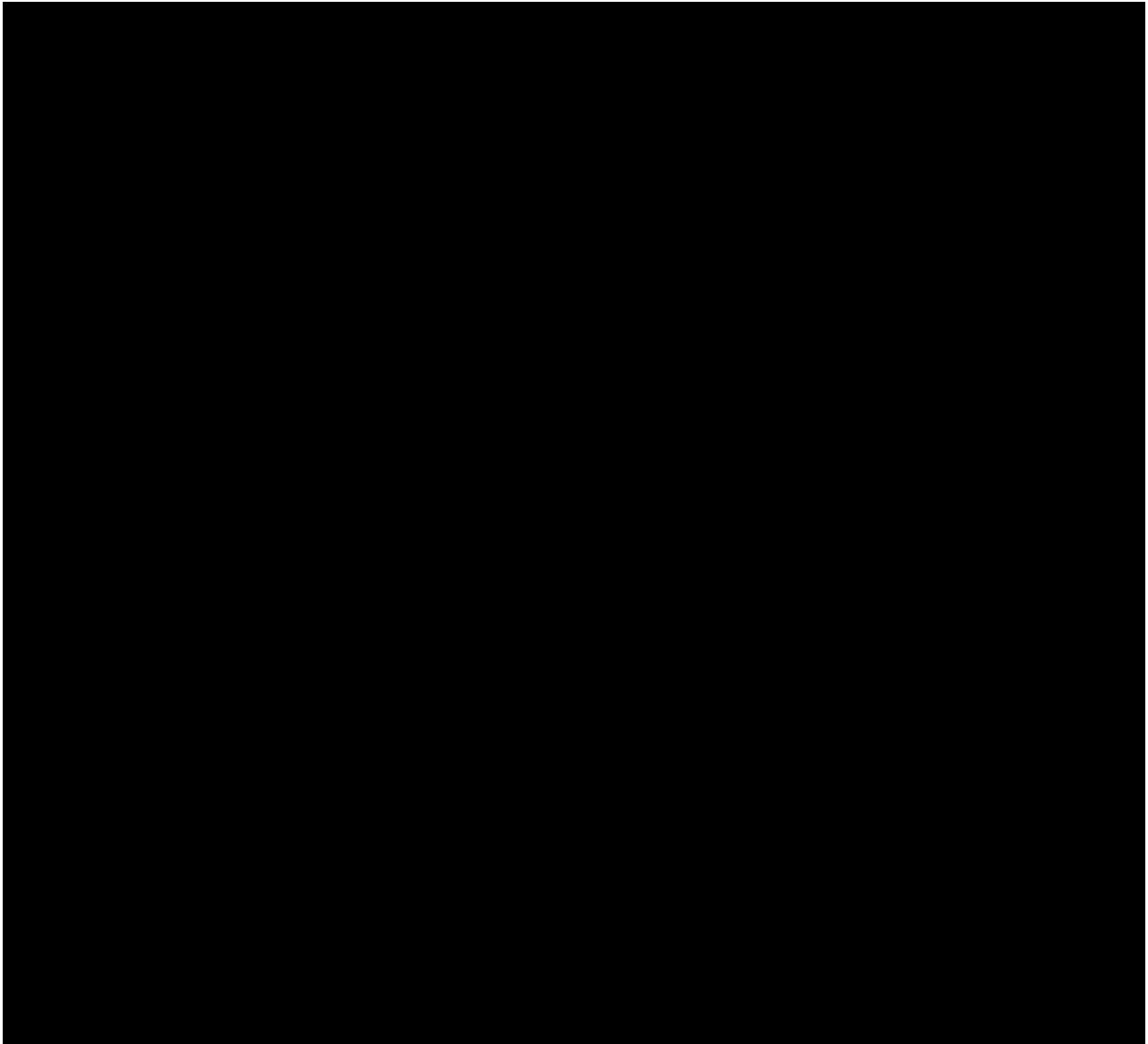
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Carriage Park (Wastewater) – No discharge/No permit
Engineering Memorandum
Date: October 5, 2019

Wastewater Treatment Facility Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Wastewater Collection System Understanding



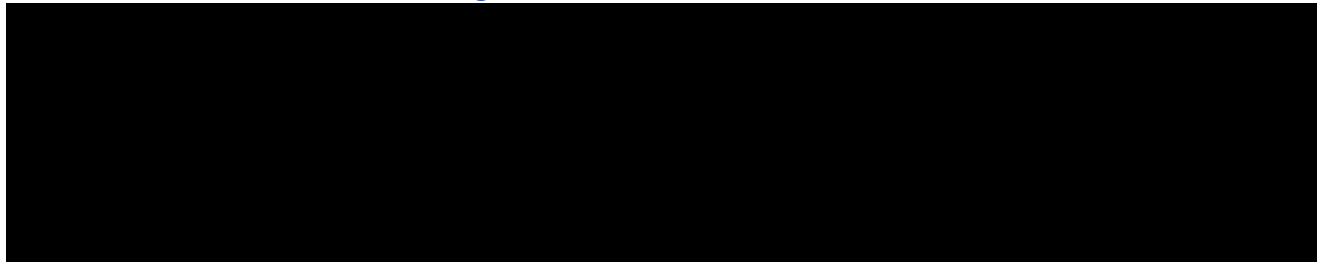
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



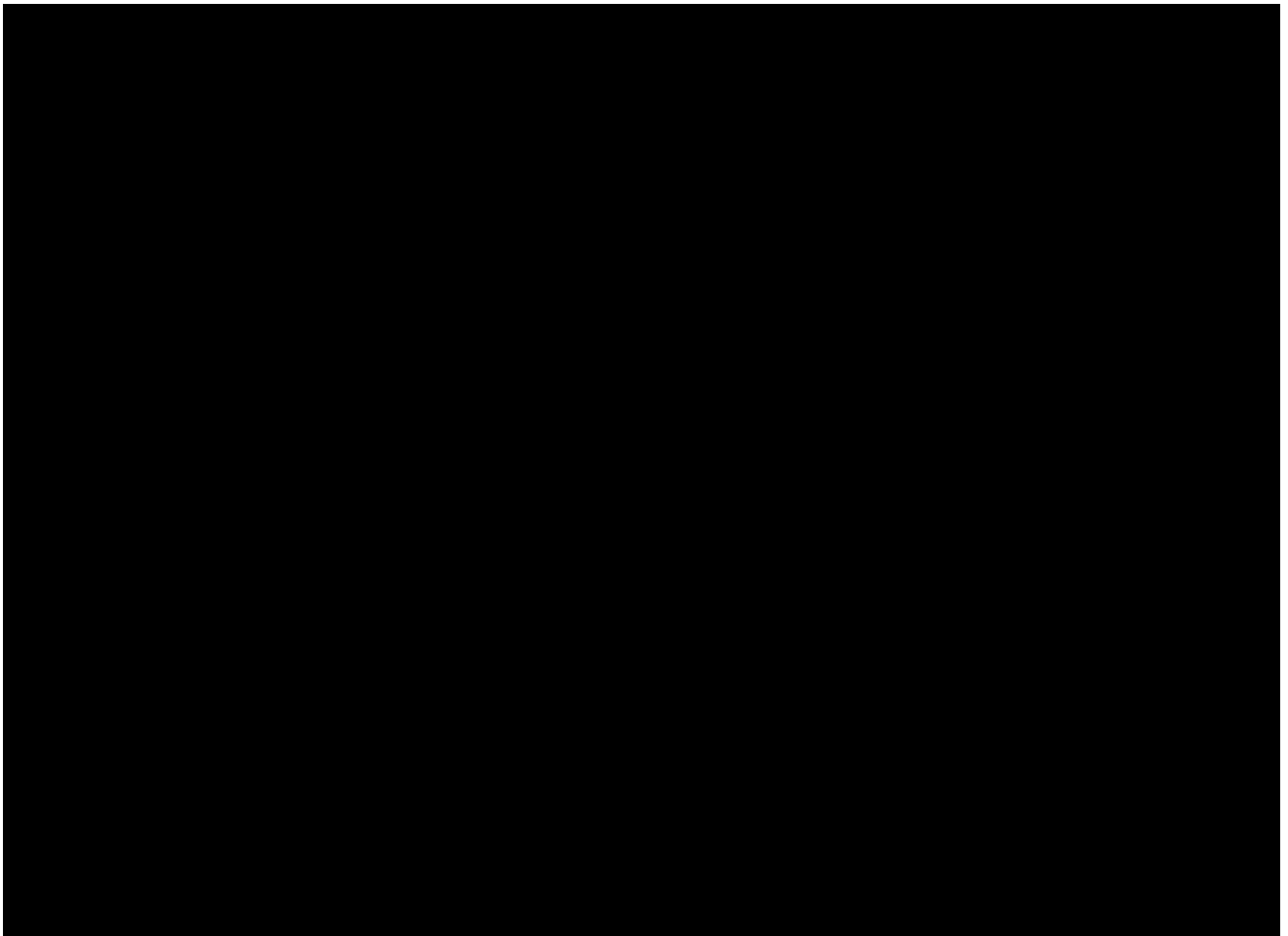
Civil Site Design
Construction Support
Transportation
Wastewater Collection

Center Ridge Water District (Water, KY0180549)
Engineering Memorandum
Date: September 18, 2019

Water distribution Understanding



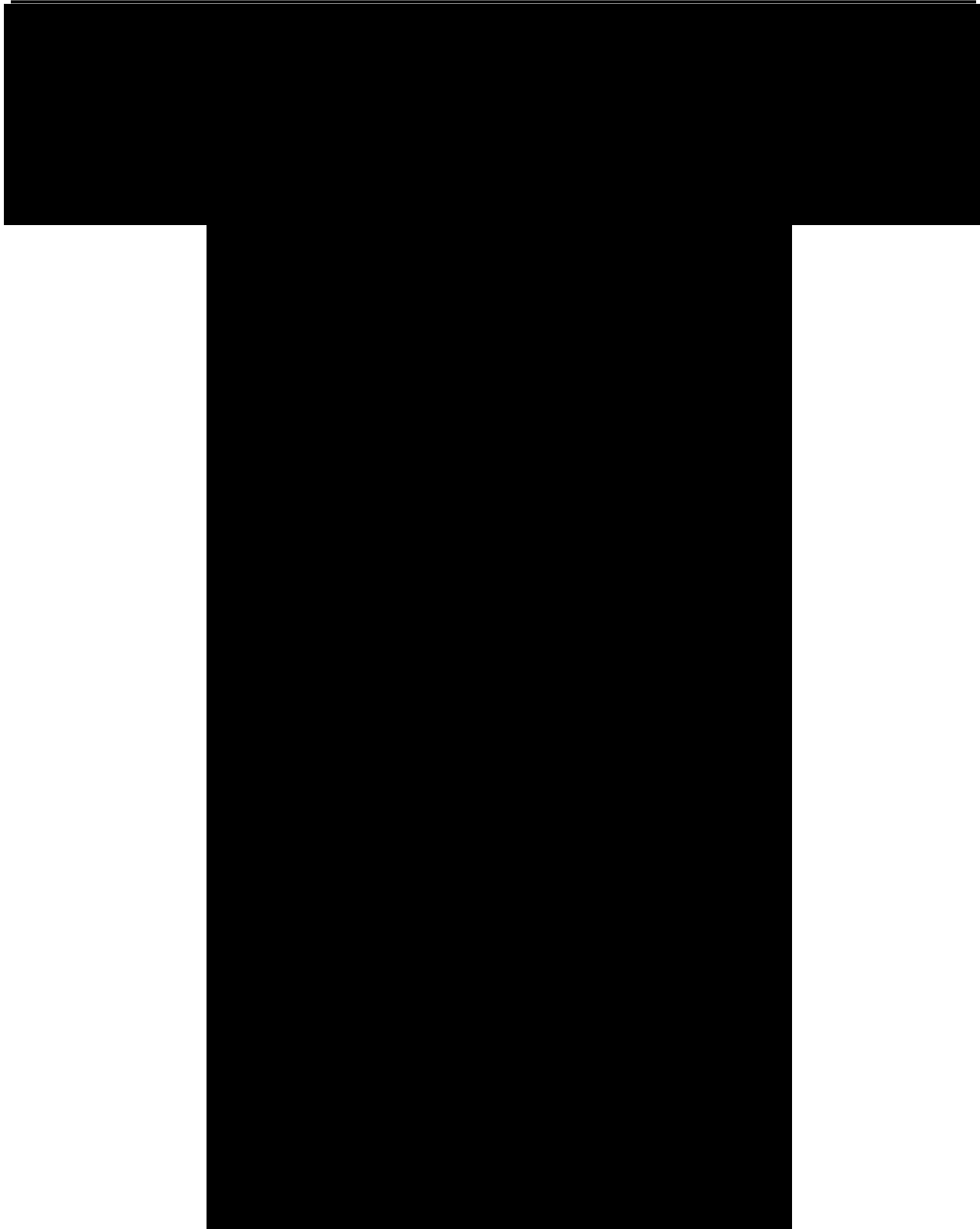
Water storage and well house Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



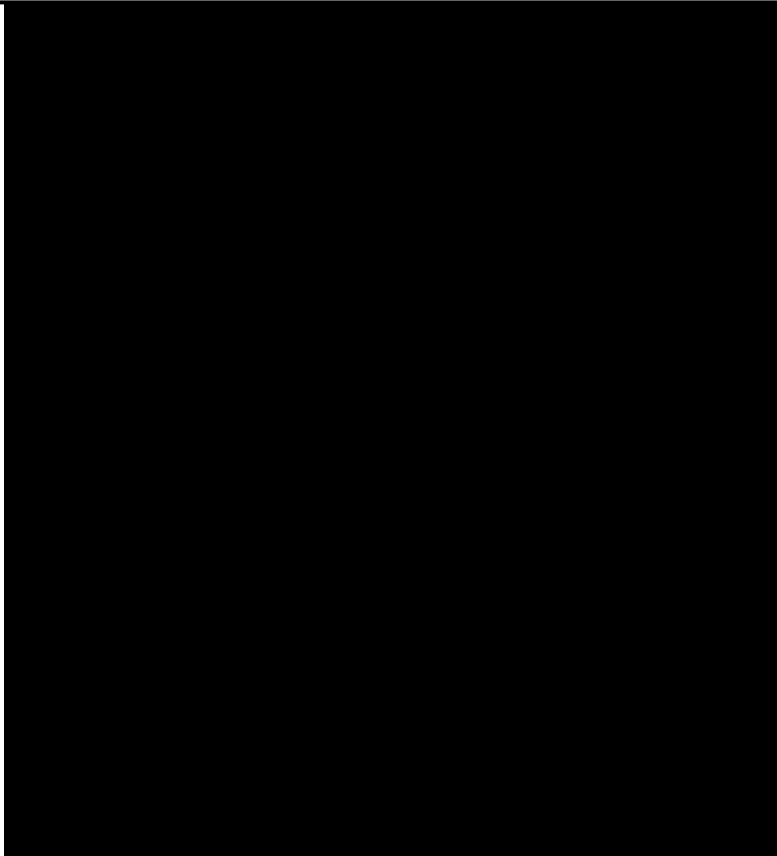
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



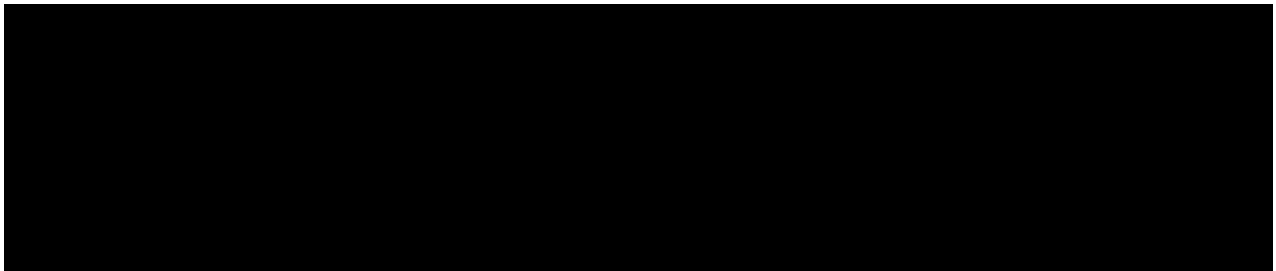
Civil Site Design
Construction Support
Transportation
Wastewater Collection

Center Ridge Water District #2 (Water, KY0180509)

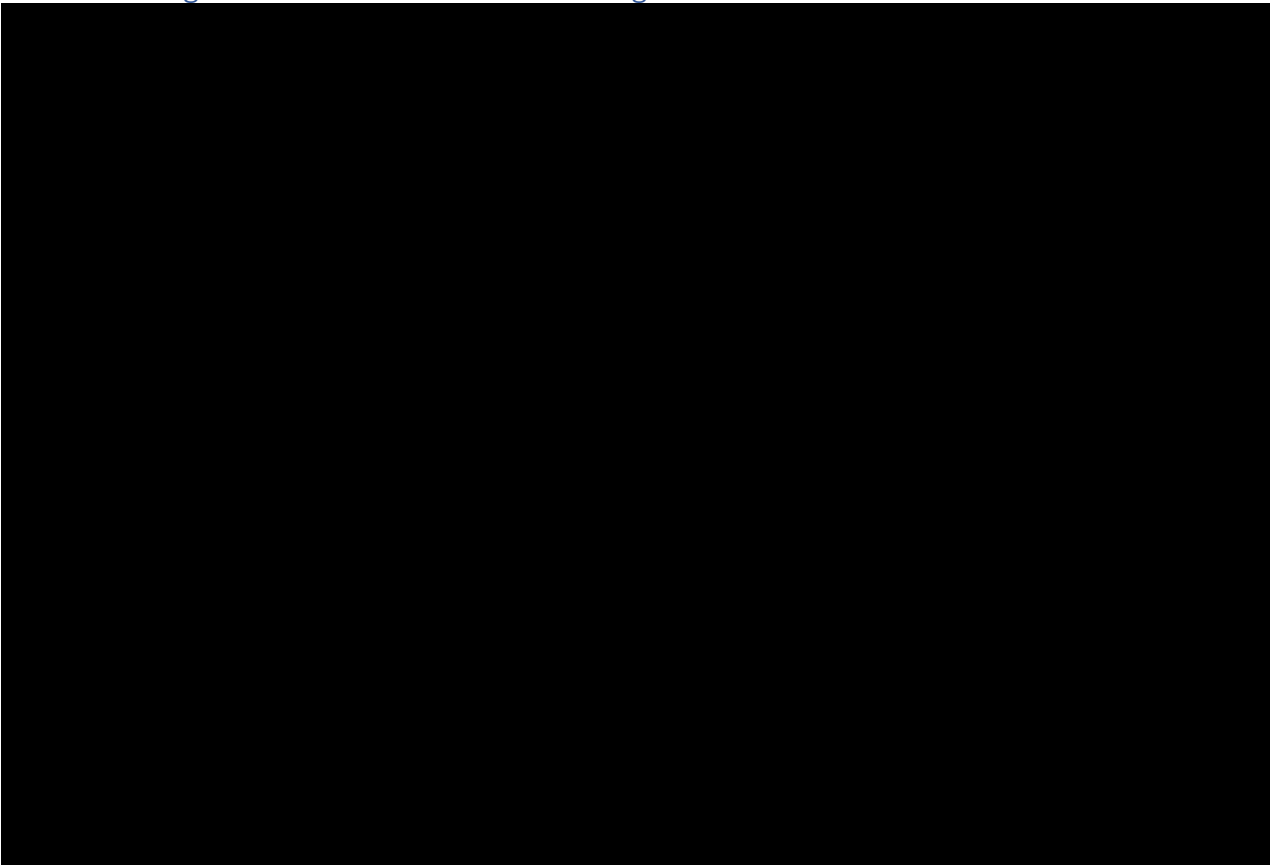
Engineering Memorandum

Date: September 14, 2019

Water distribution Understanding



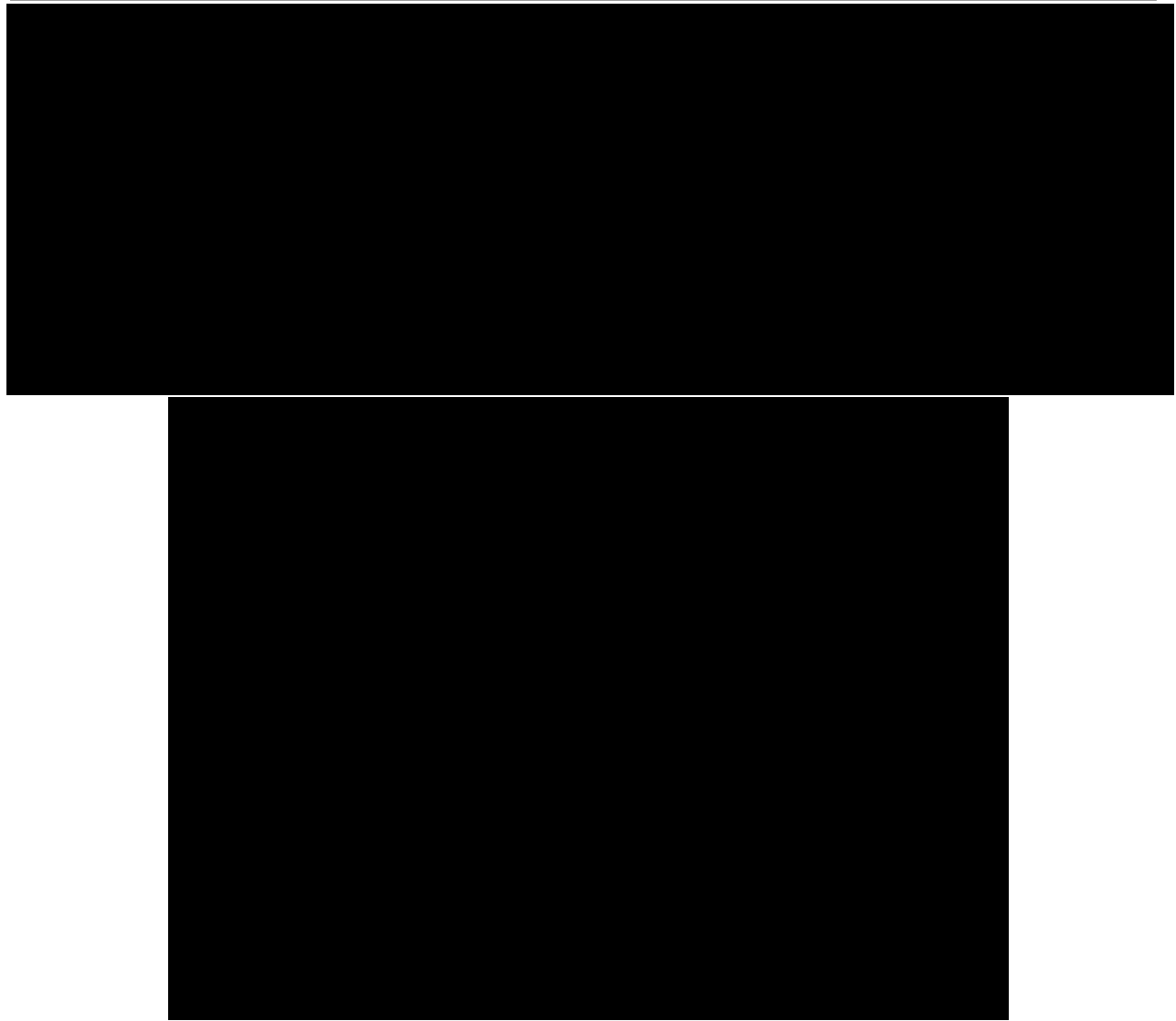
Water storage and well house Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



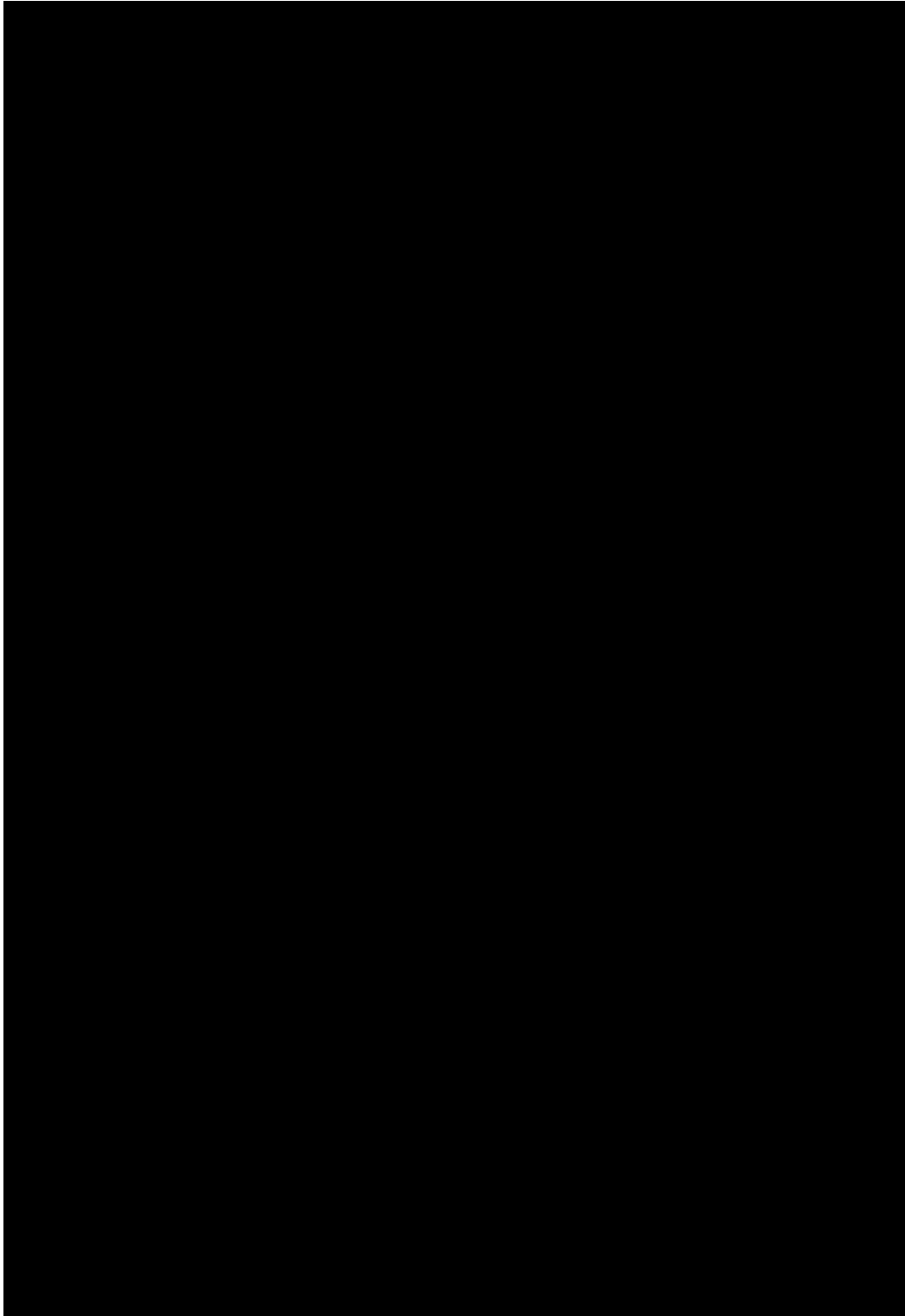
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



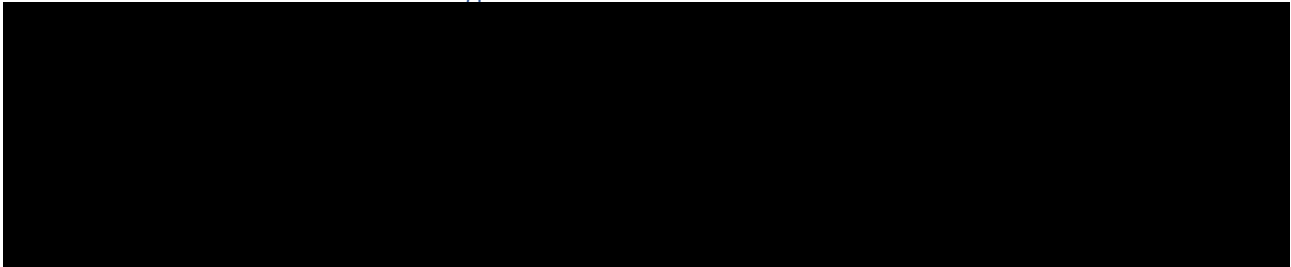
Civil Site Design
Construction Support
Transportation
Wastewater Collection

Center Ridge Water District #3 (Water, KY0180502)

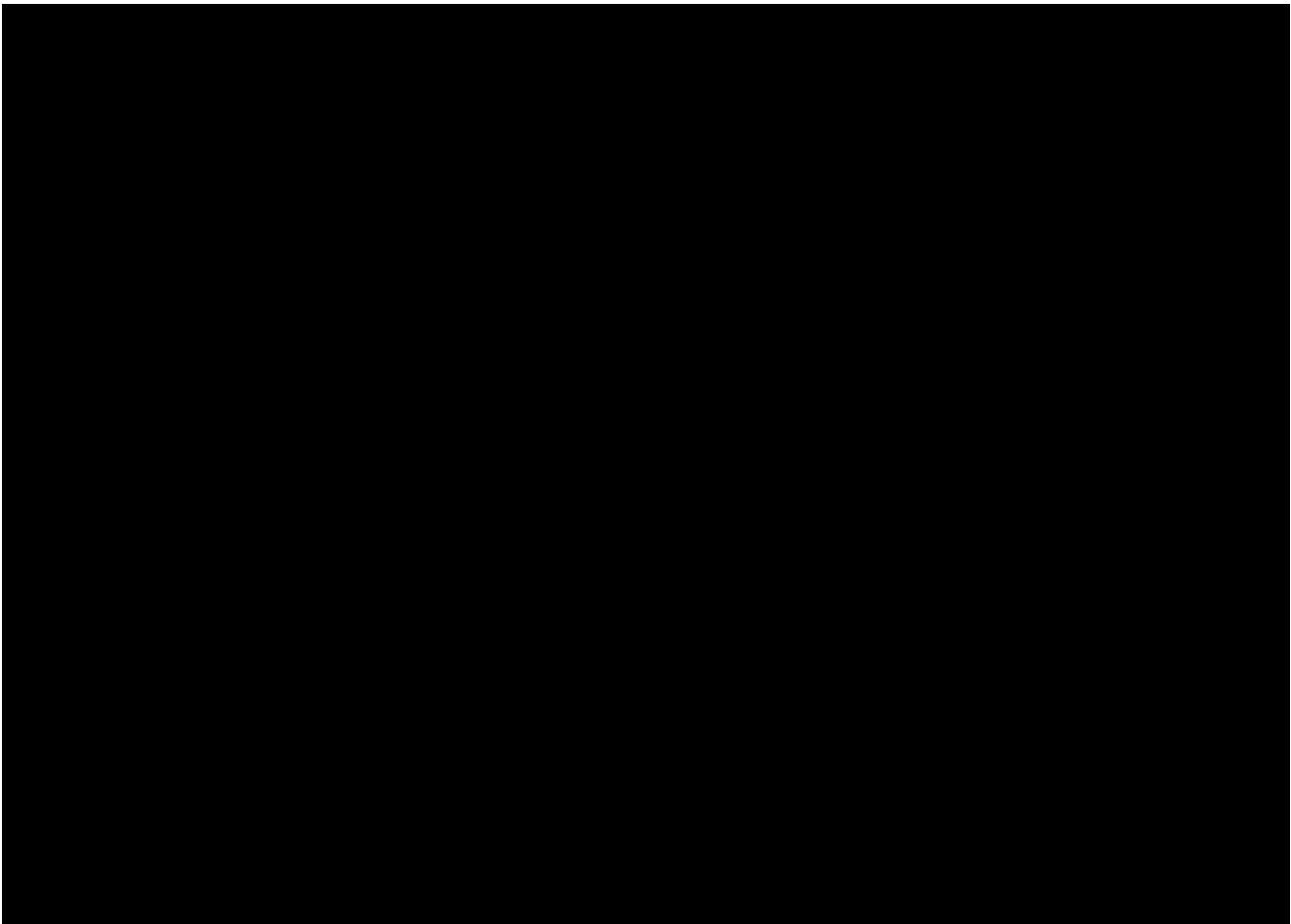
Engineering Memorandum

Date: September 16, 2019

Water distribution Understanding



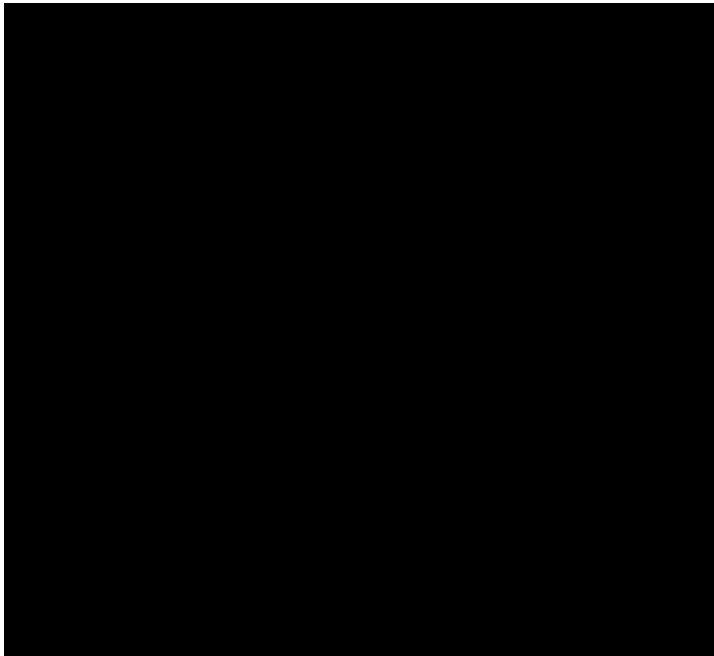
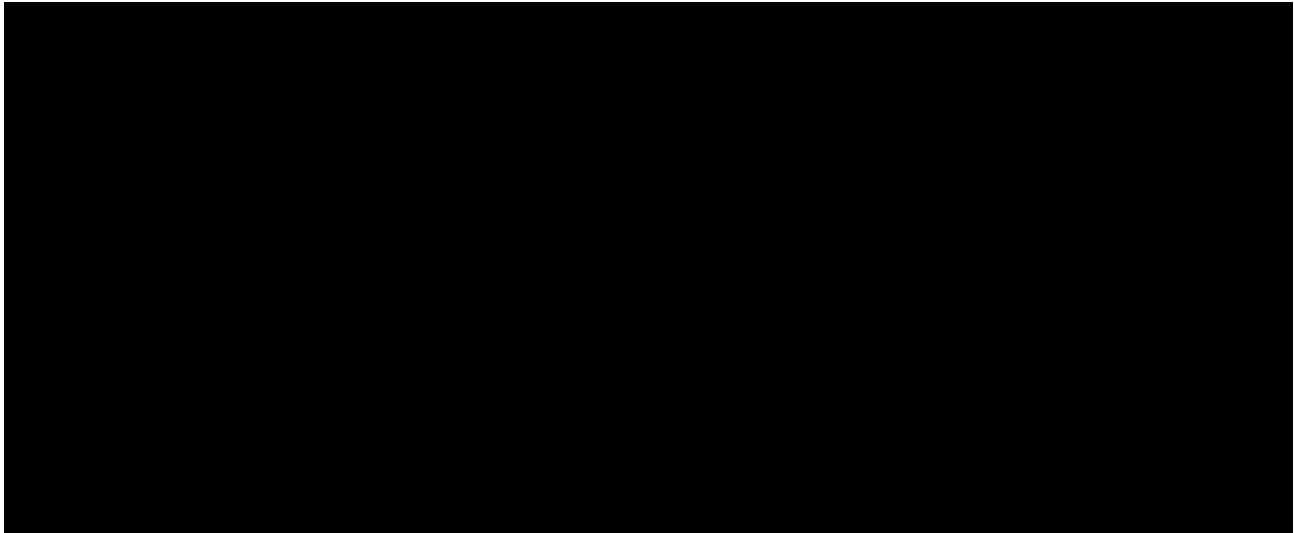
Water storage and well house Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



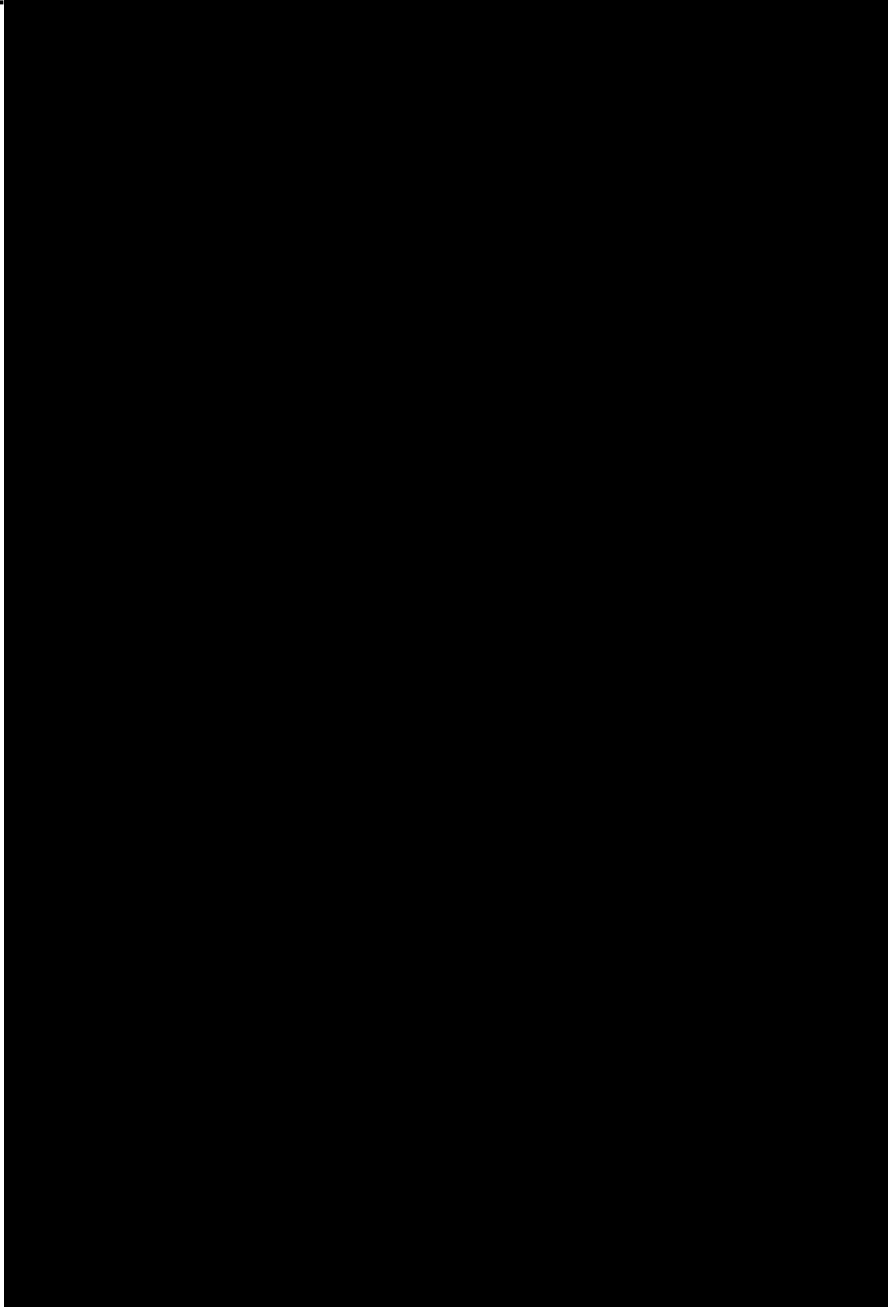
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment

21 DESIGN

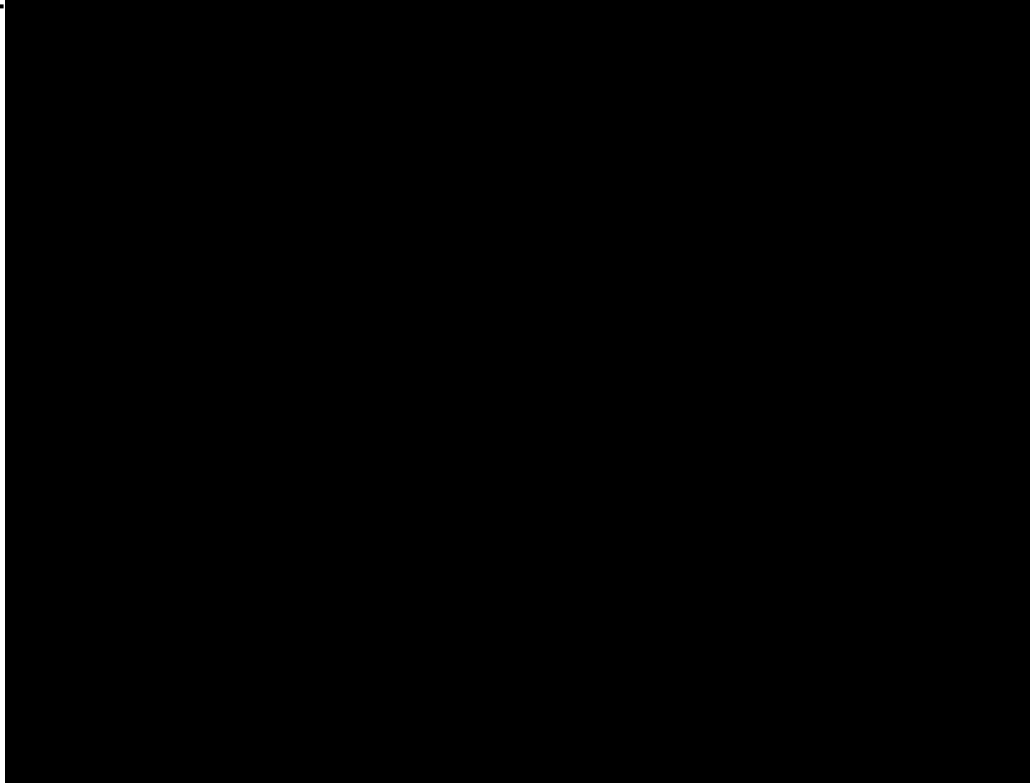
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment

21 DESIGN

Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



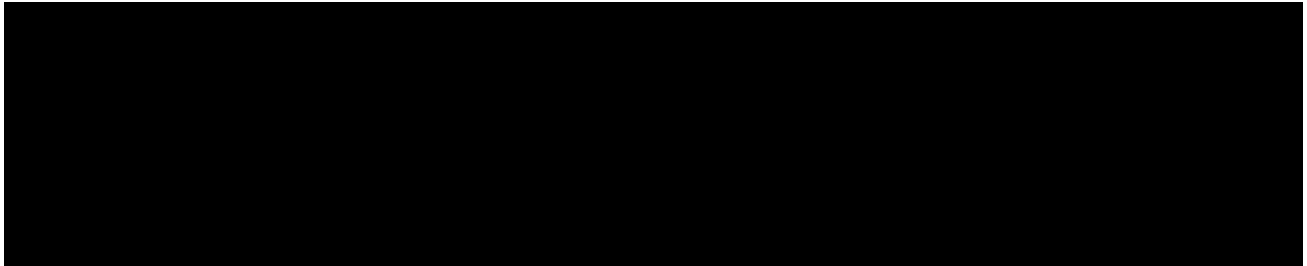
Civil Site Design
Construction Support
Transportation
Wastewater Collection

Center Ridge Water District #4 Water (KY0183106)

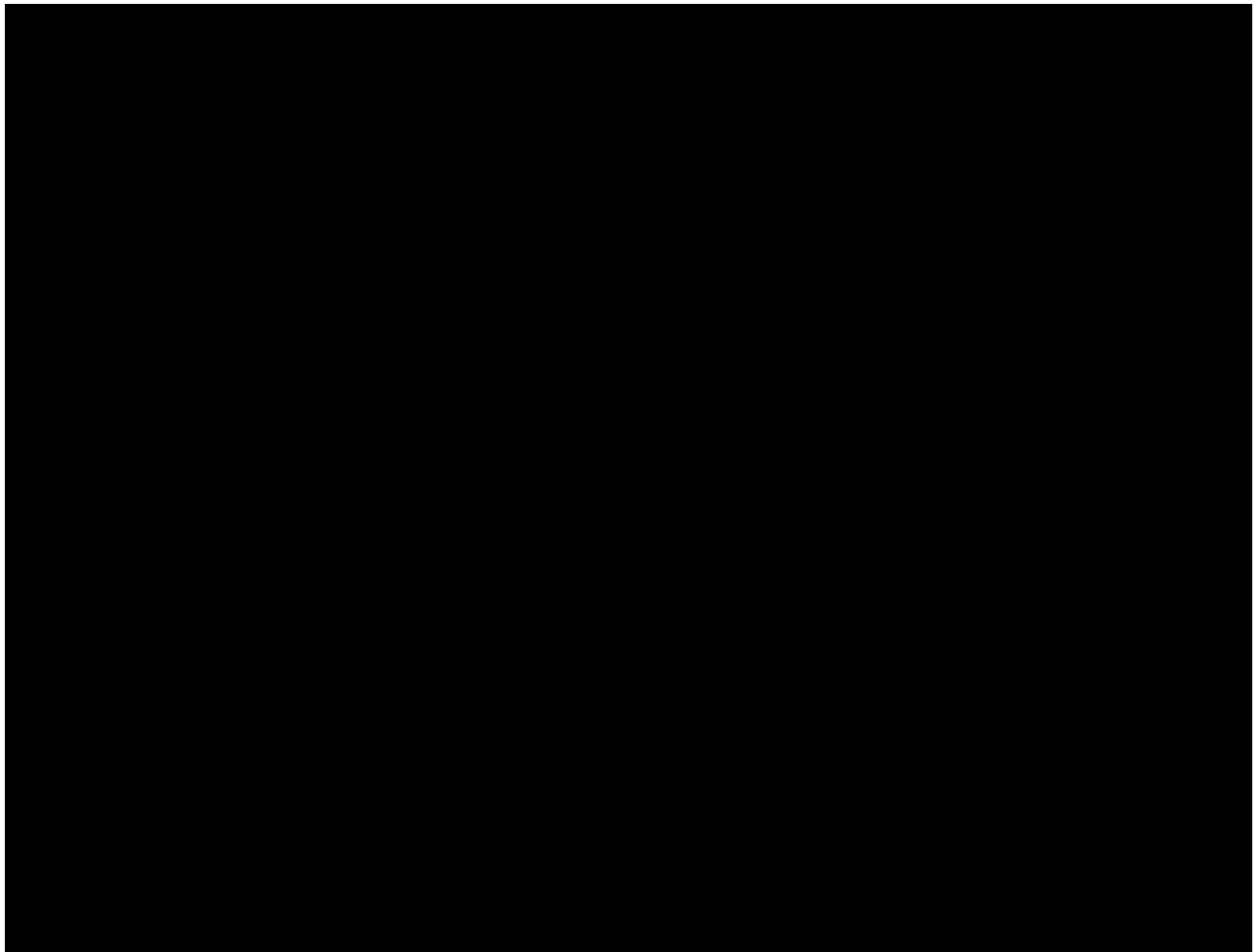
Engineering Memorandum

Date: September 18, 2019

Water distribution Understanding



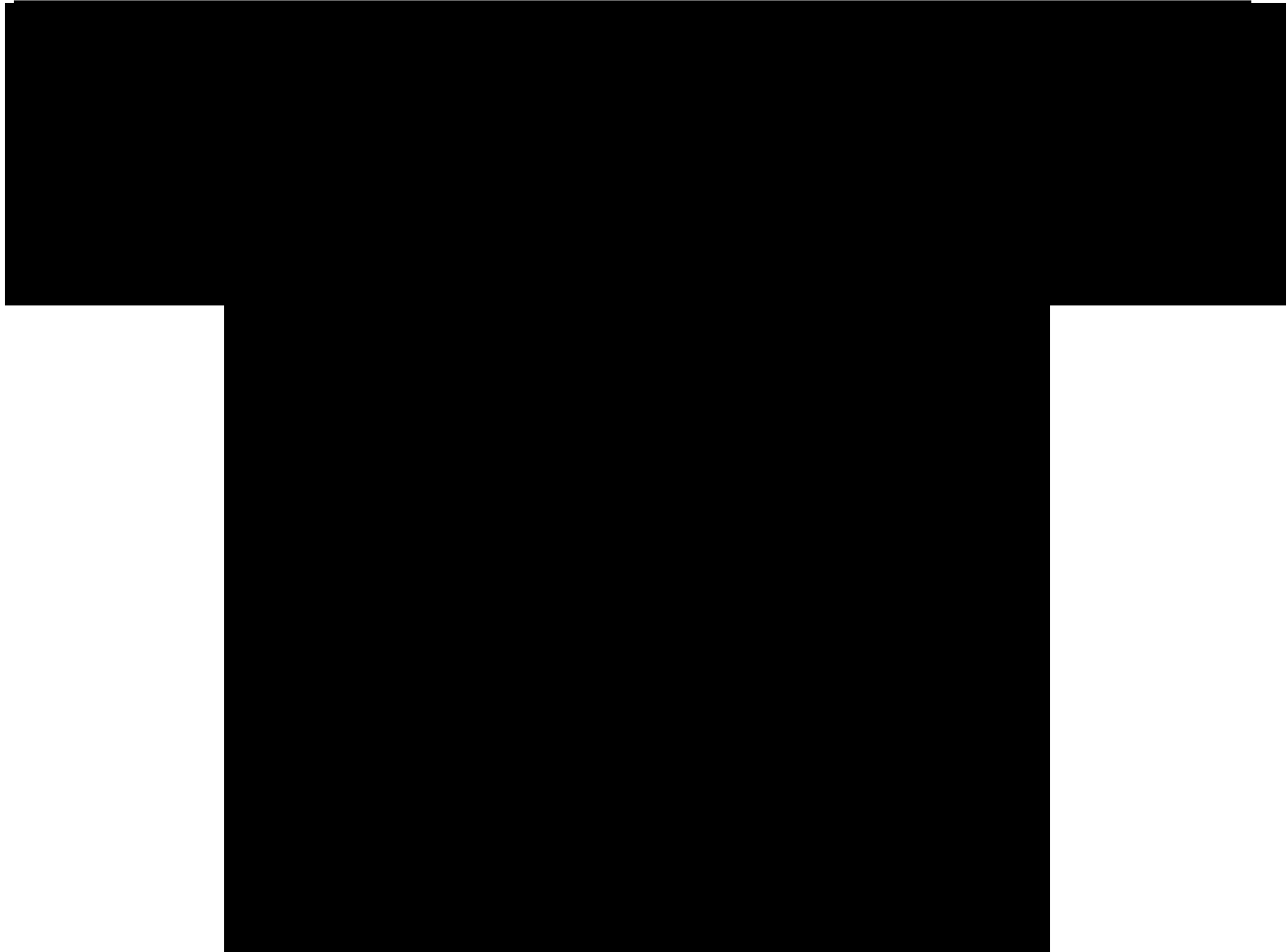
Water storage and well house Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



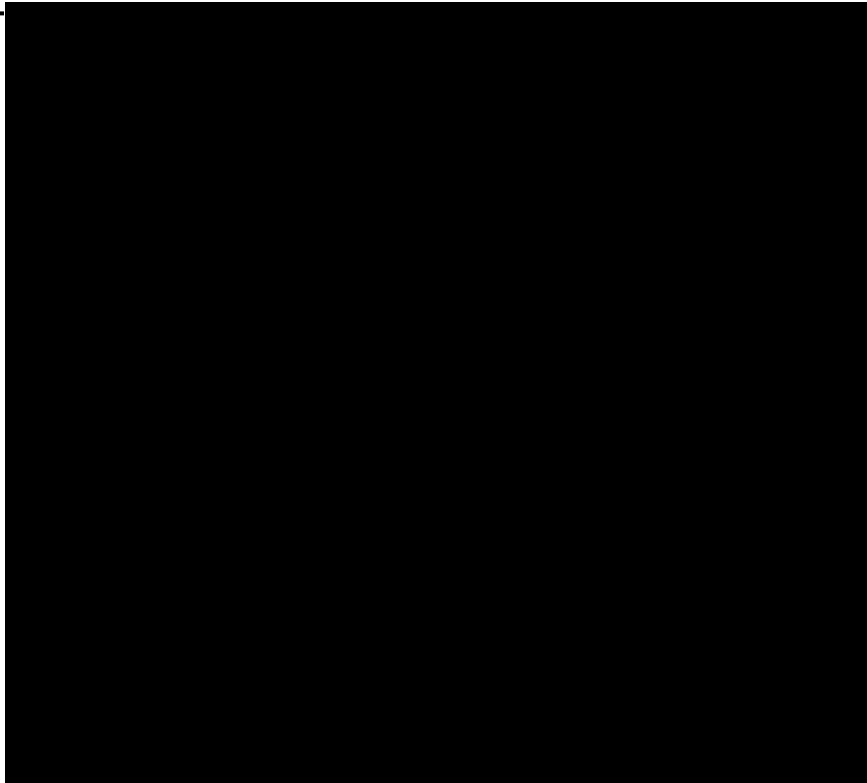
Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment

21 DESIGN

Civil Site Design
Construction Support
Transportation
Wastewater Collection



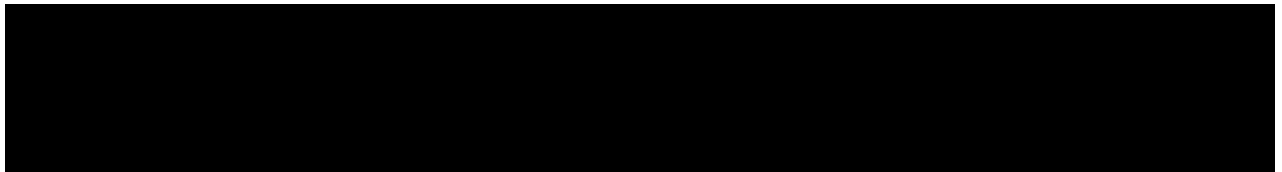
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



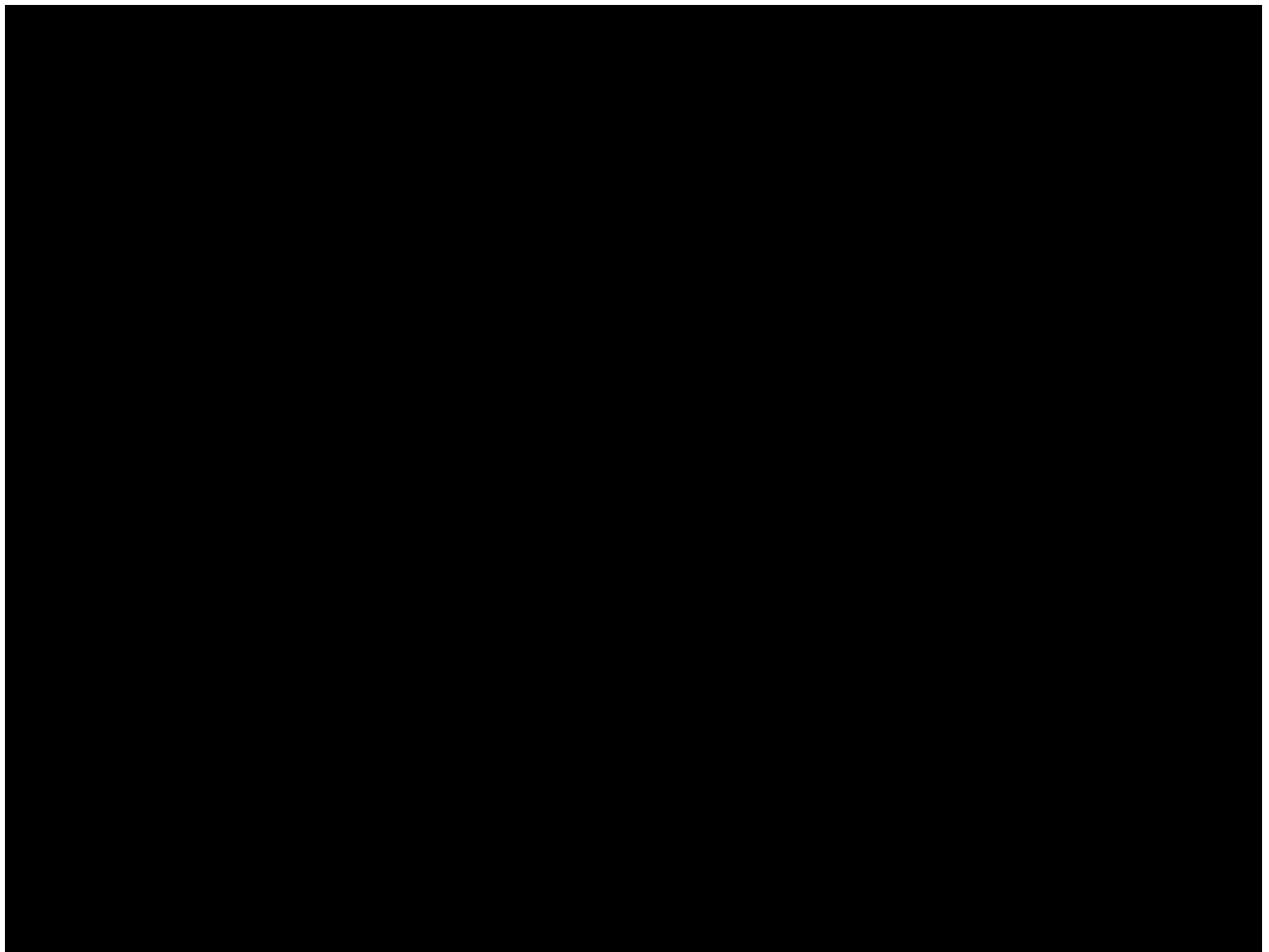
Civil Site Design
Construction Support
Transportation
Wastewater Collection

The Delaplain Disposal – Delaplain WWTP KY0079049
Kentucky
Engineering Memorandum
Date: September 11, 2020

Introduction



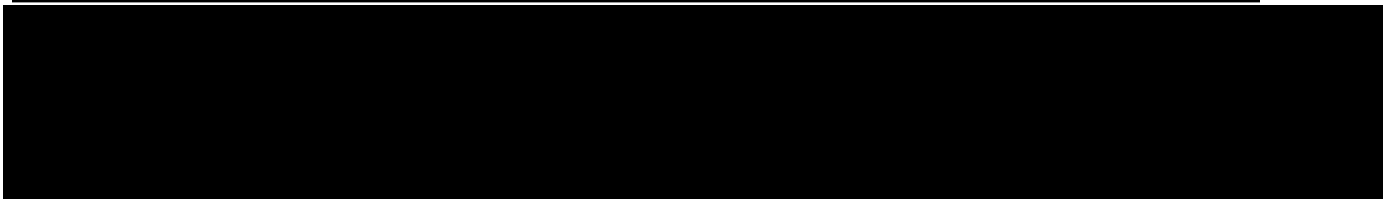
Existing Flows and Loadings and Projections



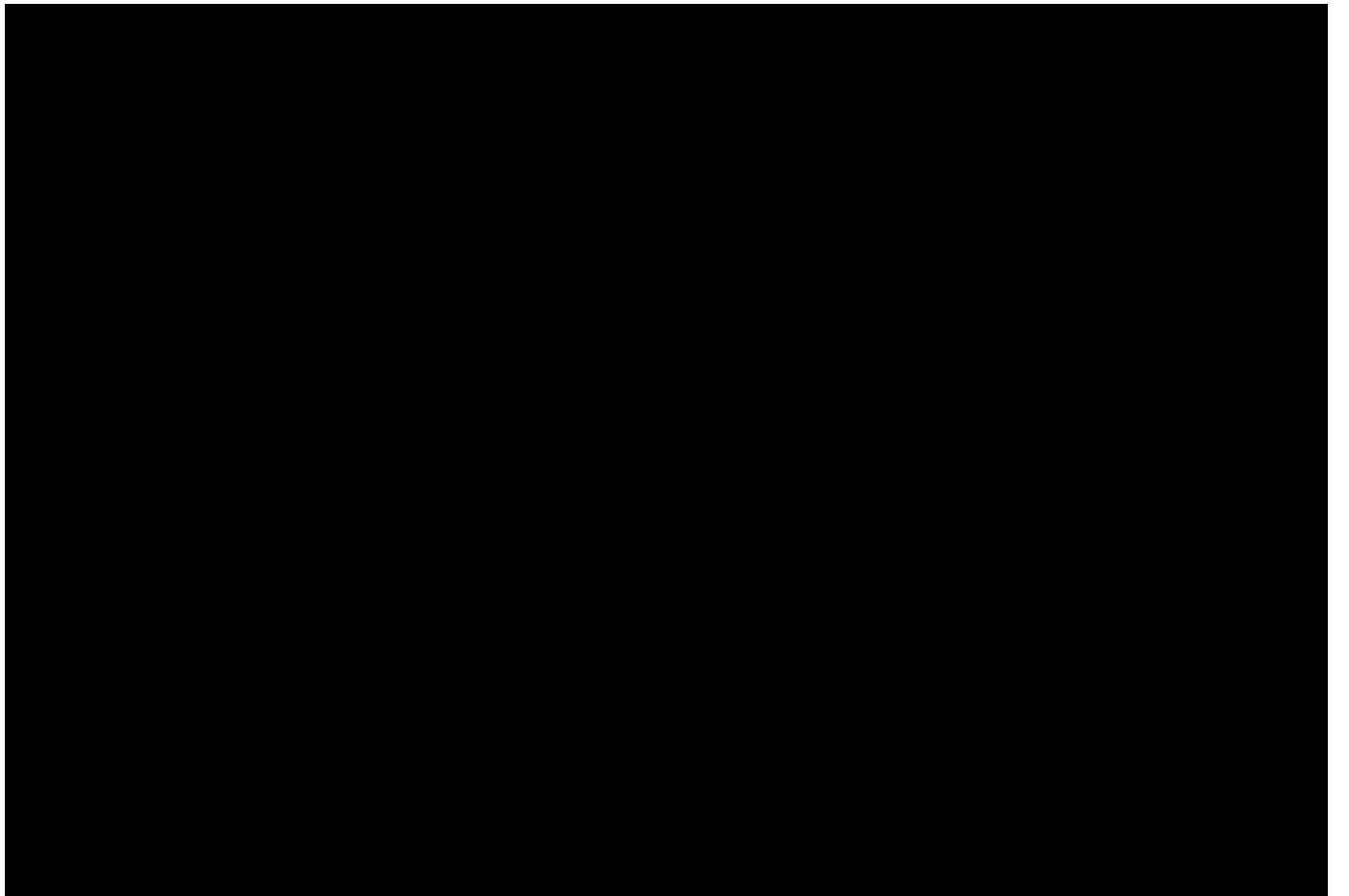
Civil Engineering
Surveying & Mapping
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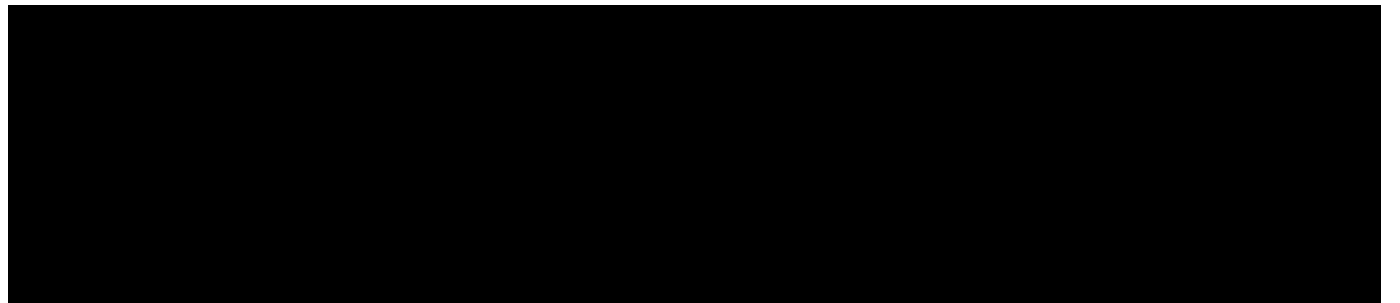
Civil Site Design
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Permit Limitations and Historical Compliance Performance



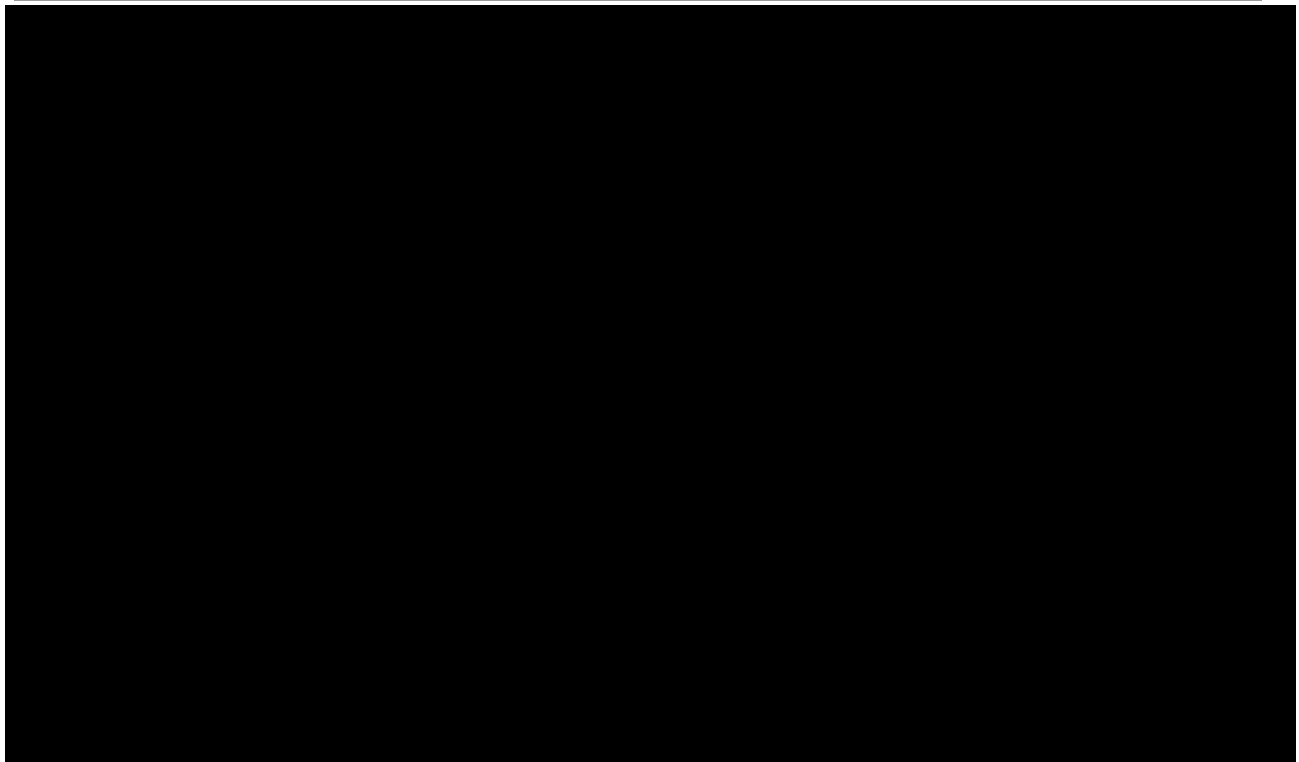
Wastewater Treatment Facility Existing Conditions



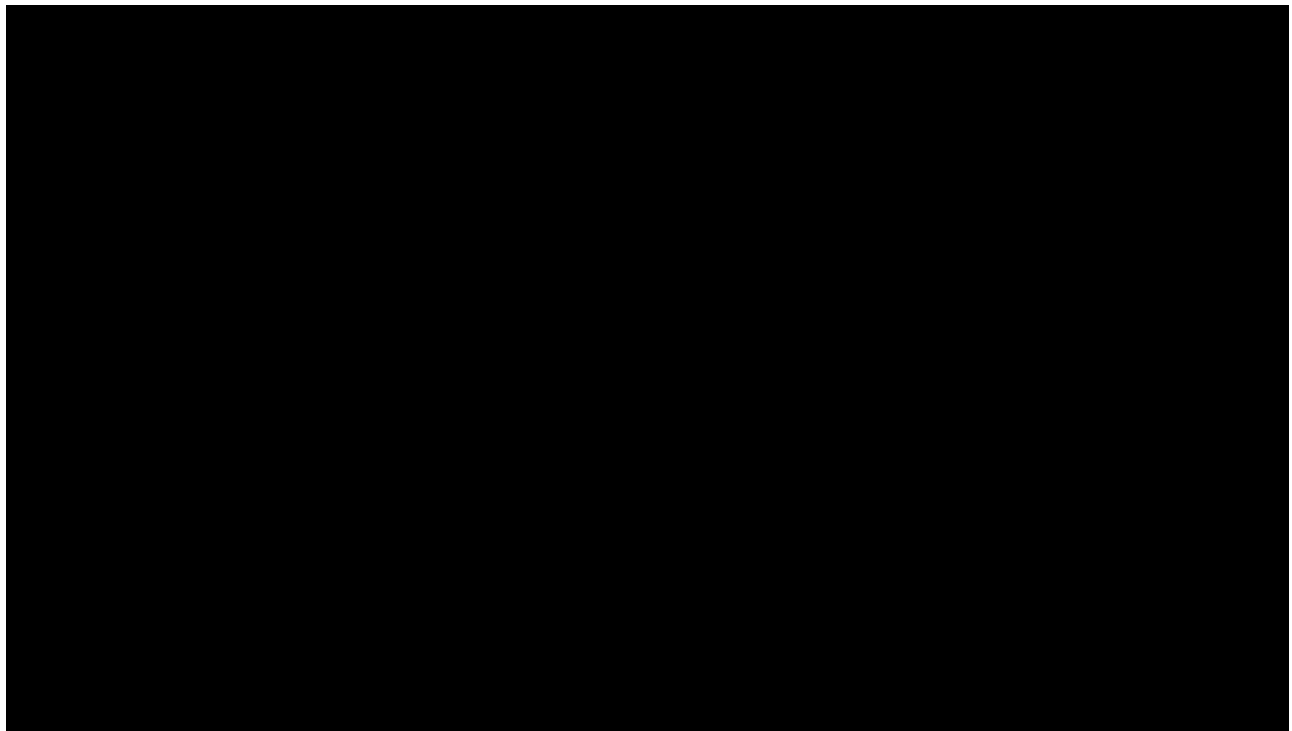
Civil Engineering
Surveying & Mapping
Potable Water
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Civil Site Design
Construction Support
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Functionality of the Existing System



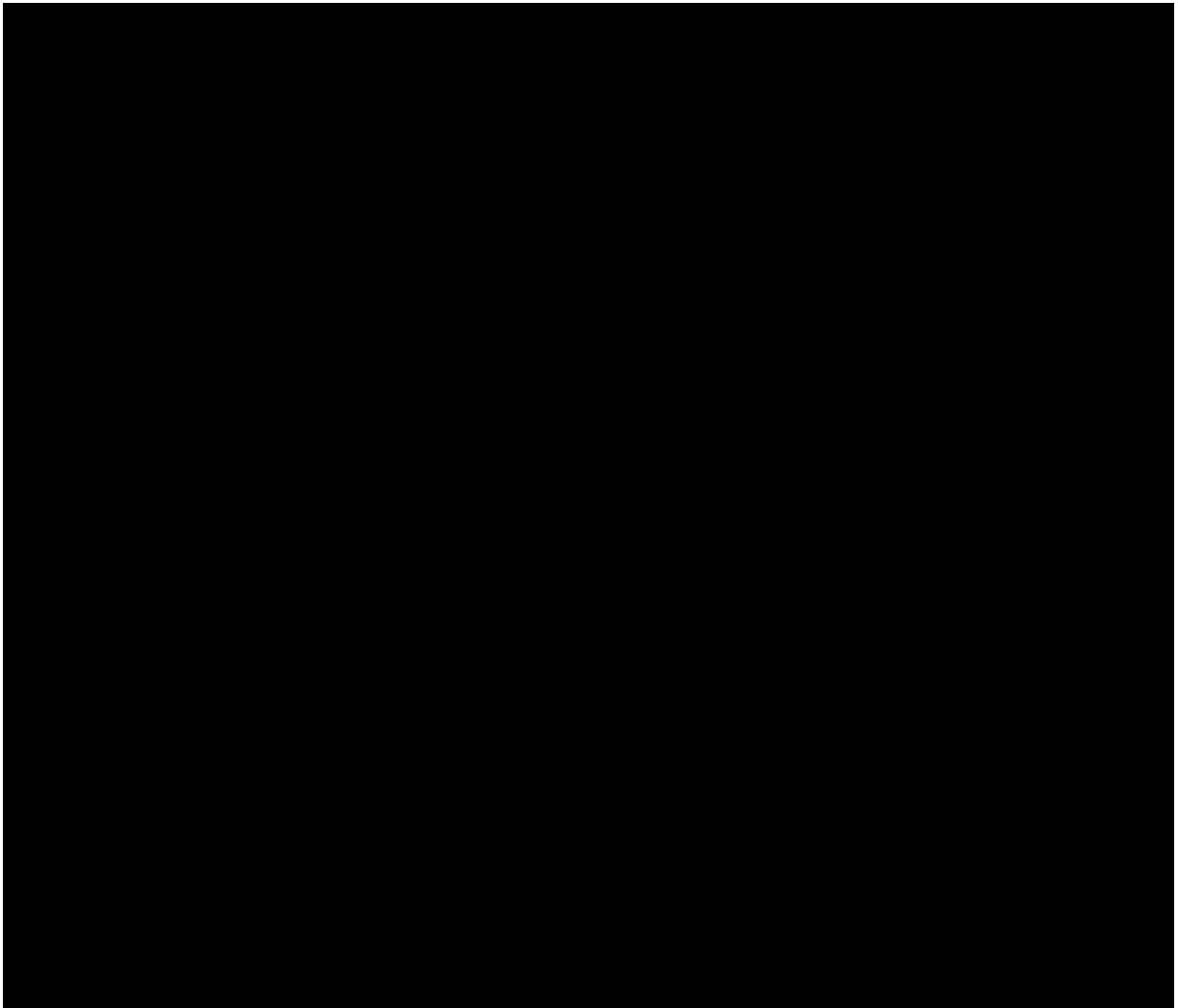
Civil Engineering
Surveying & Mapping
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Civil Site Design
Construction Support
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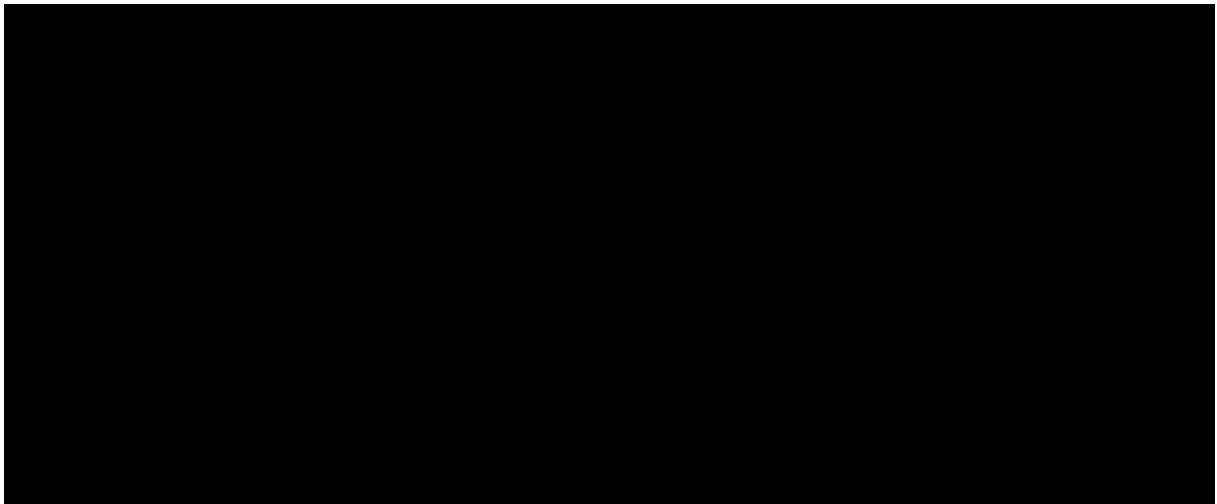
Wastewater Treatment Facility Recommended Improvements



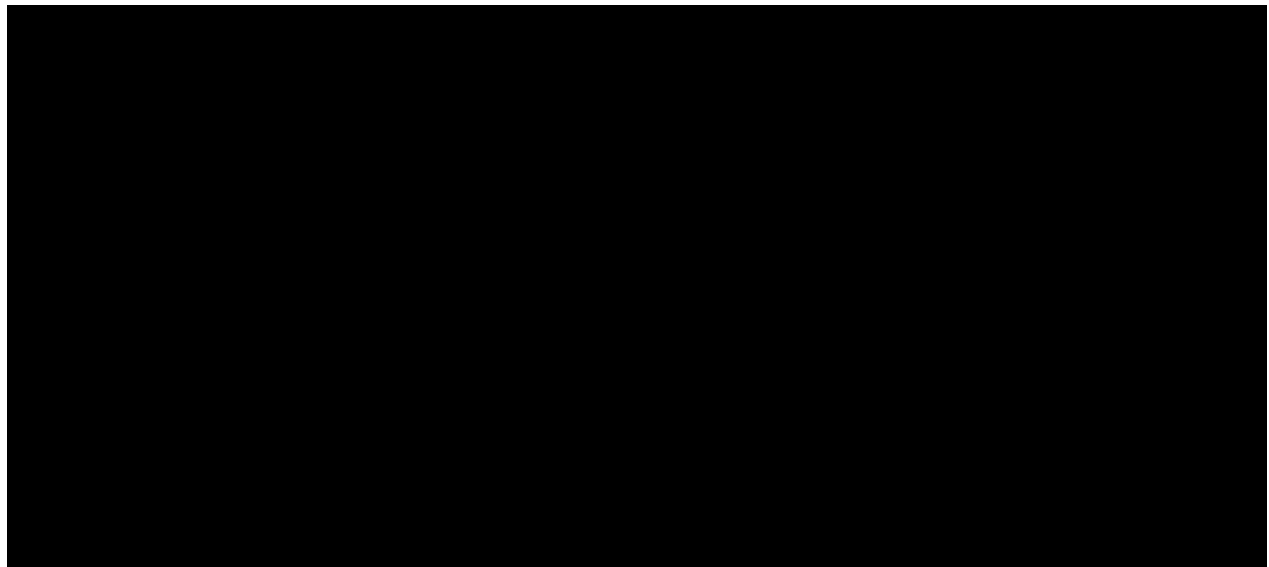
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



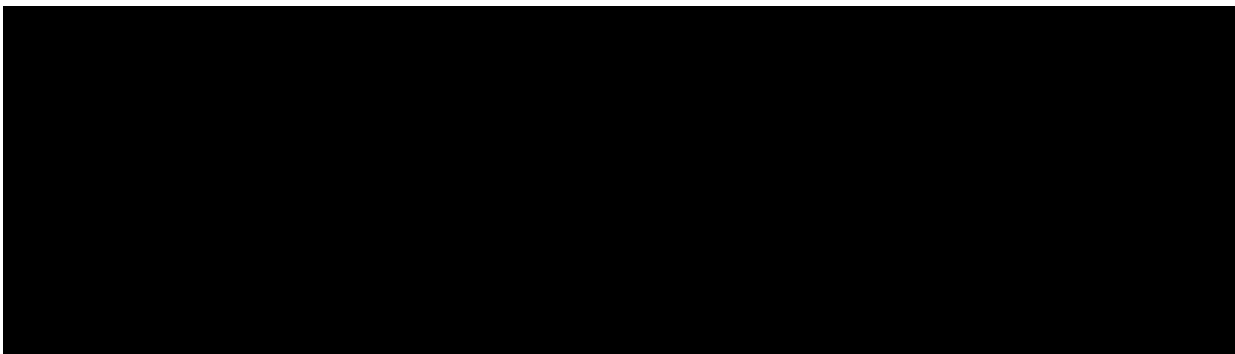
Civil Site Design
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Wastewater Collection System Understanding



Wastewater Collection System Recommended Improvements

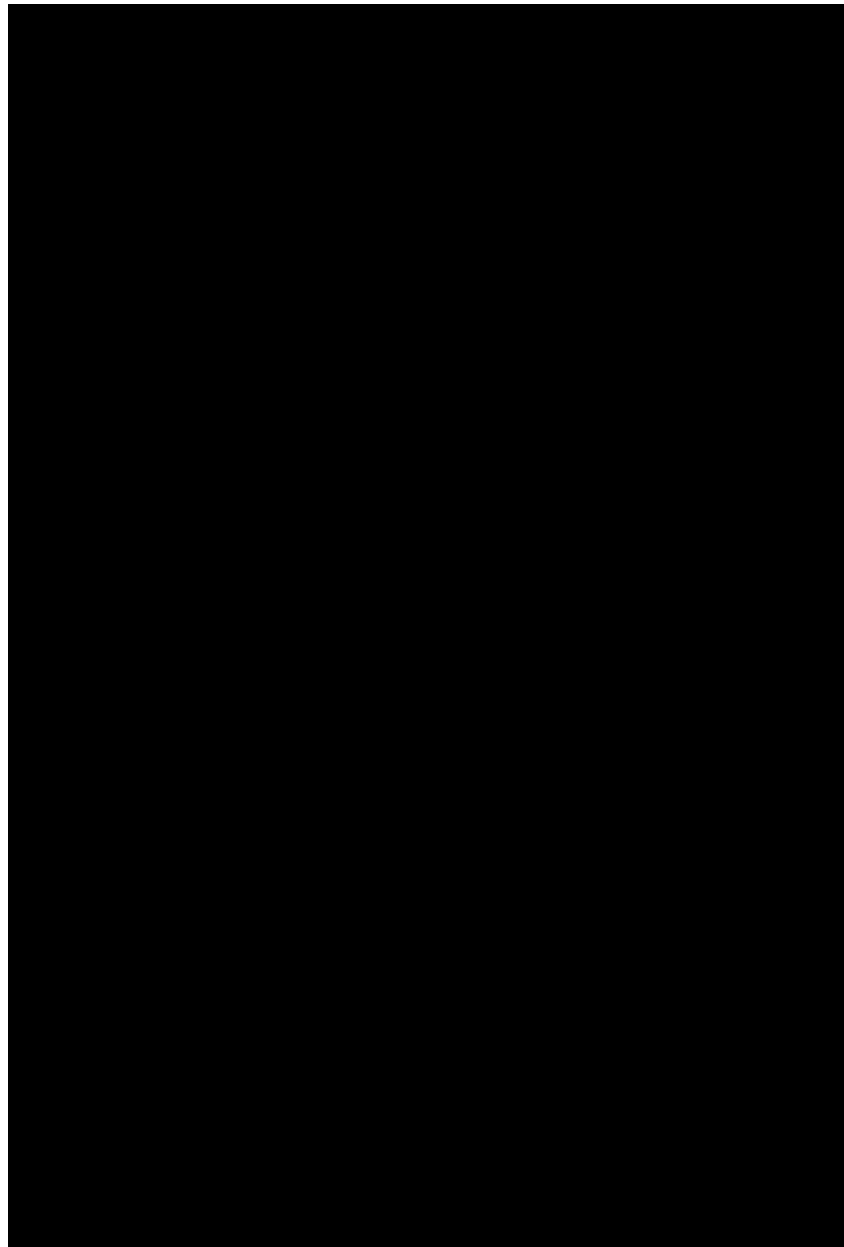


Civil Engineering
Surveying & Mapping
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Civil Site Design
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Total Project Cost Estimate

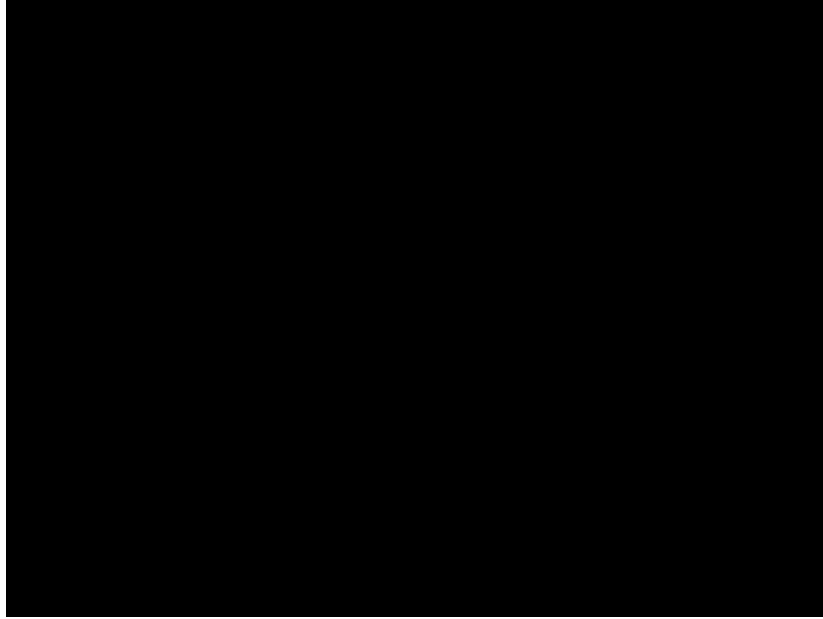


Civil Engineering
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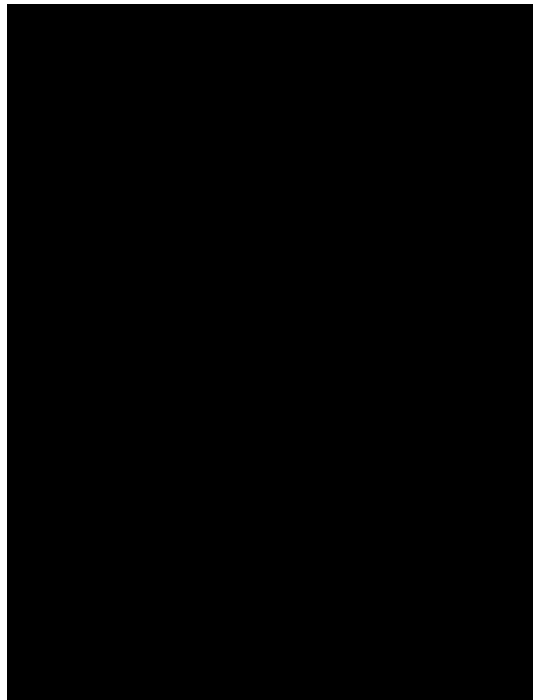


Civil Site Design
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Aeration Tank

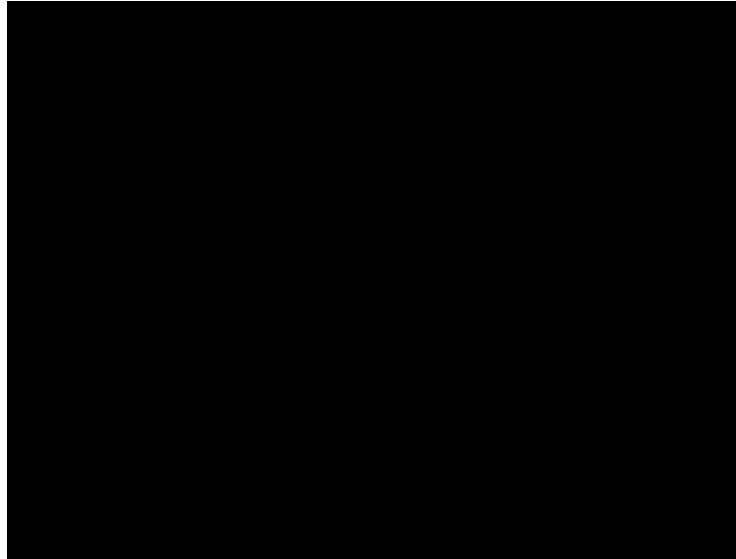


Circular Clarifier

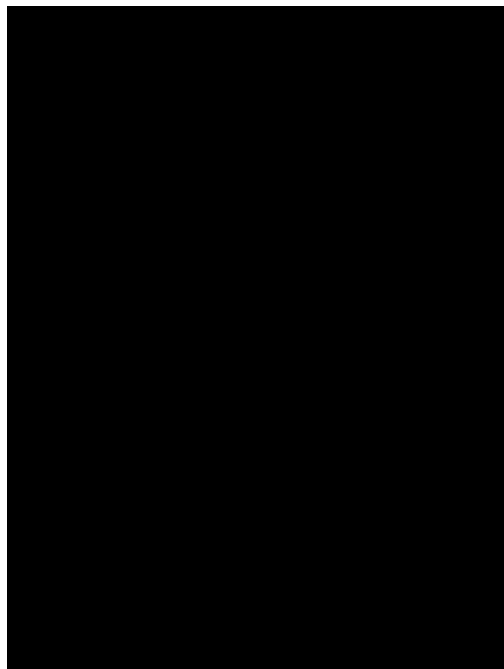
Civil Engineering
Surveying & Mapping
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Civil Site Design
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Bar Screen

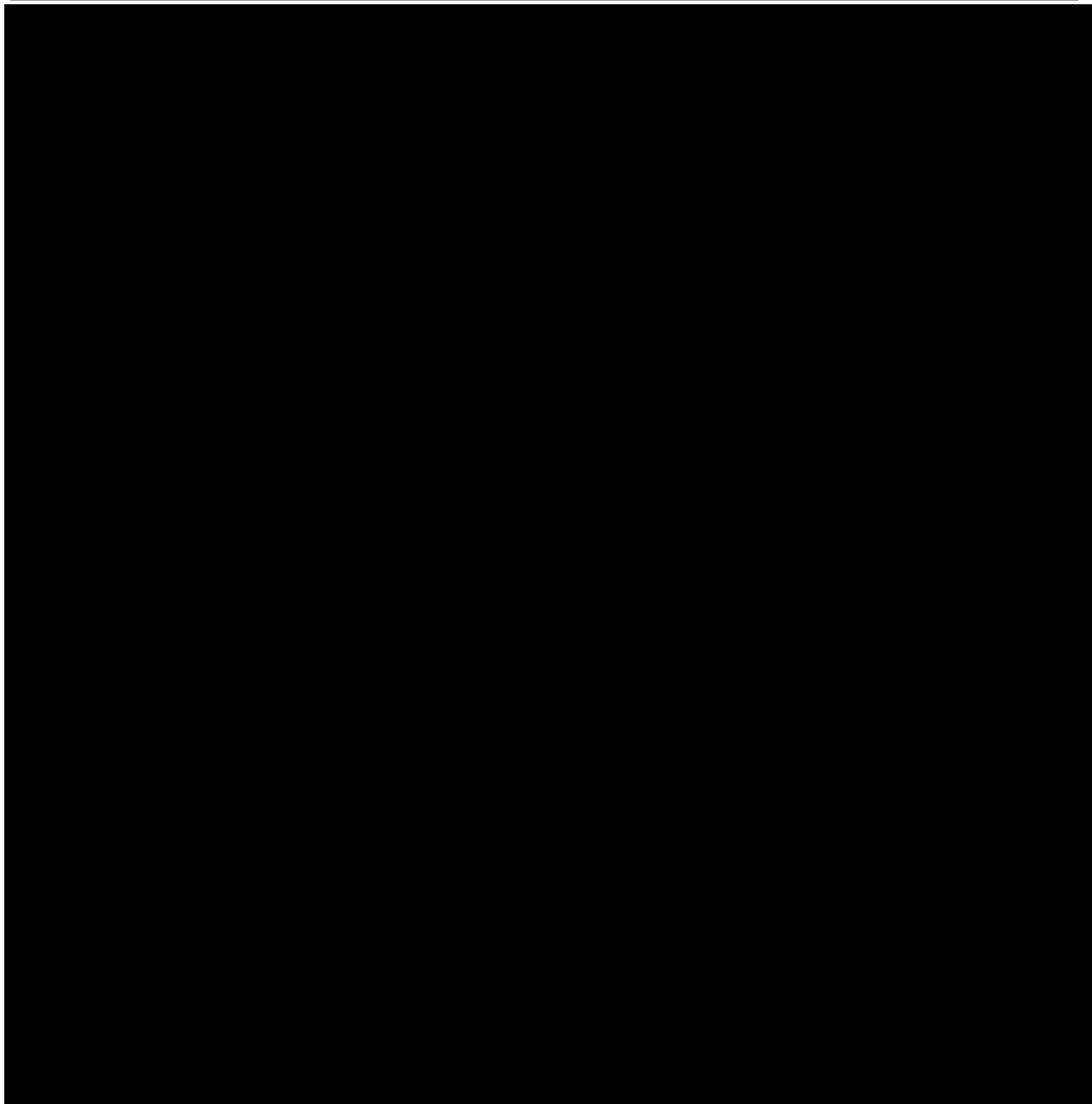


Gaseous Chlorine Storage

Civil Engineering
Surveying & Mapping
Potable Water
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Civil Site Design
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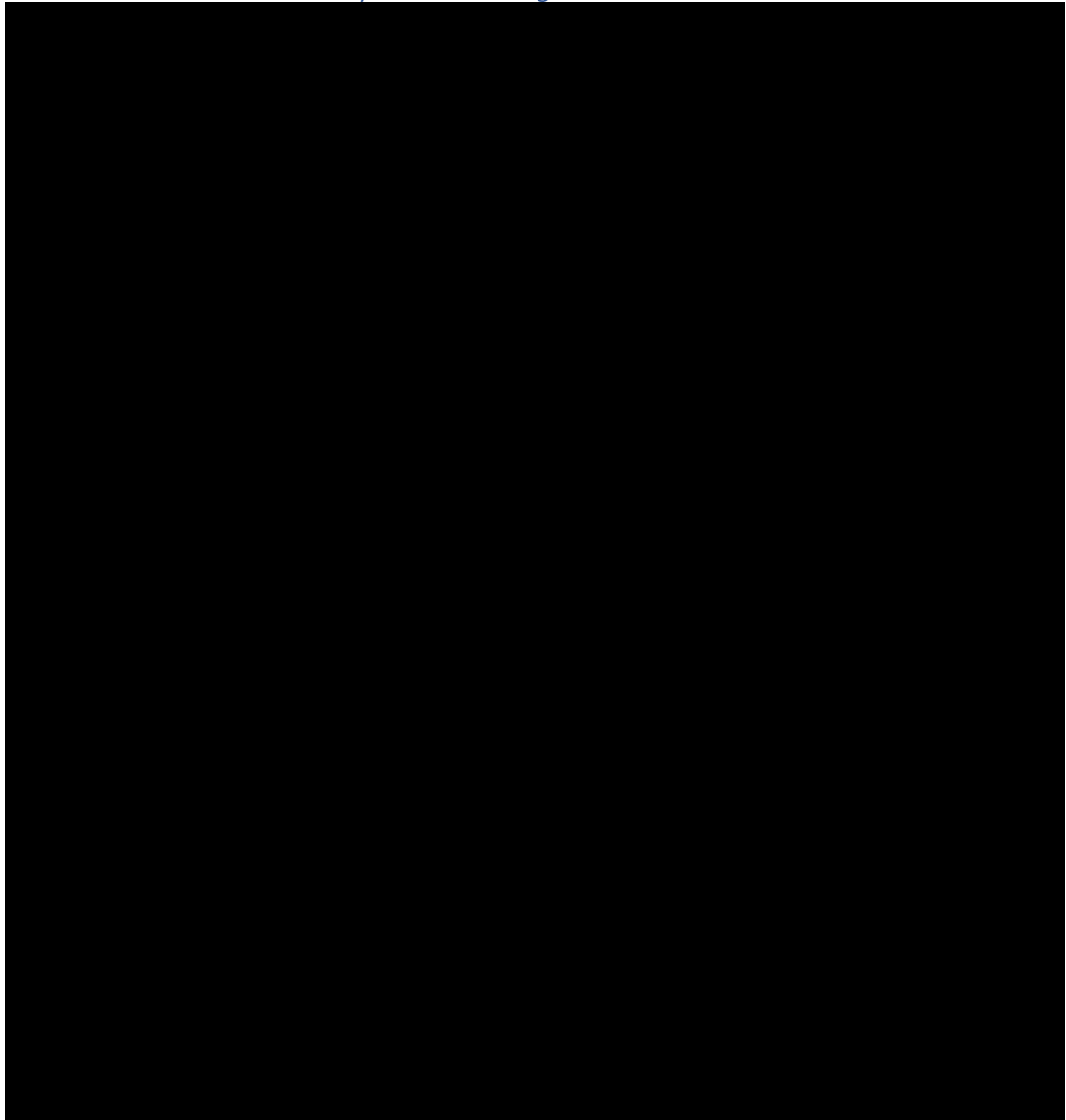
Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
Construction Support
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Wastewater Collection

Fox Run Utilities (Wastewater)
Engineering Memorandum
Date: December 31, 2018

Wastewater Treatment Facility Understanding



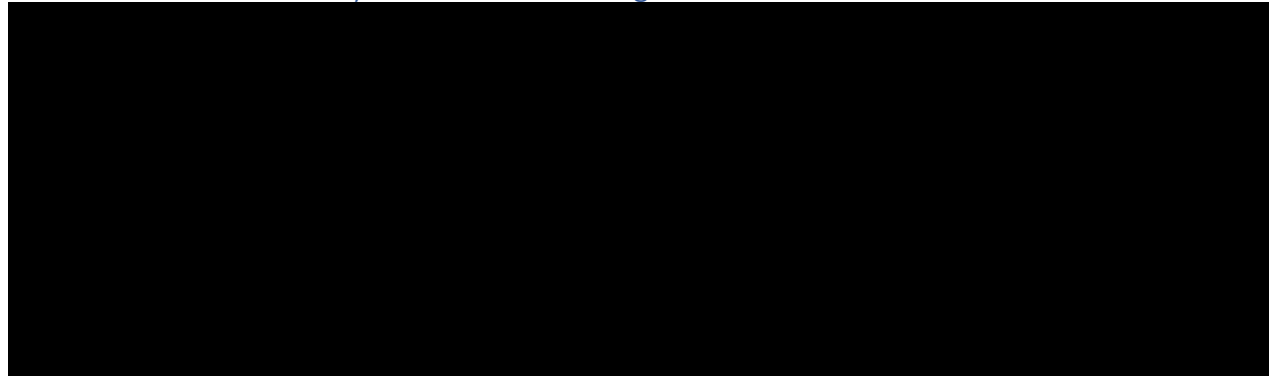
Civil Engineering
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Civil Site Design
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Wastewater Collection System Understanding

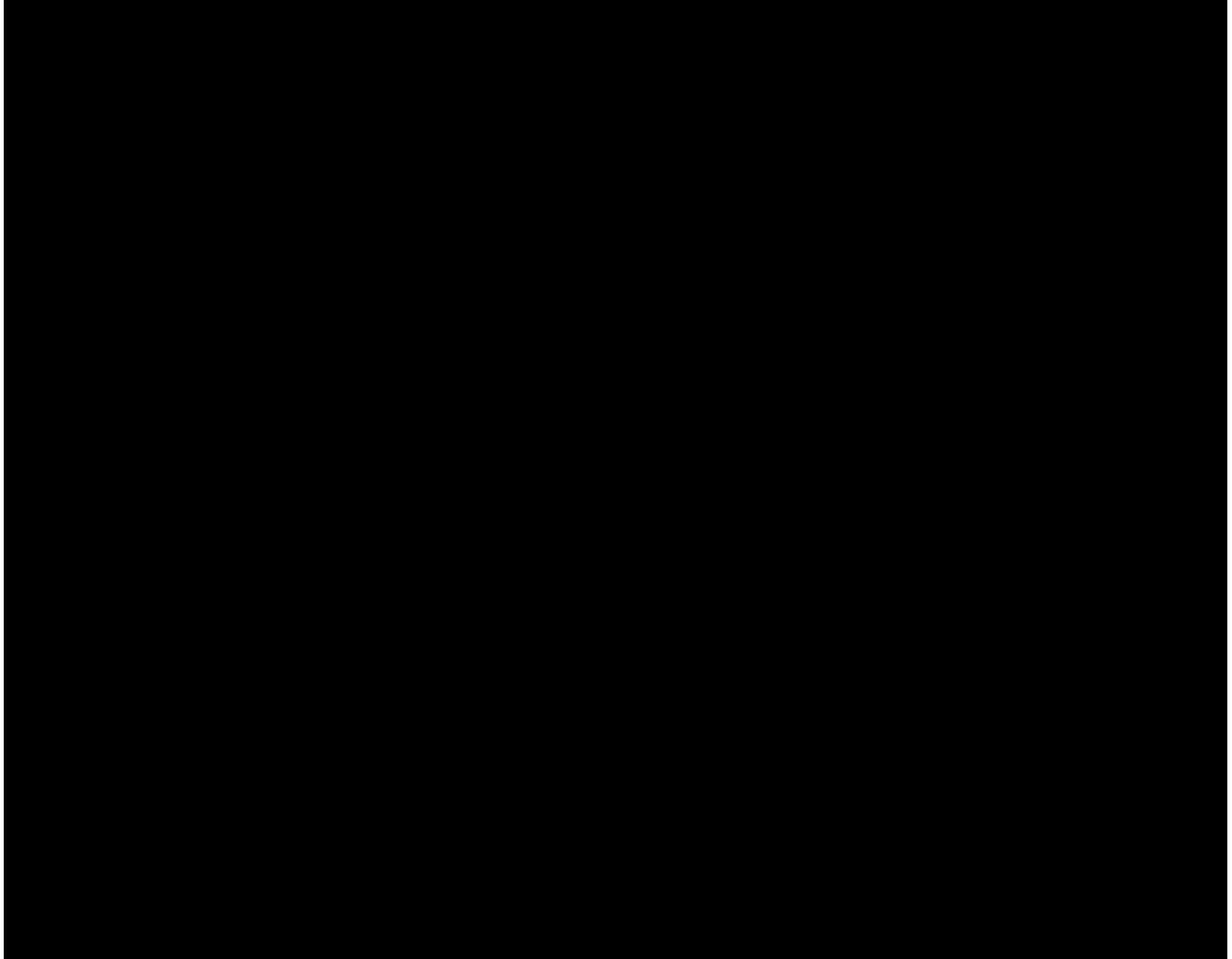


Civil Engineering
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Civil Site Design
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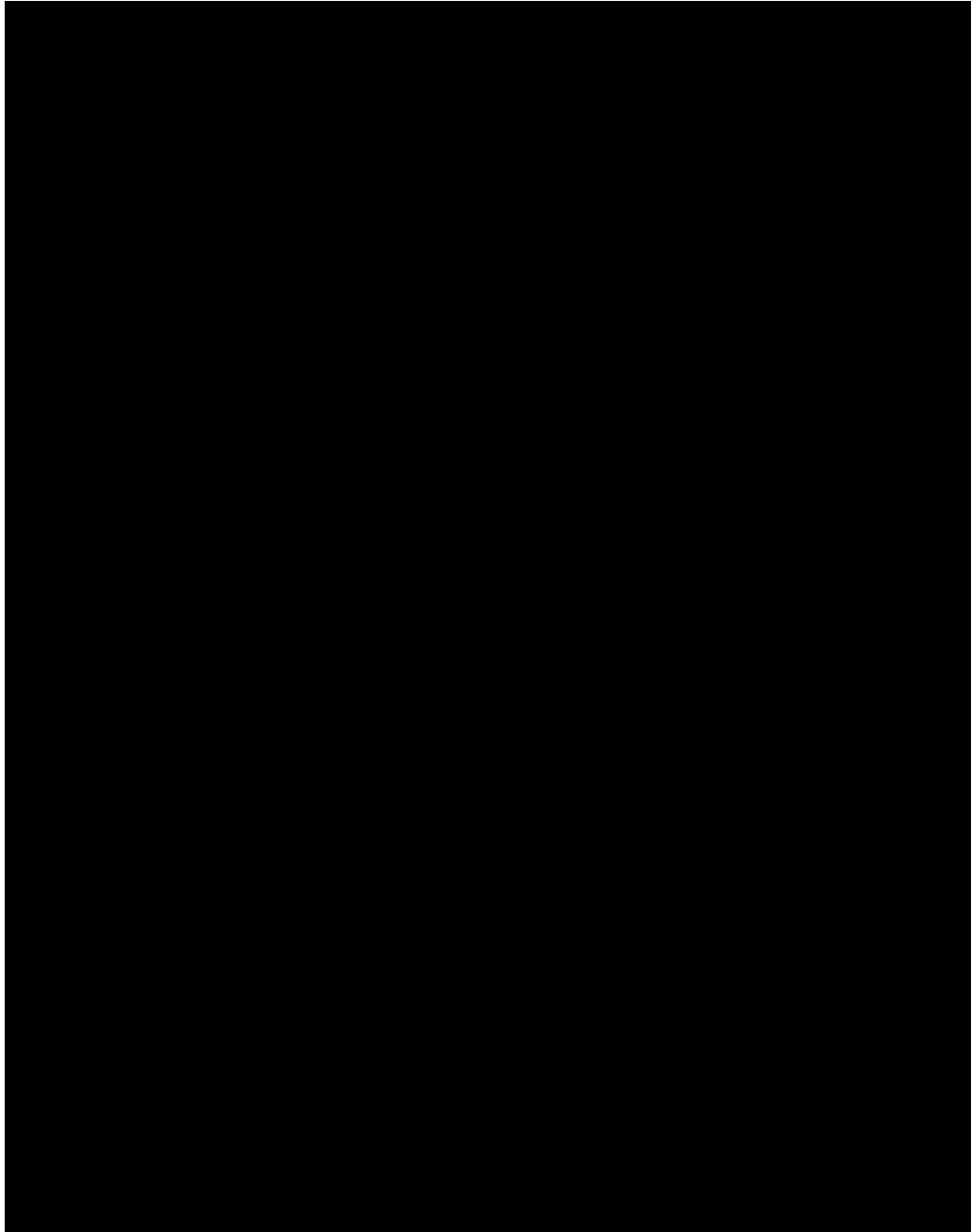
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Civil Engineering
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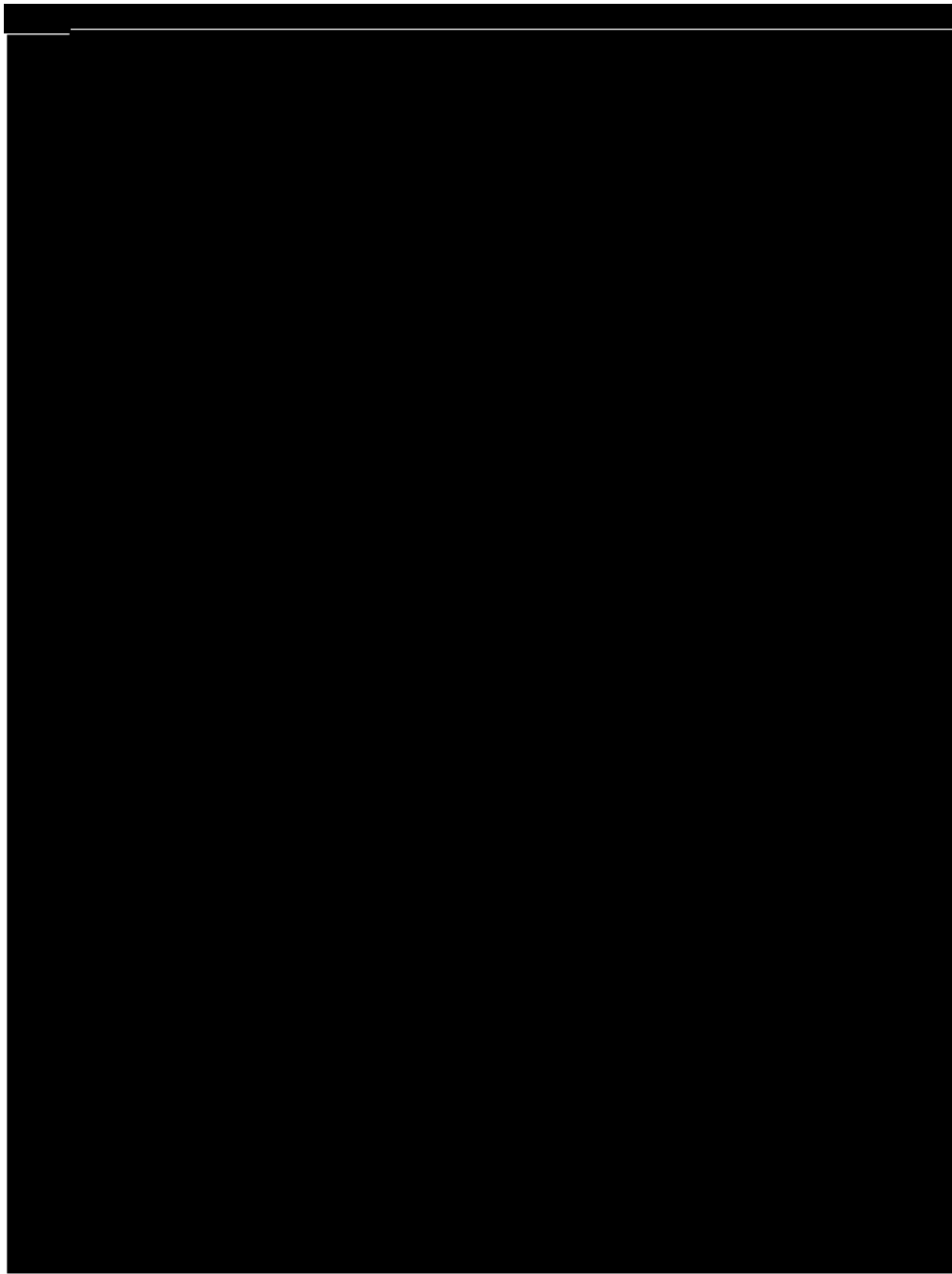
Civil Site Design
Construction Support
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Civil Engineering
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21 DESIGN

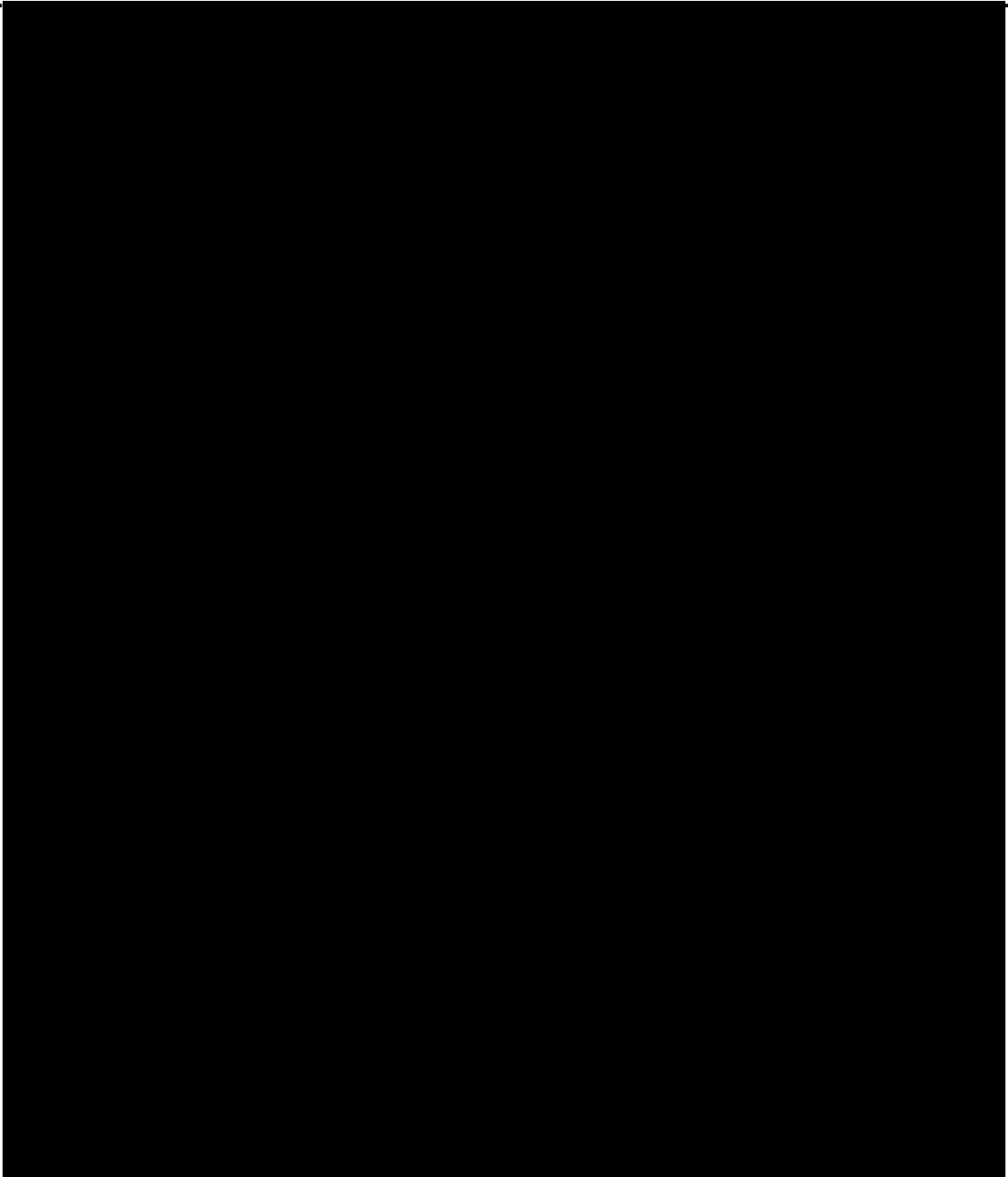
Civil Site Design
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Civil Site Design
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Wastewater Collection



Civil Engineering
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Civil Site Design
Construction Support
Transportation
Wastewater Collection

Golden Acres-Kentucky (Wastewater, KY0044164)

Engineering Memorandum

Date: February 17, 2019

Wastewater Treatment Facility Understanding



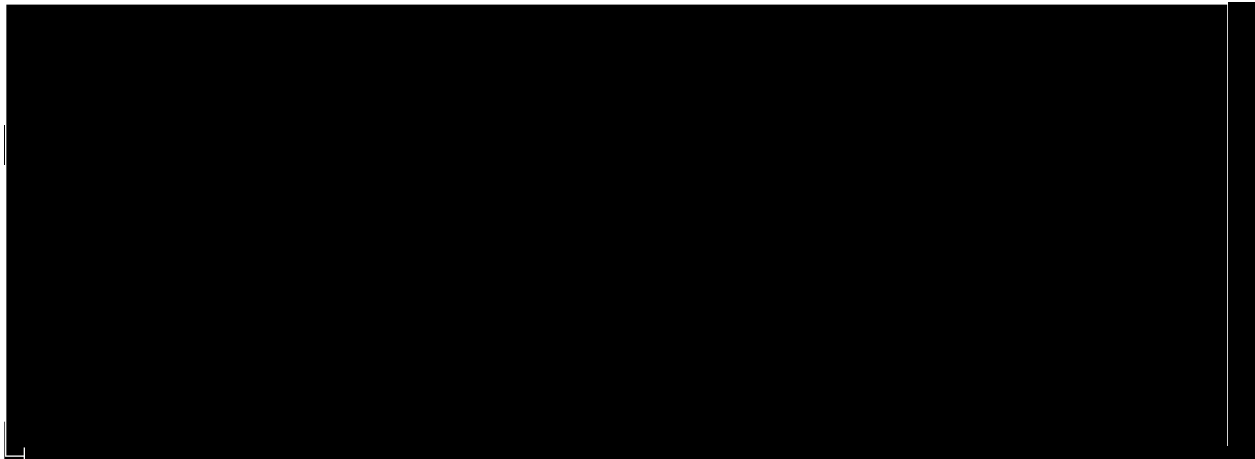
Civil Engineering
Surveying & Mapping
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Civil Site Design
Construction Support
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Wastewater Collection



Wastewater Collection System Understanding

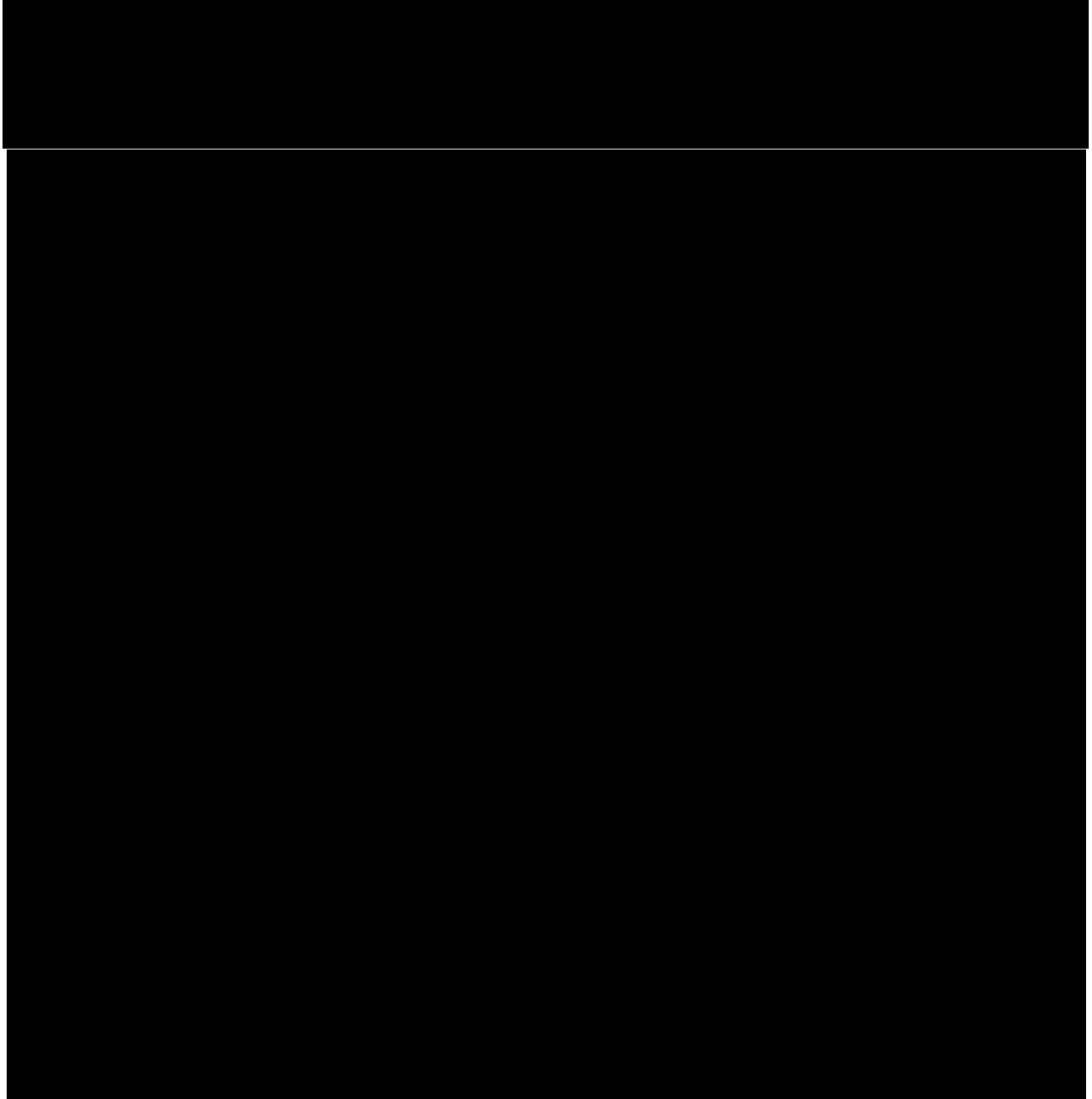


Civil Engineering
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Civil Site Design
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Civil Engineering
Surveying & Mapping
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Wastewater Treatment



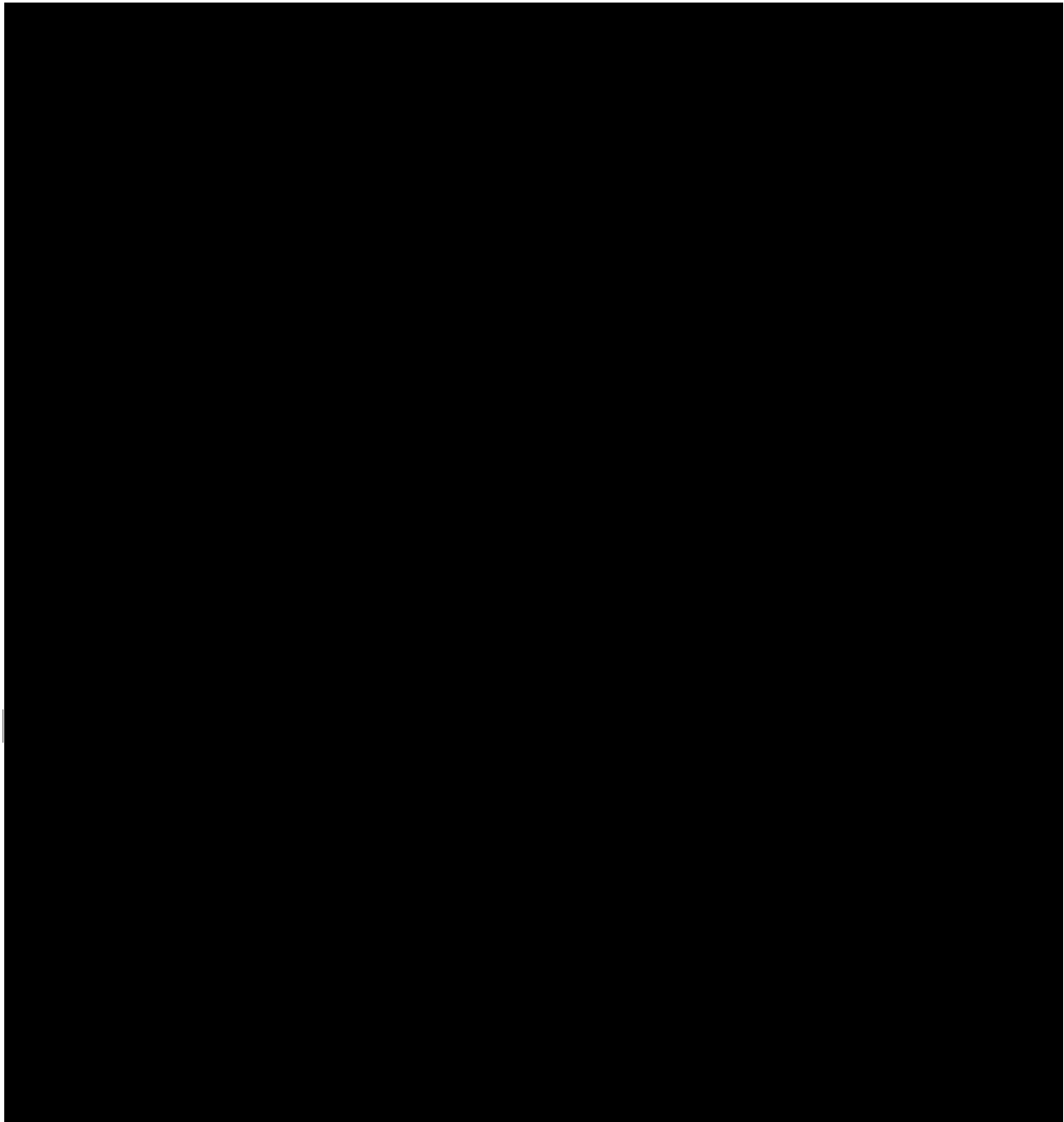
Civil Site Design
Construction Support
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Wastewater Collection

Great Oaks-Kentucky (Wastewater, KY0080845)

Engineering Memorandum

Date: February 19, 2019

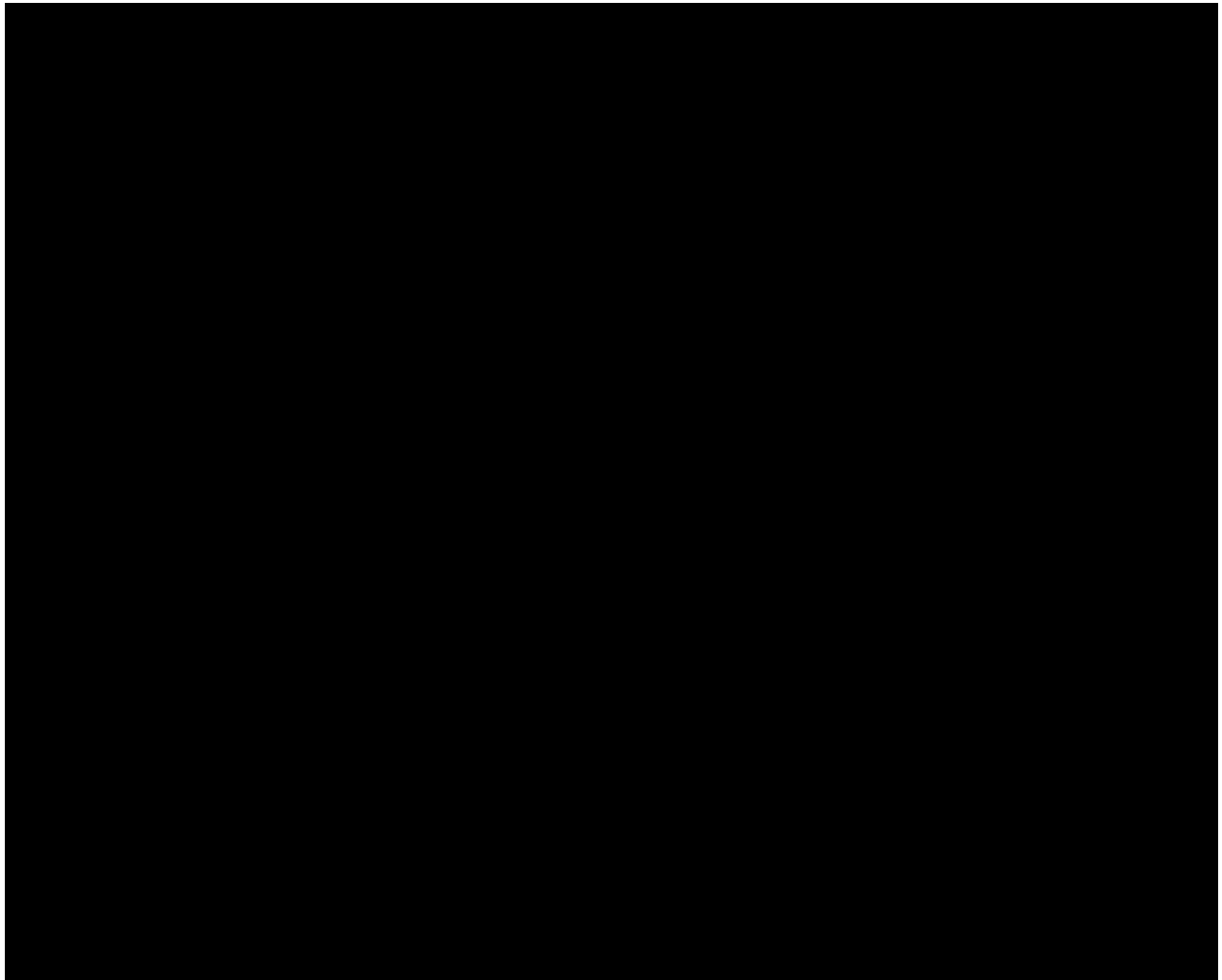
Wastewater Treatment Facility Understanding



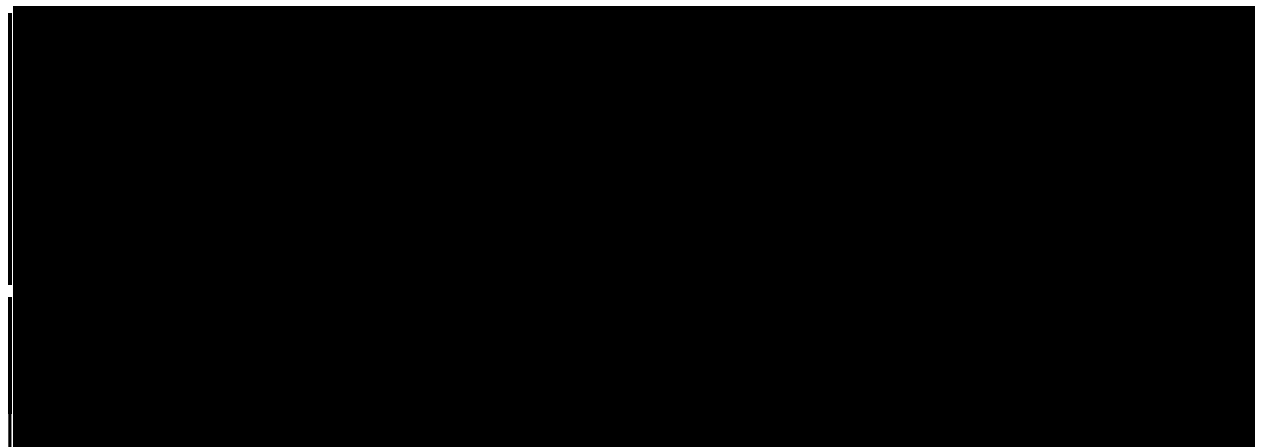
Civil Engineering
Surveying & Mapping
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Civil Site Design
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Wastewater Collection



Wastewater Collection System Understanding



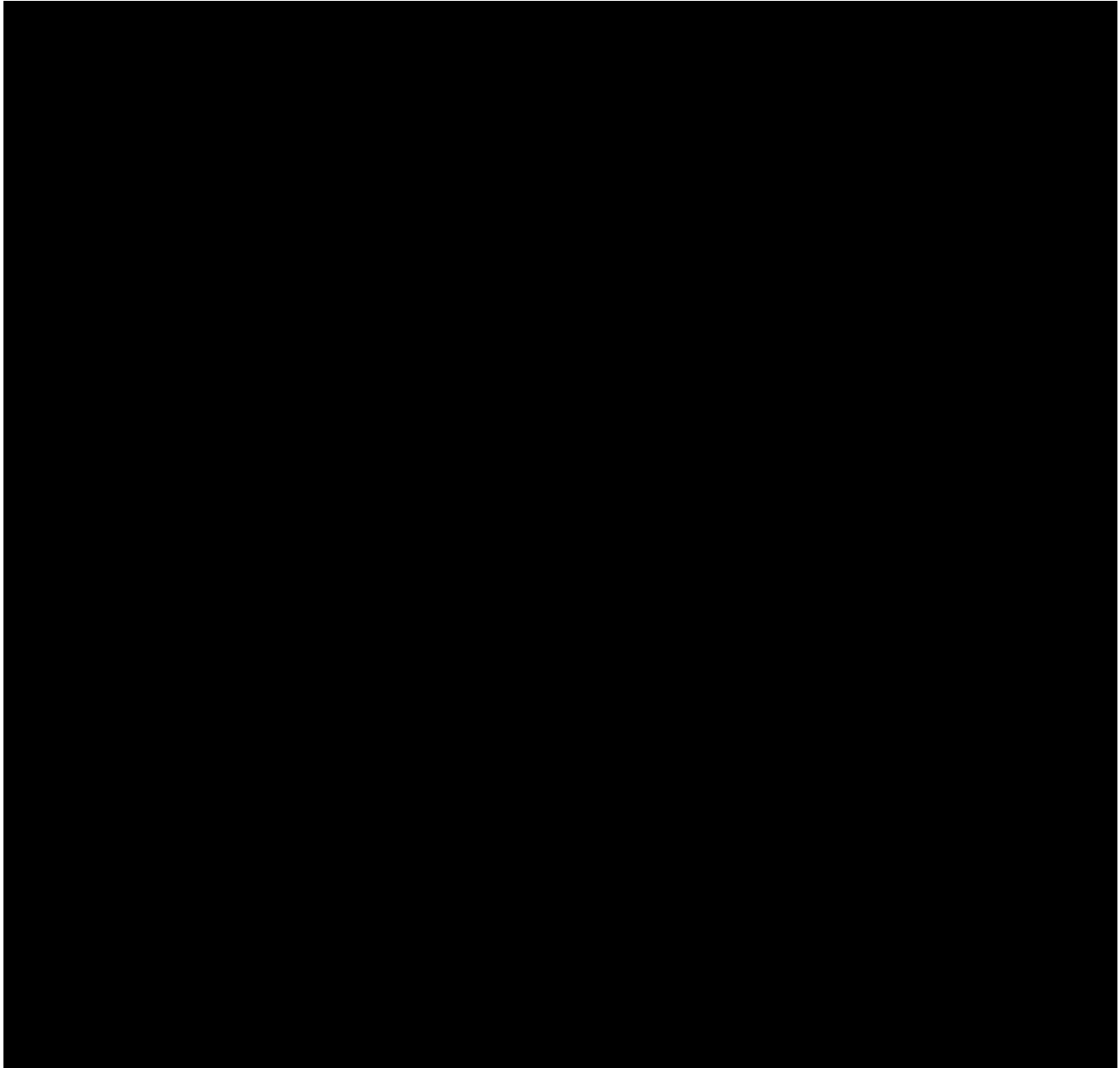
Civil Engineering
Surveying & Mapping
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Wastewater Treatment



Civil Site Design
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Wastewater Collection

Improvements Required: Map the system. Install a flow meter. Smoke test and video inspect the collection system.

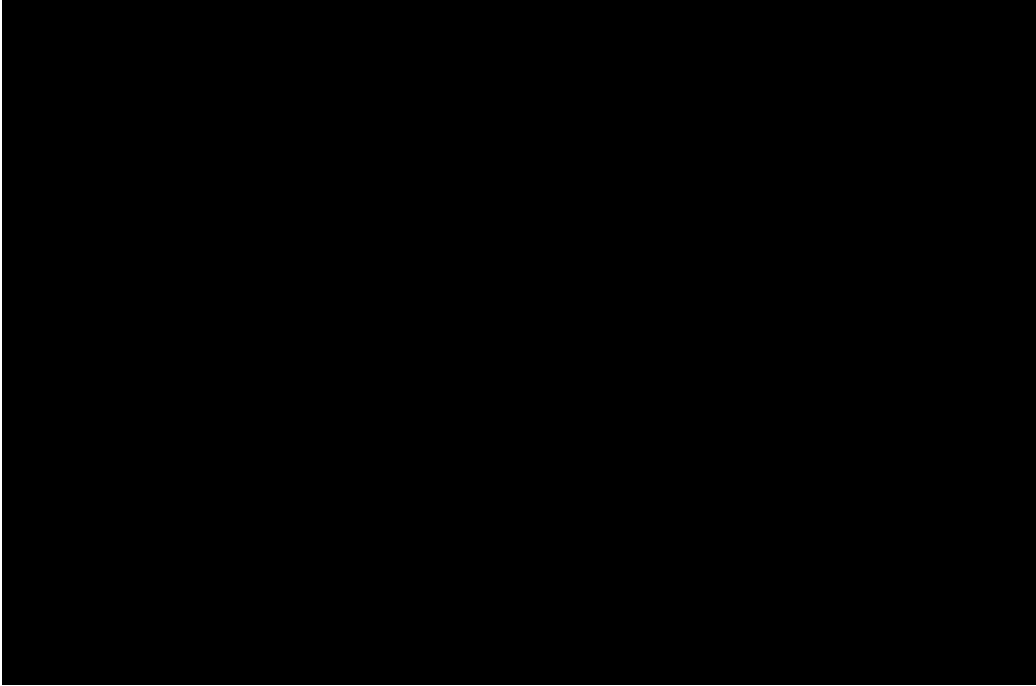
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Civil Engineering
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21 DESIGN

Civil Site Design
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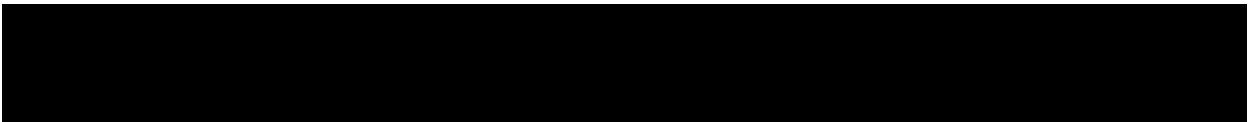
Civil Engineering
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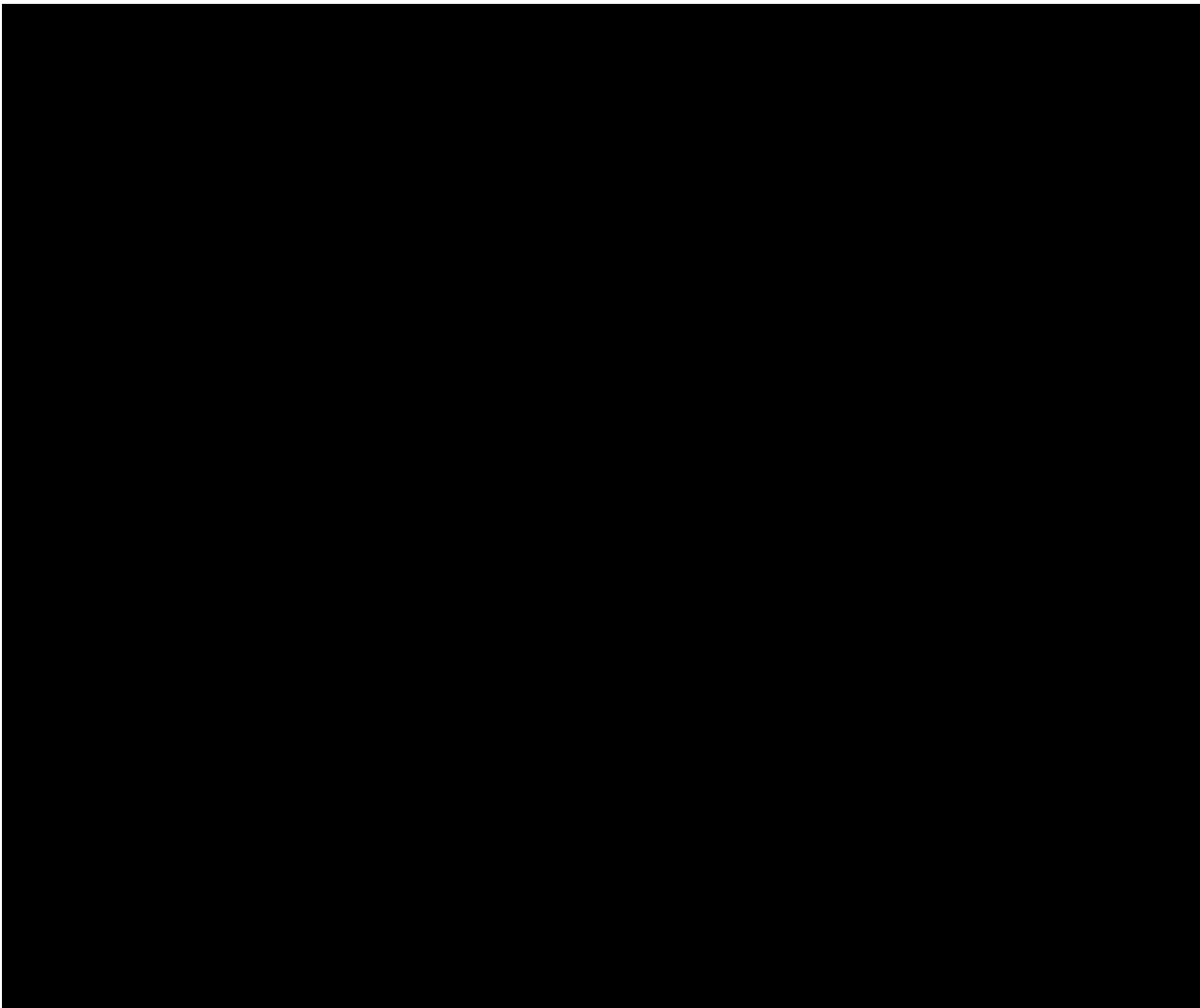
Civil Site Design
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Wastewater Collection

Herrington Haven Subdivision – Herrington Haven WWTP KY0053431
Kentucky
Engineering Memorandum
Date: September 11, 2020

Introduction



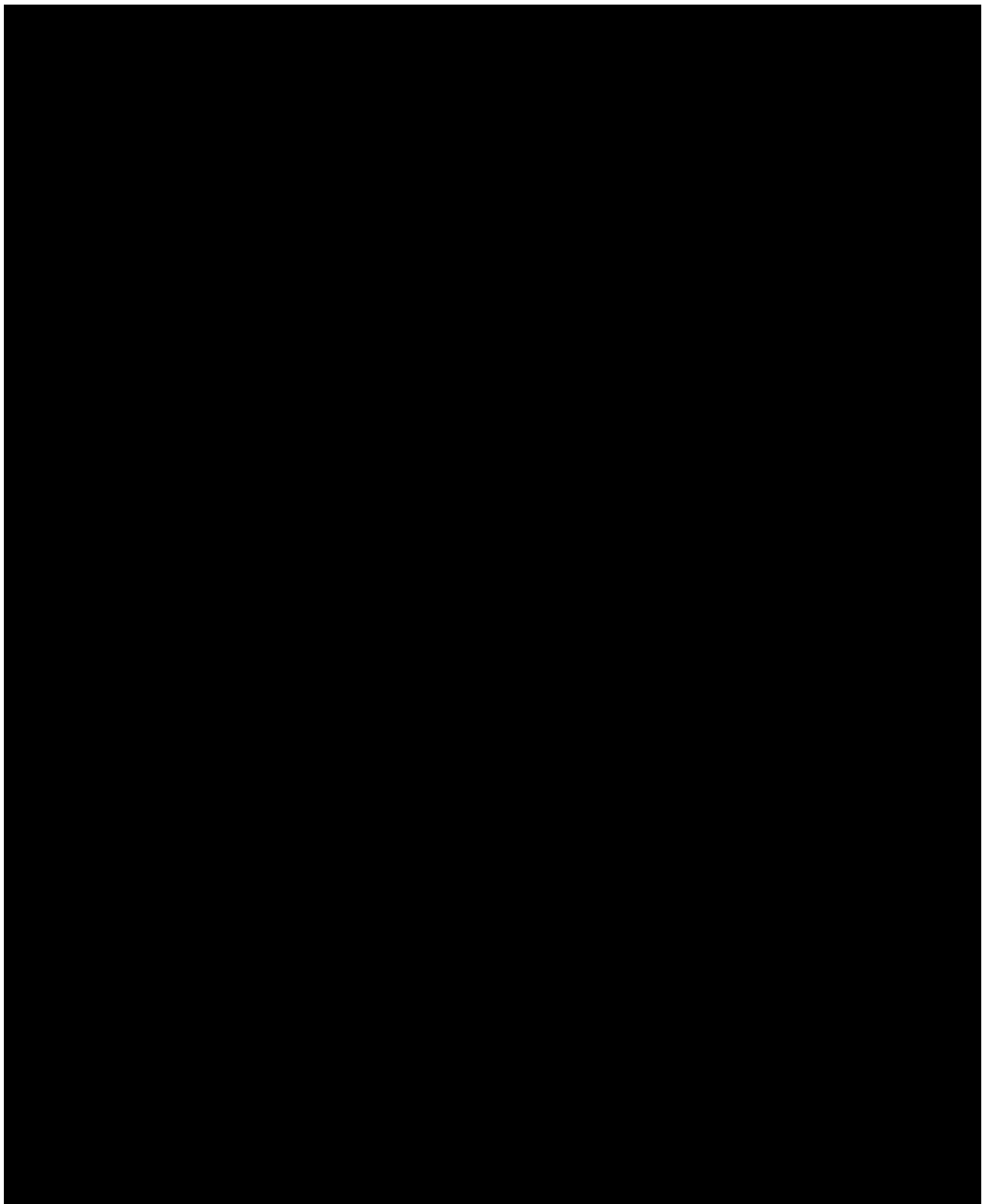
Wastewater Treatment Facility Existing Conditions



Civil Engineering
Surveying & Mapping
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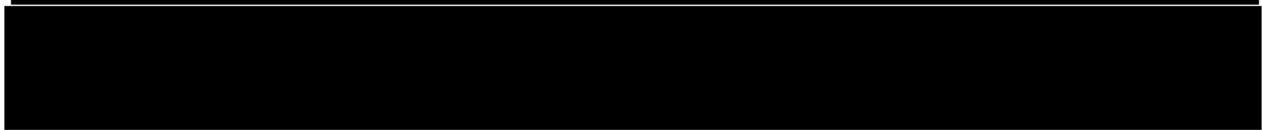
Civil Site Design
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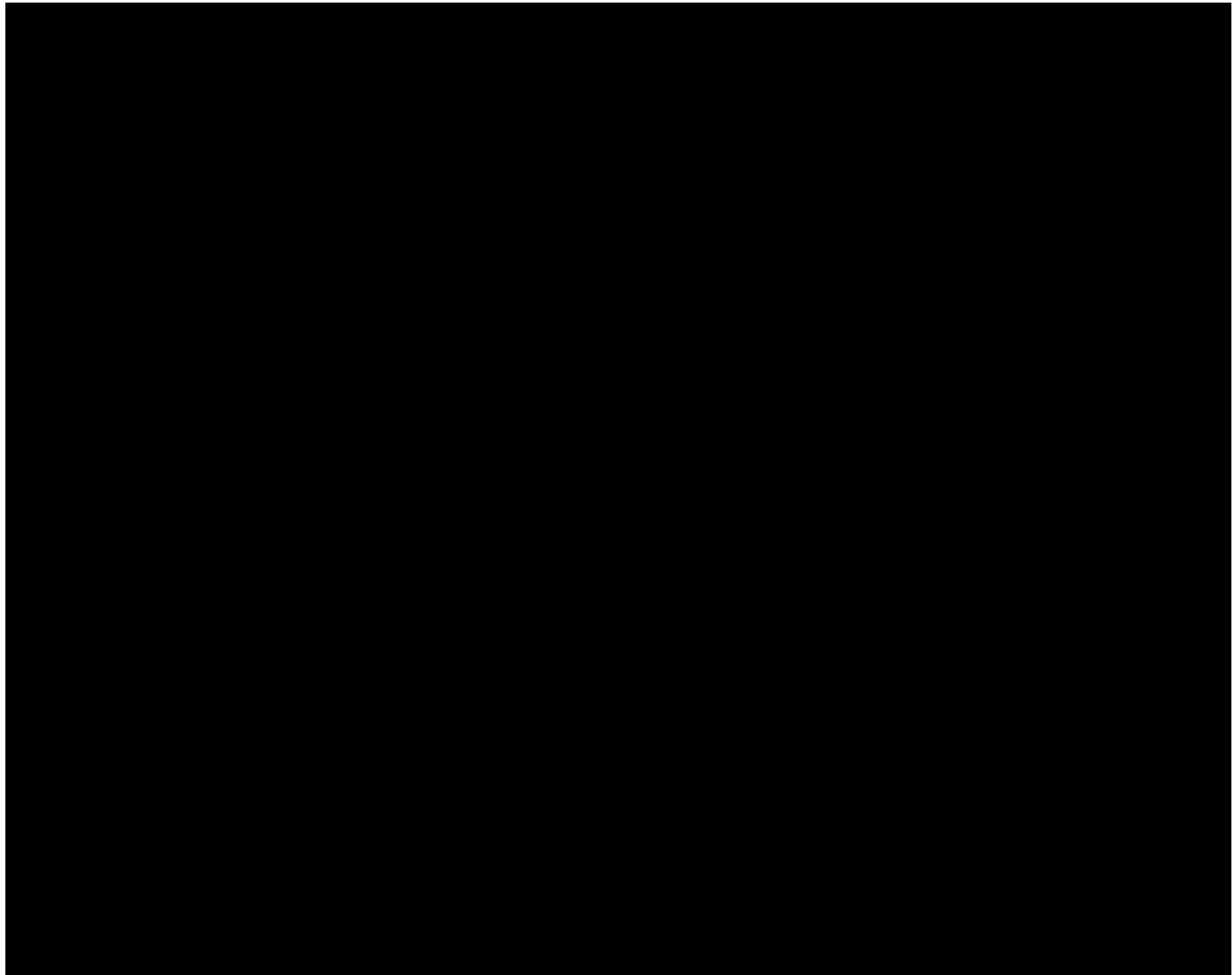
Civil Engineering
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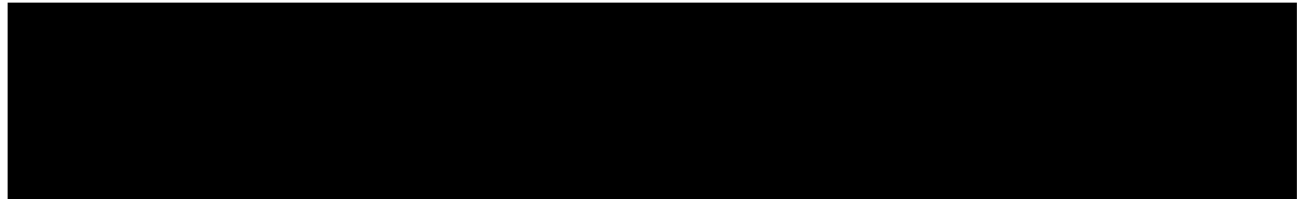
Civil Site Design
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Wastewater Treatment Facility Recommended Improvements



Wastewater Collection System Understanding

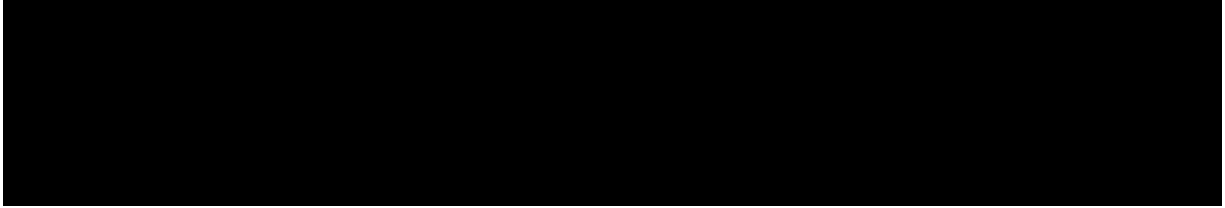


Civil Engineering
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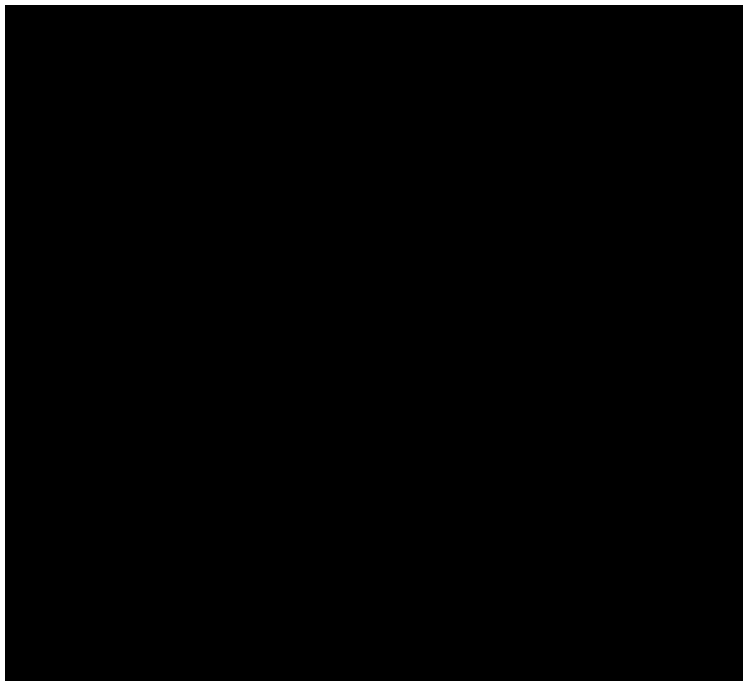


Civil Site Design
Construction Support
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Wastewater Collection System Recommended Improvements



Total Project Cost Estimate

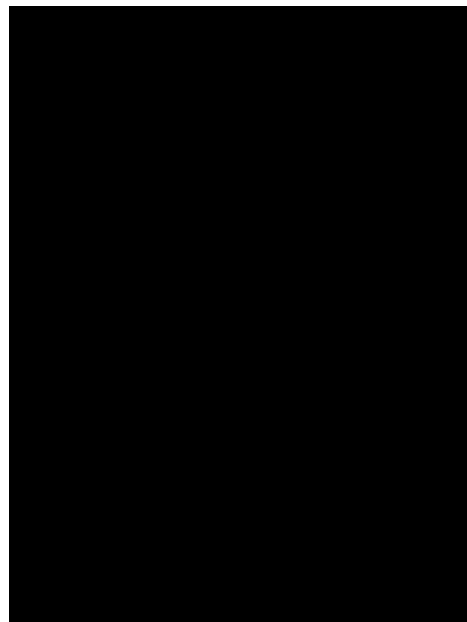


Civil Engineering
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Civil Site Design
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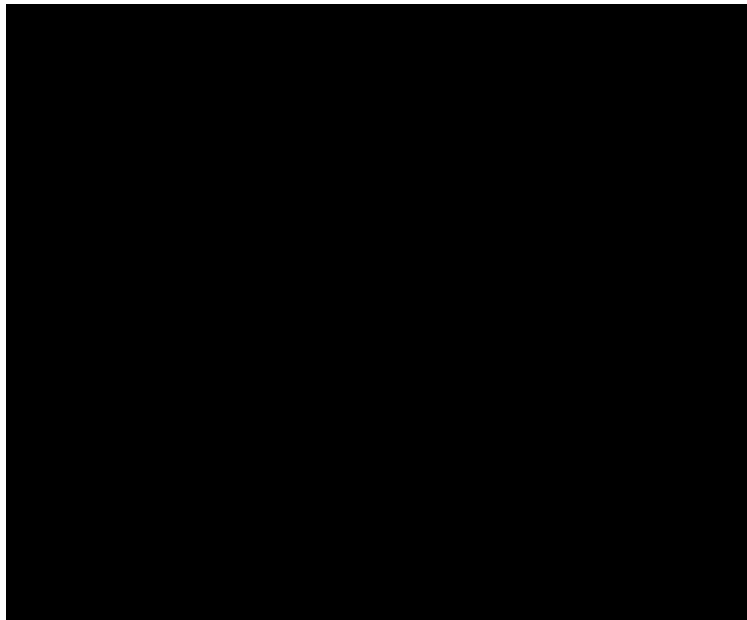
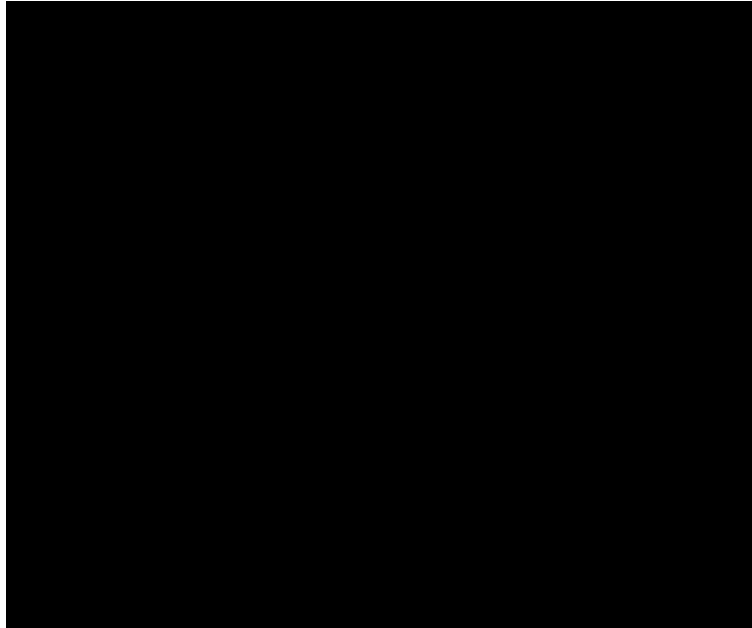
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Civil Engineering
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Civil Site Design
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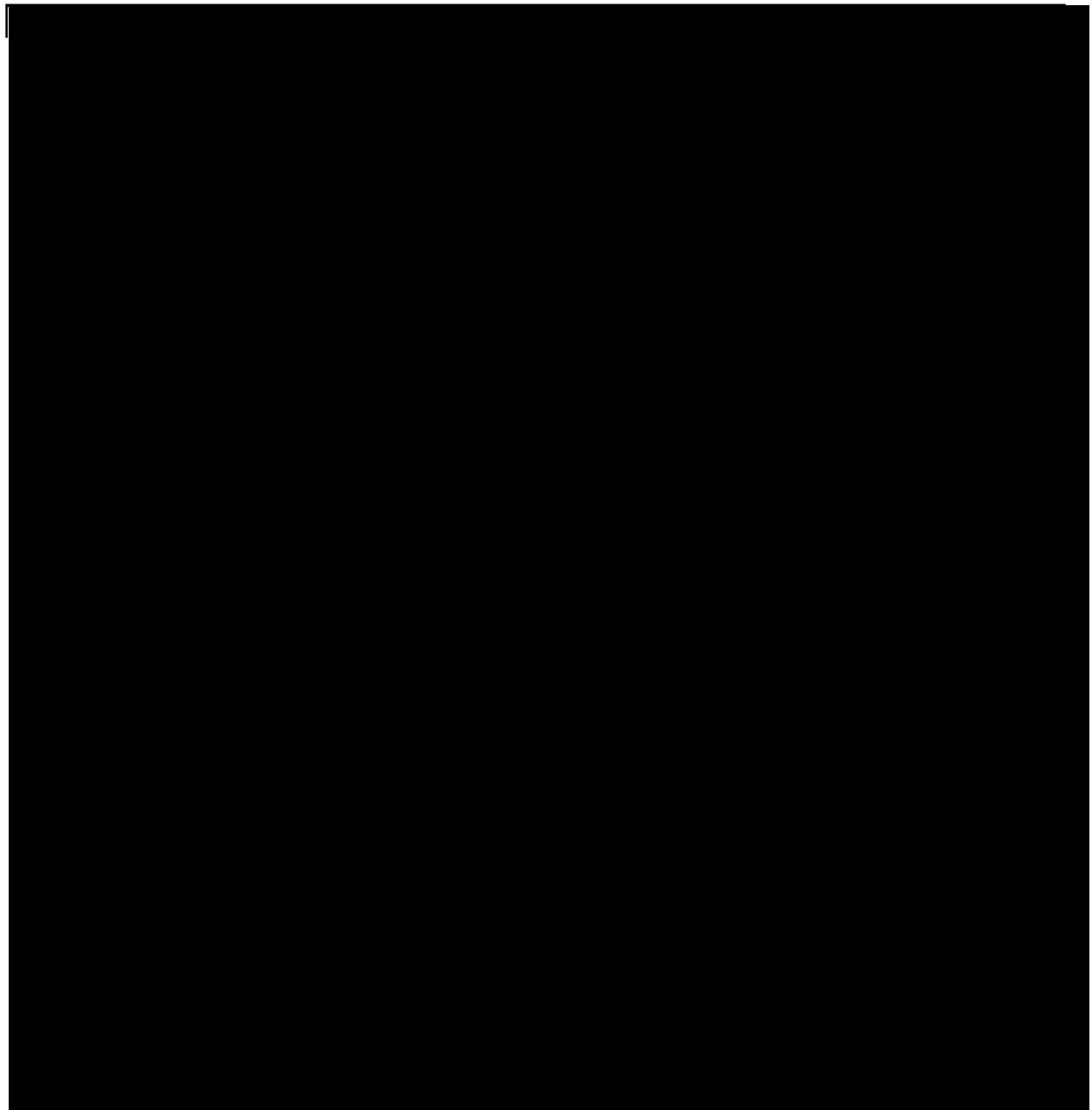
Civil Site Design
Construction Support
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Kingswood Kentucky (Wastewater, KY00101419)

Engineering Memorandum

Date: April 2, 2019

Wastewater Treatment Facility Understanding



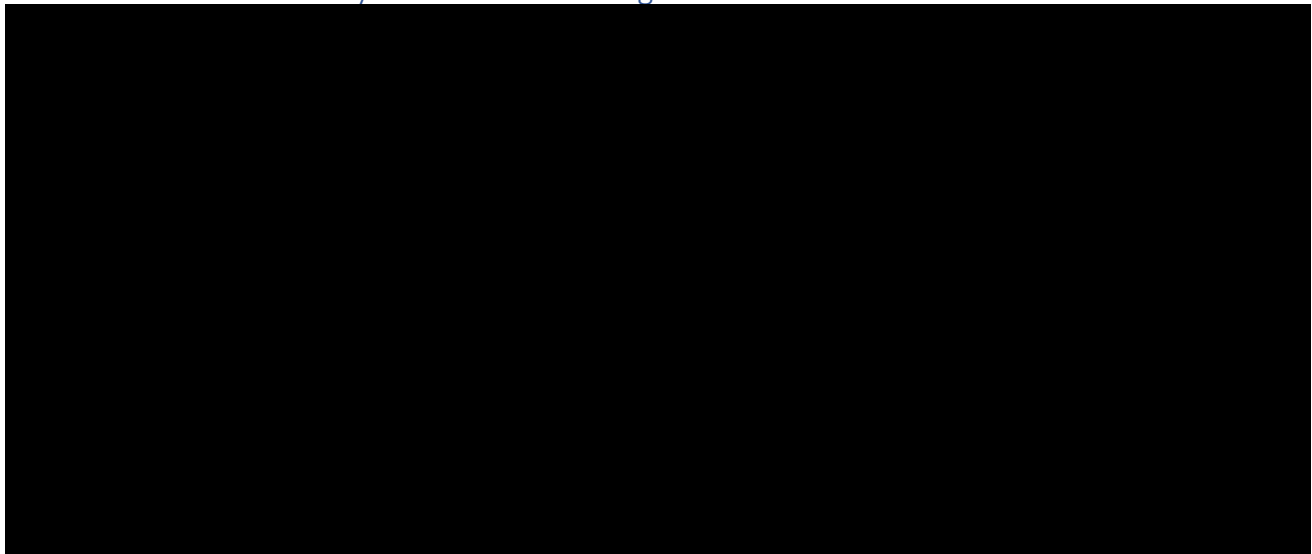
Civil Engineering
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Civil Site Design
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Wastewater Collection System Understanding

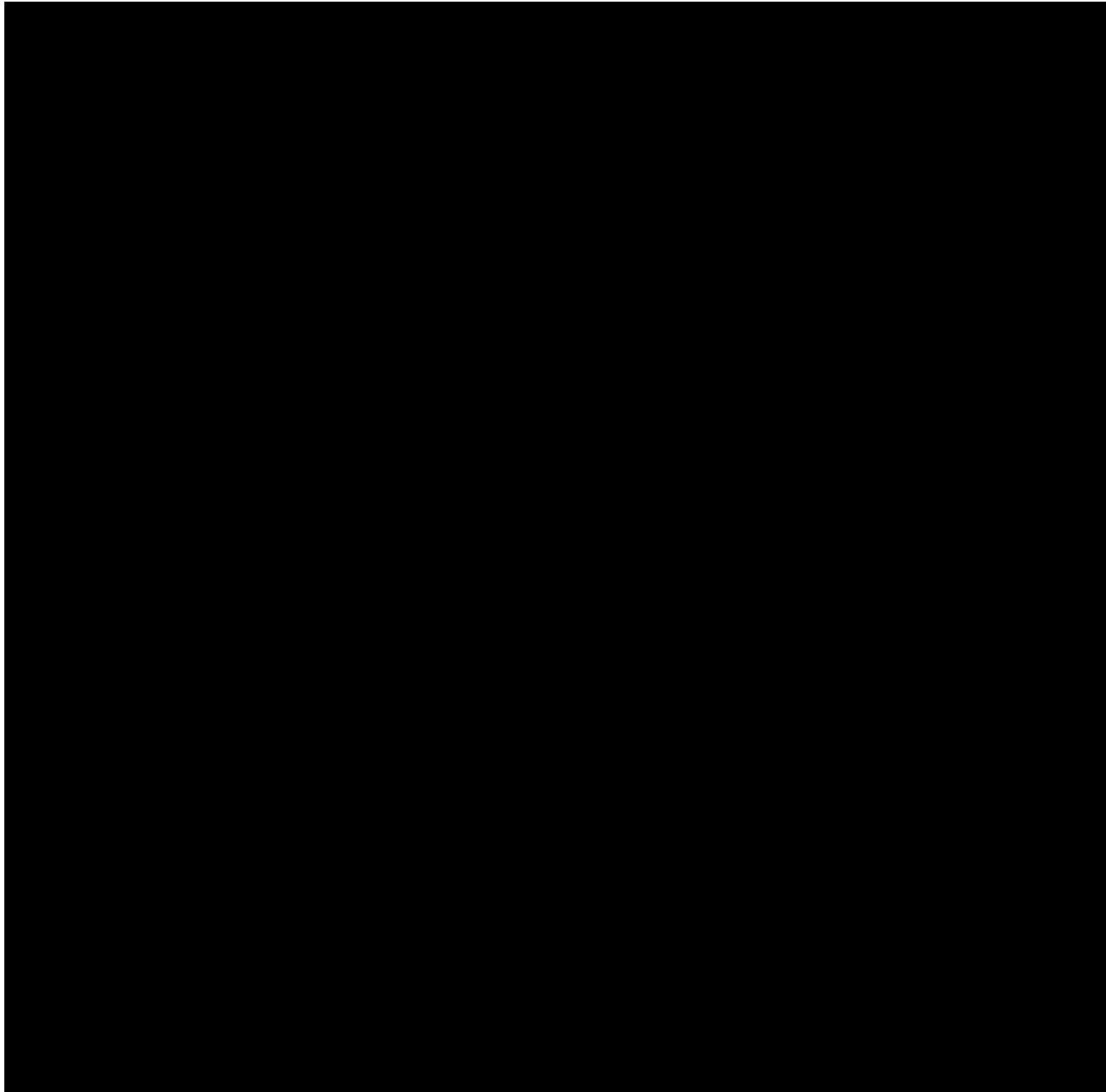


Civil Engineering
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Civil Site Design
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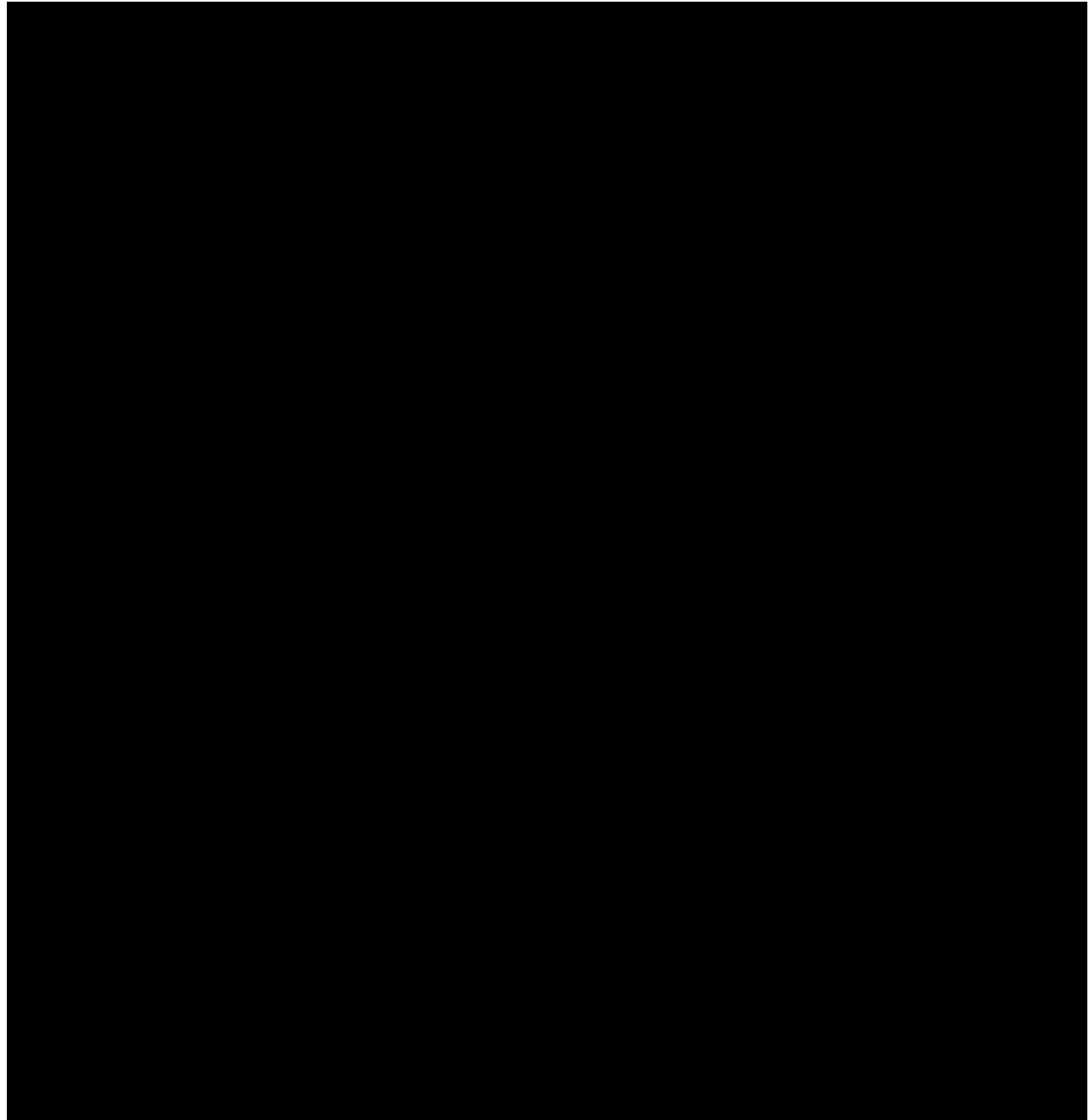
Civil Engineering
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Civil Site Design
Construction Support
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Wastewater Collection

Lake Columbia-Kentucky (Wastewater)
Engineering Memorandum
Date: December 28, 2018

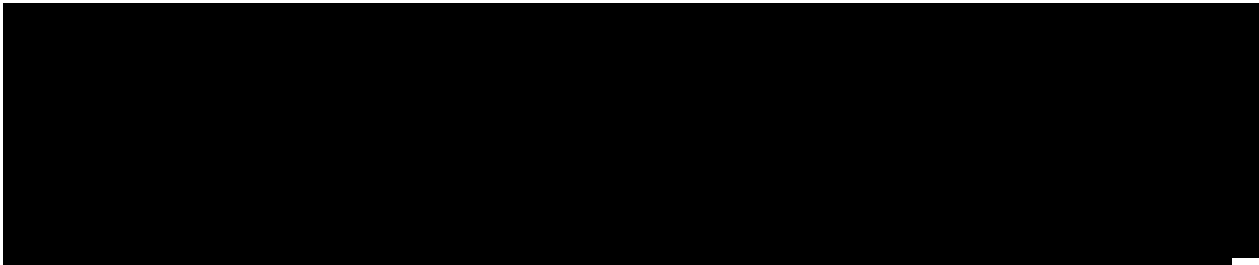
Wastewater Treatment Facility Understanding



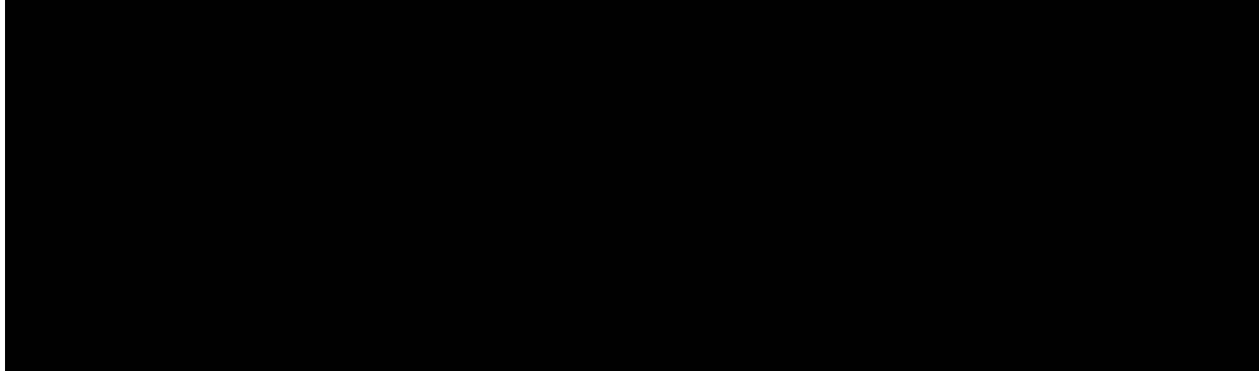
Civil Engineering
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Civil Site Design
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Wastewater Collection System Understanding

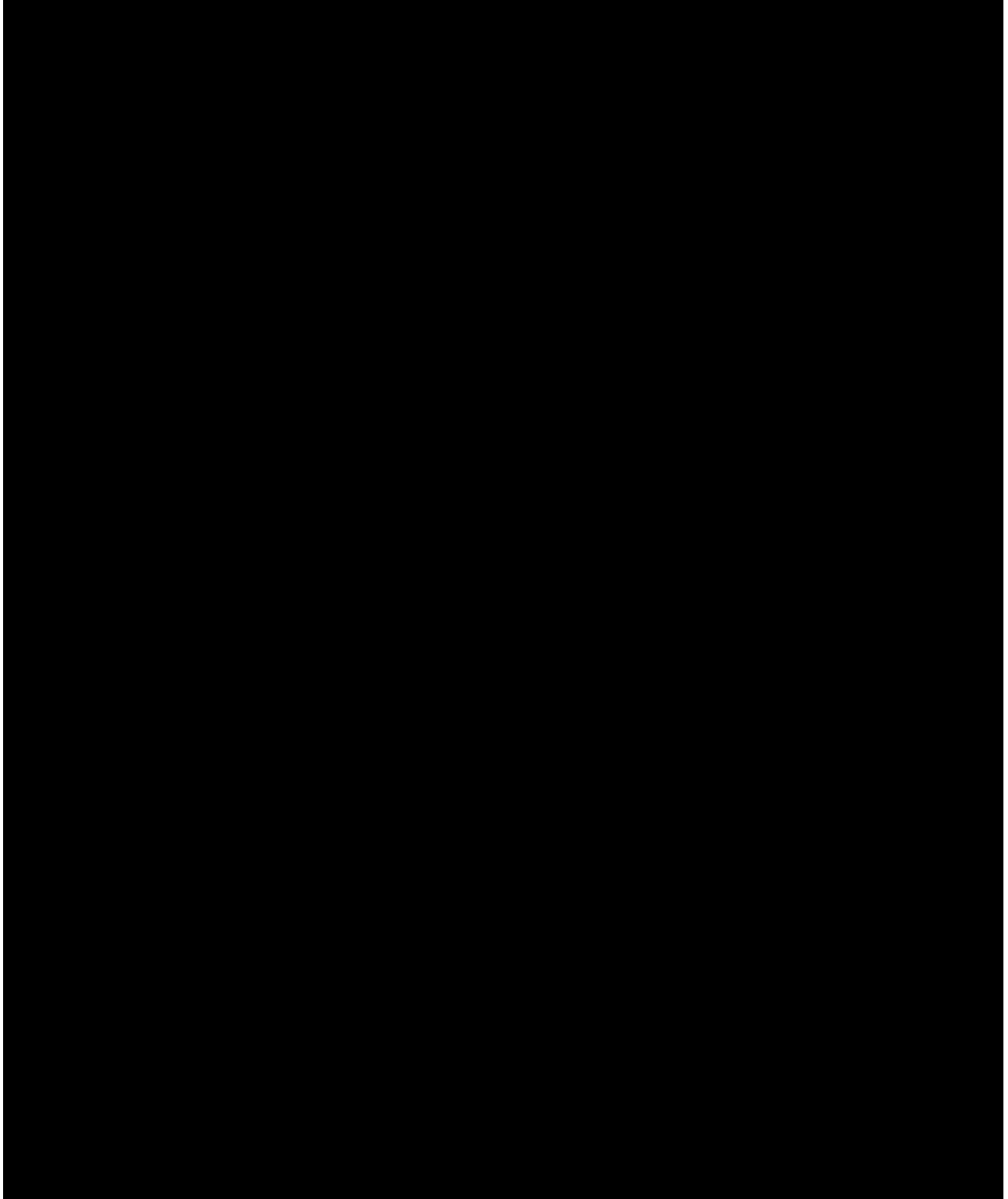


Civil Engineering
Surveying & Mapping
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Civil Site Design
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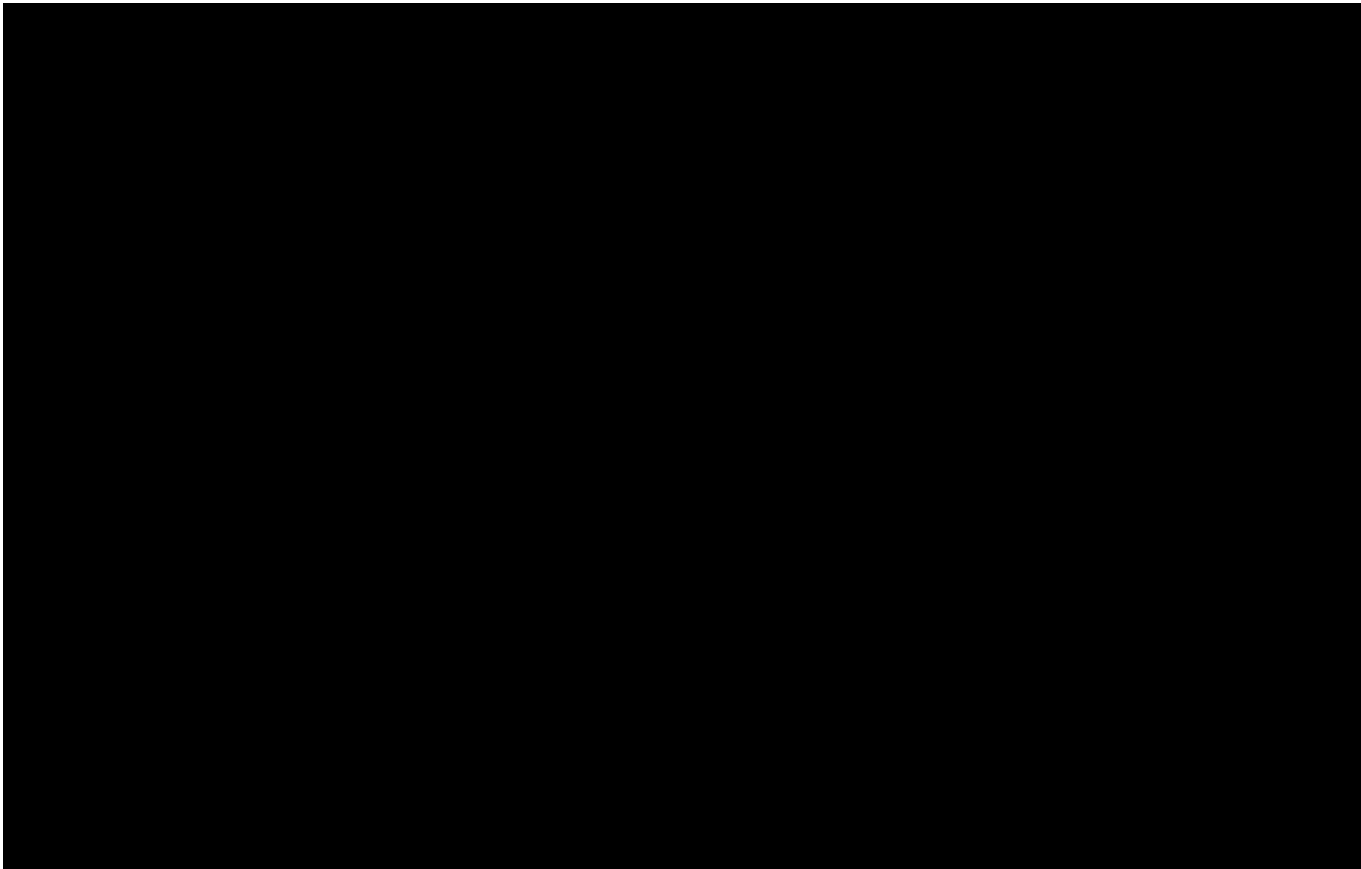
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Civil Site Design
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Civil Engineering
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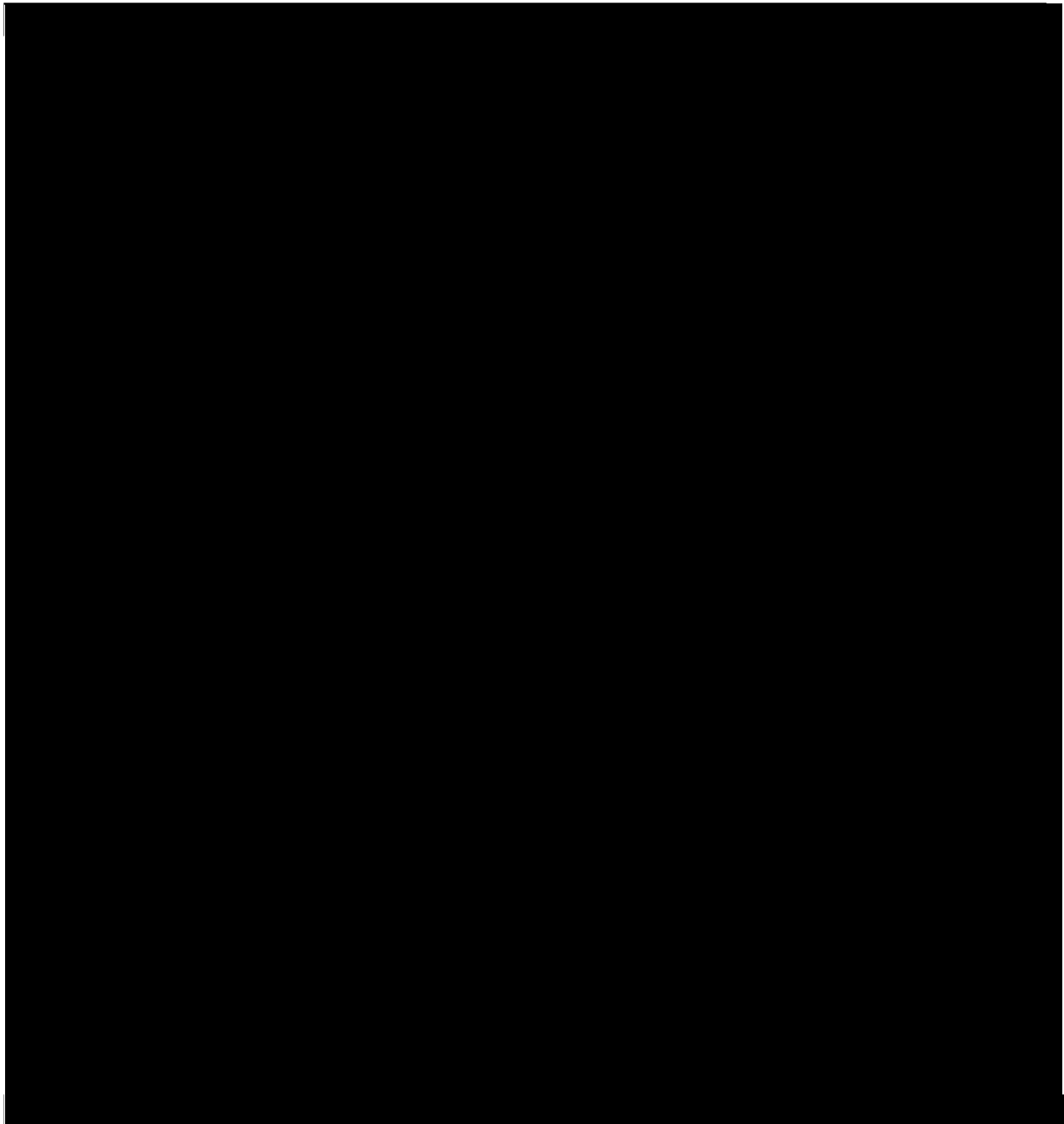
Civil Site Design
Construction Support
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LH Treatment-Kentucky (Wastewater, KY0081591)

Engineering Memorandum

Date: February 17, 2019

Wastewater Treatment Facility Understanding



Civil Engineering
Surveying & Mapping
Potable Water
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Civil Site Design
Construction Support
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Wastewater Collection System Understanding

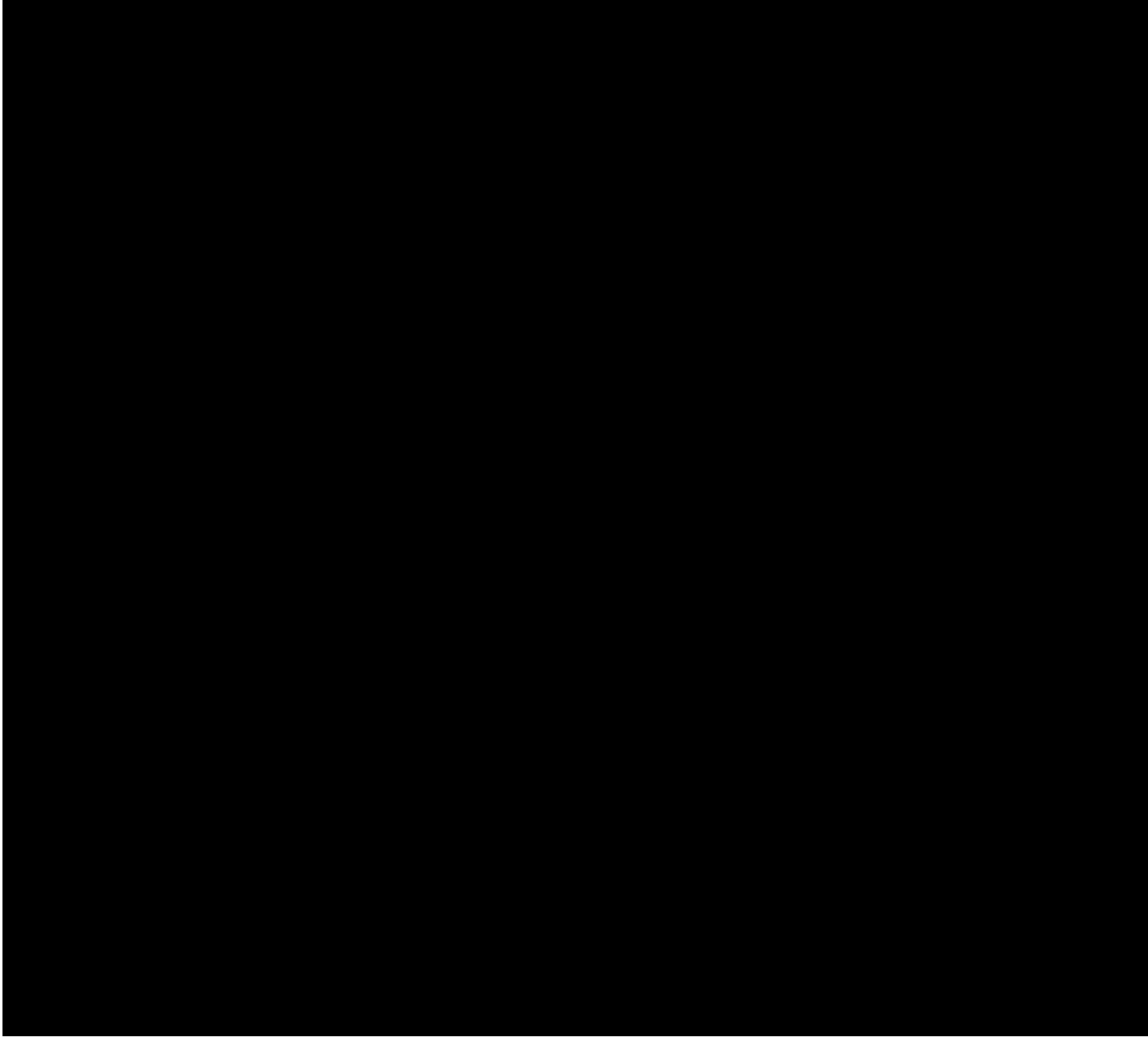


Civil Engineering
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Civil Site Design
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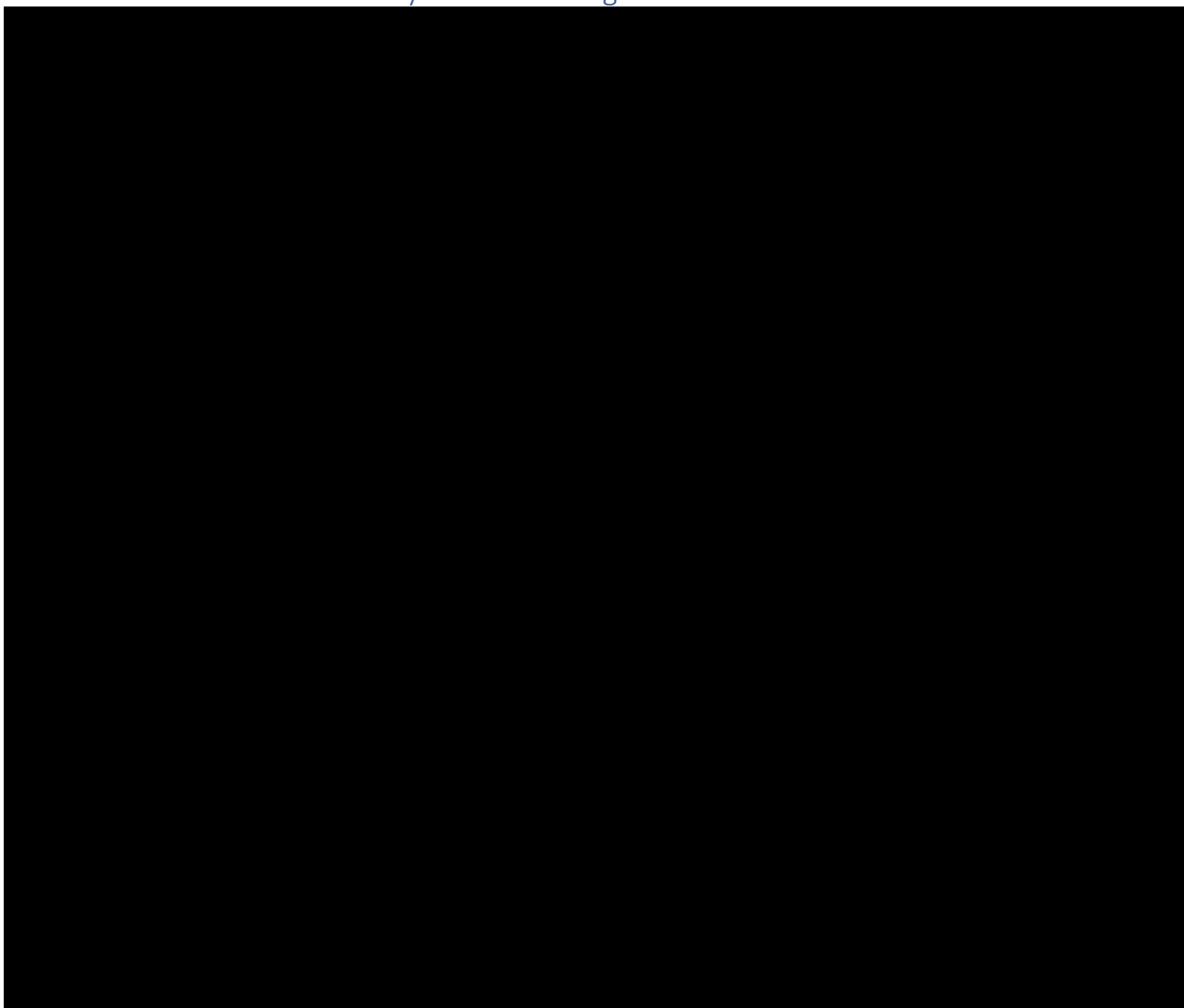
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Civil Site Design
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Marshall Ridge (Wastewater) – No discharge/No permit
Engineering Memorandum
Date: October 5, 2019

Wastewater Treatment Facility Understanding

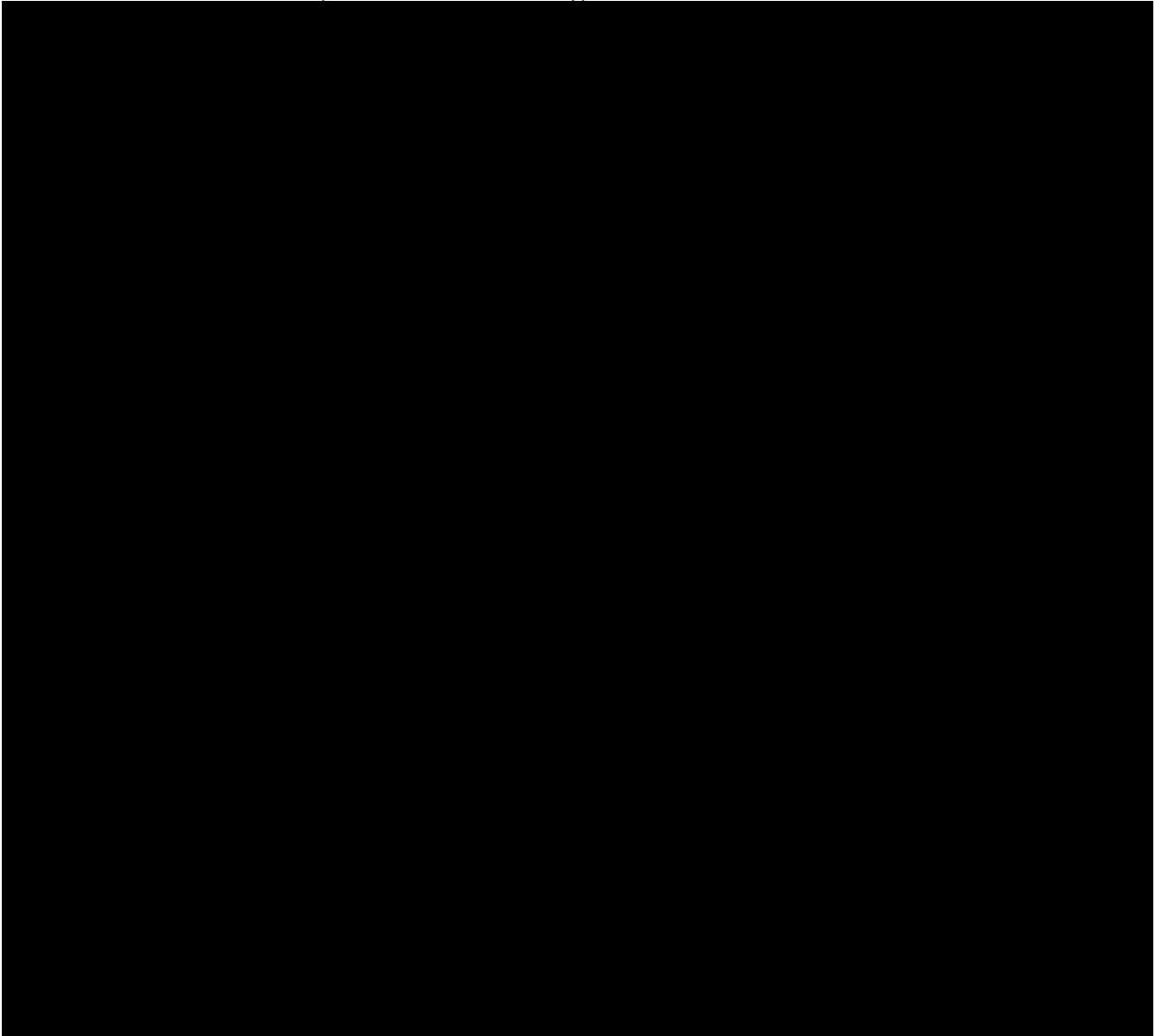


Civil Engineering
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Civil Site Design
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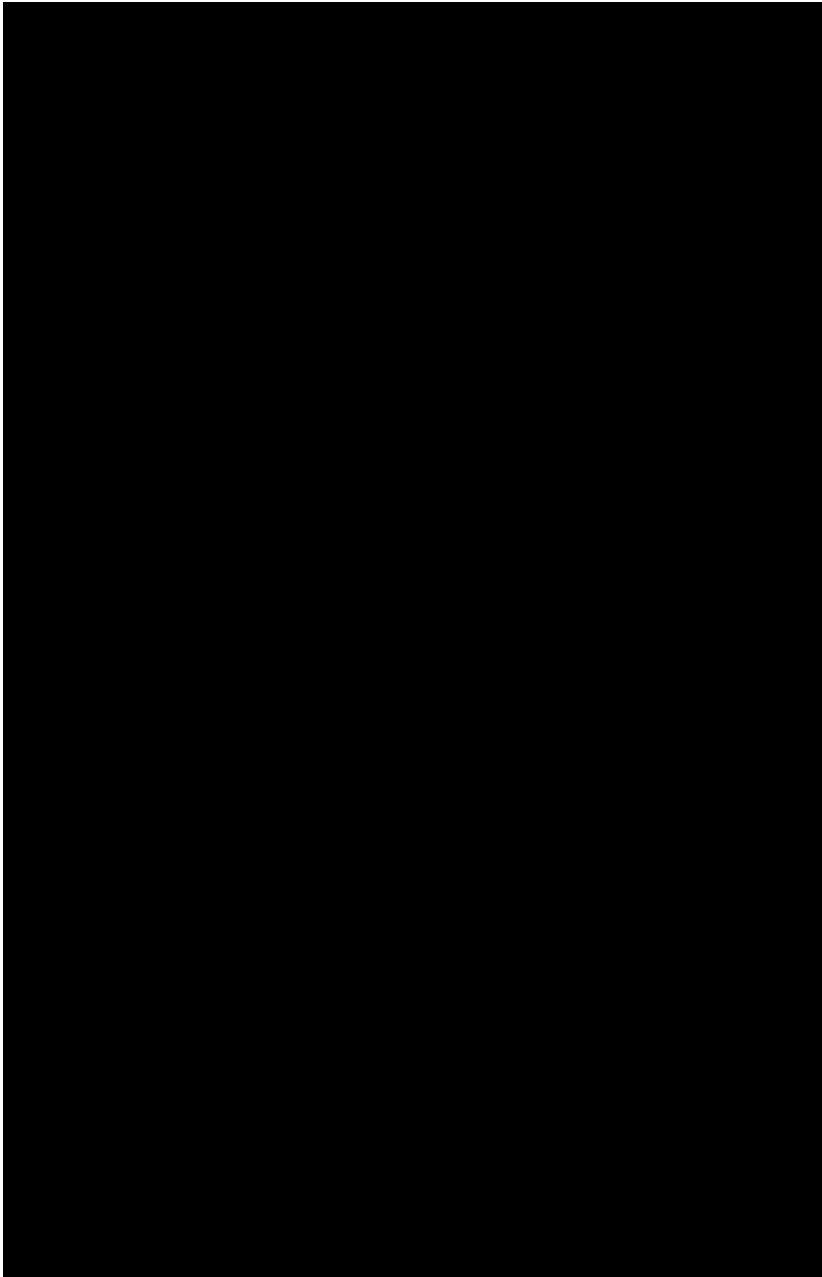
Wastewater Collection System Understanding



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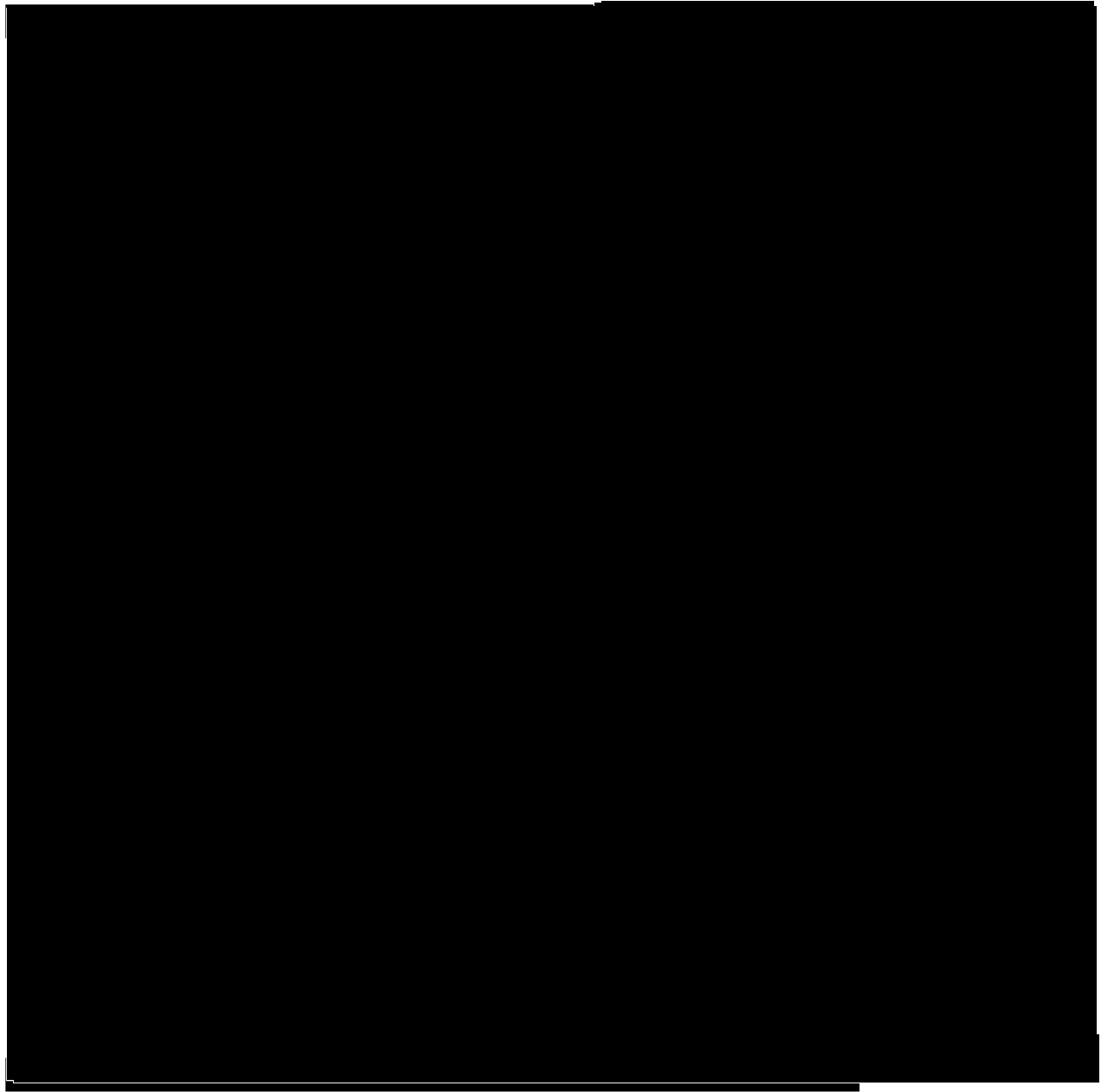
Civil Engineering
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Potable Water
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Civil Site Design
Construction Support
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Wastewater Collection

Persimmon Ridge (Wastewater)
Engineering Memorandum
Date: December 31, 2018

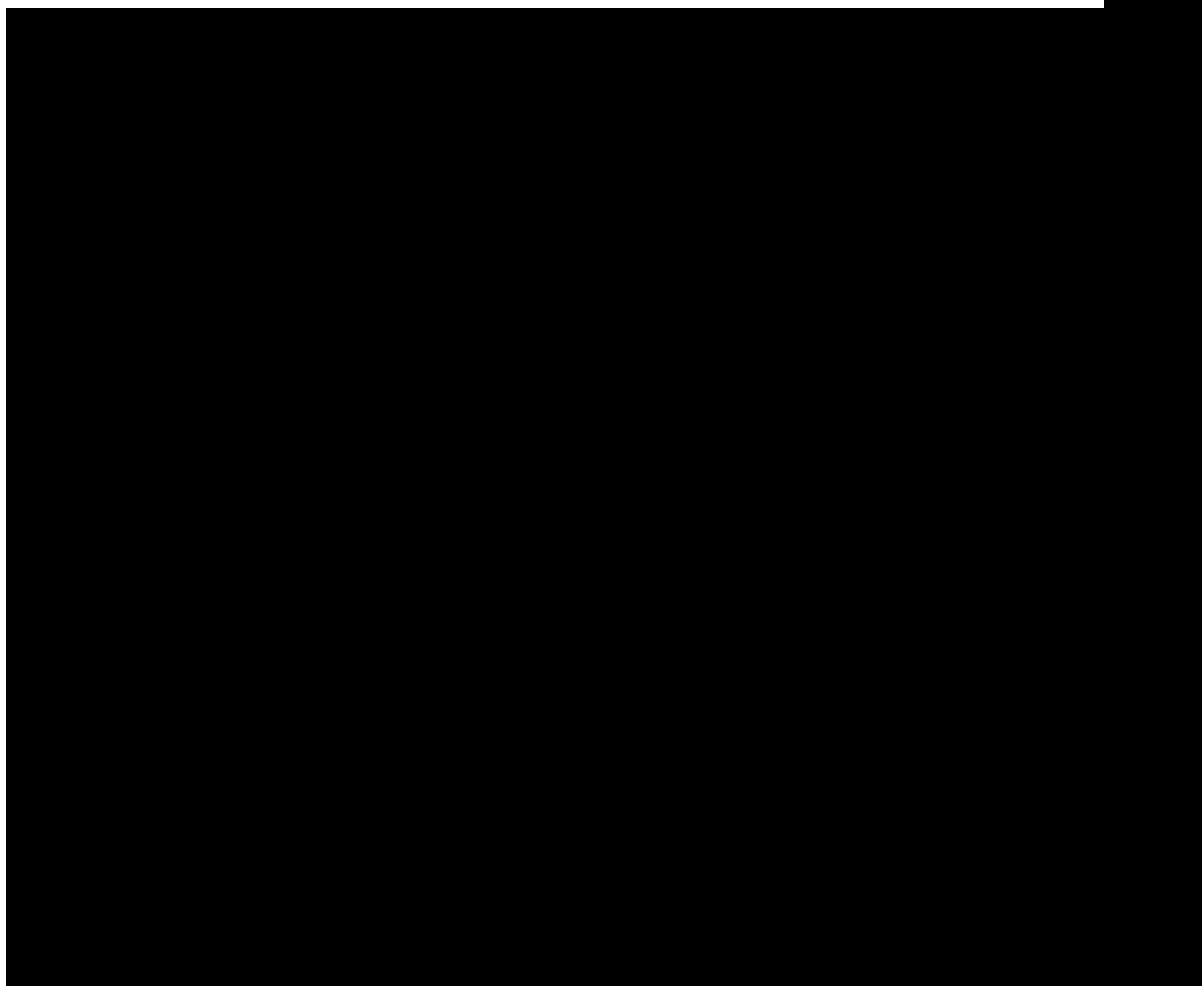
Wastewater Treatment Facility Understanding



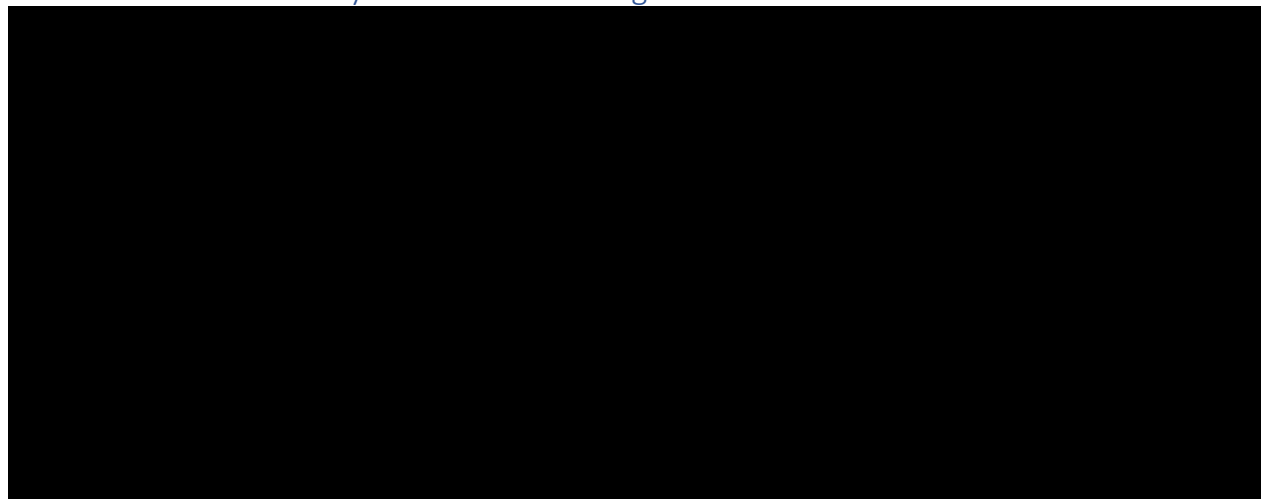
Civil Engineering
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Civil Site Design
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Wastewater Collection



Wastewater Collection System Understanding

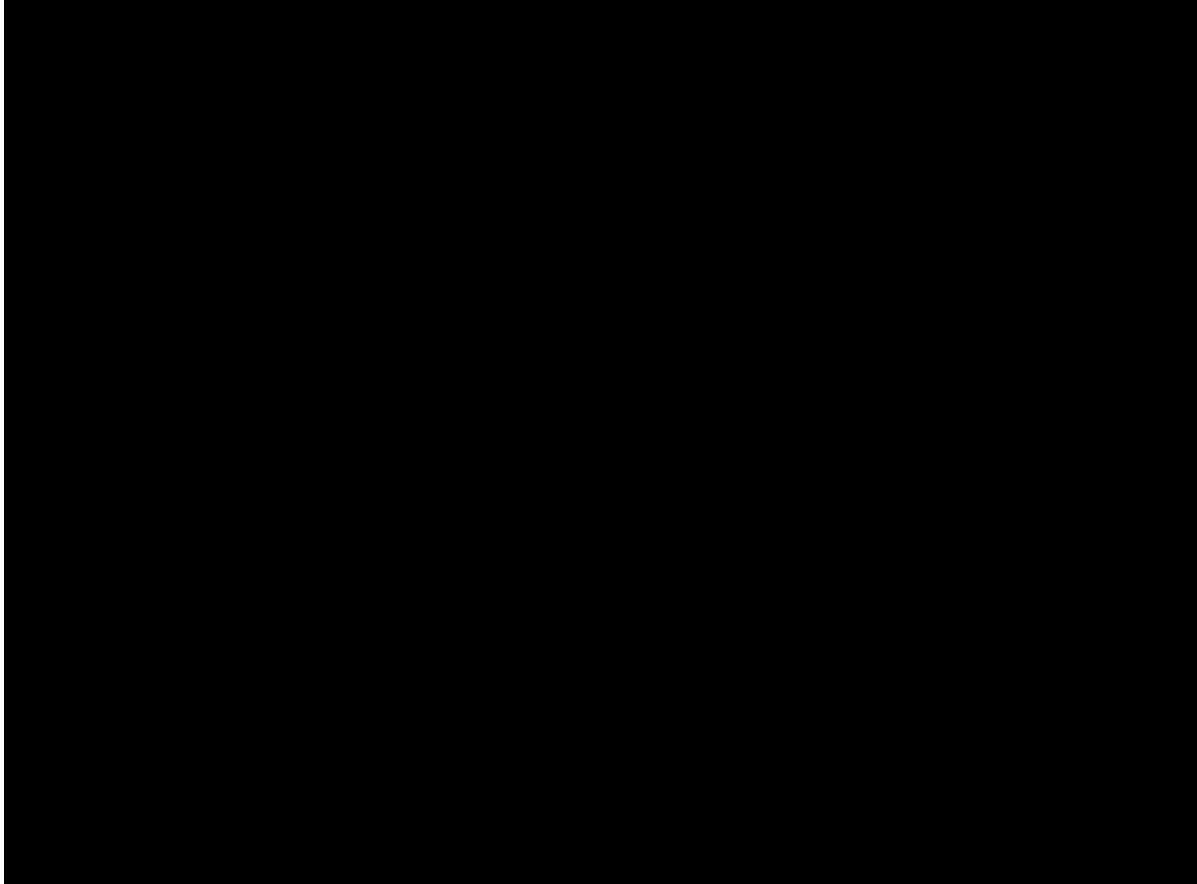


Civil Engineering
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Civil Site Design
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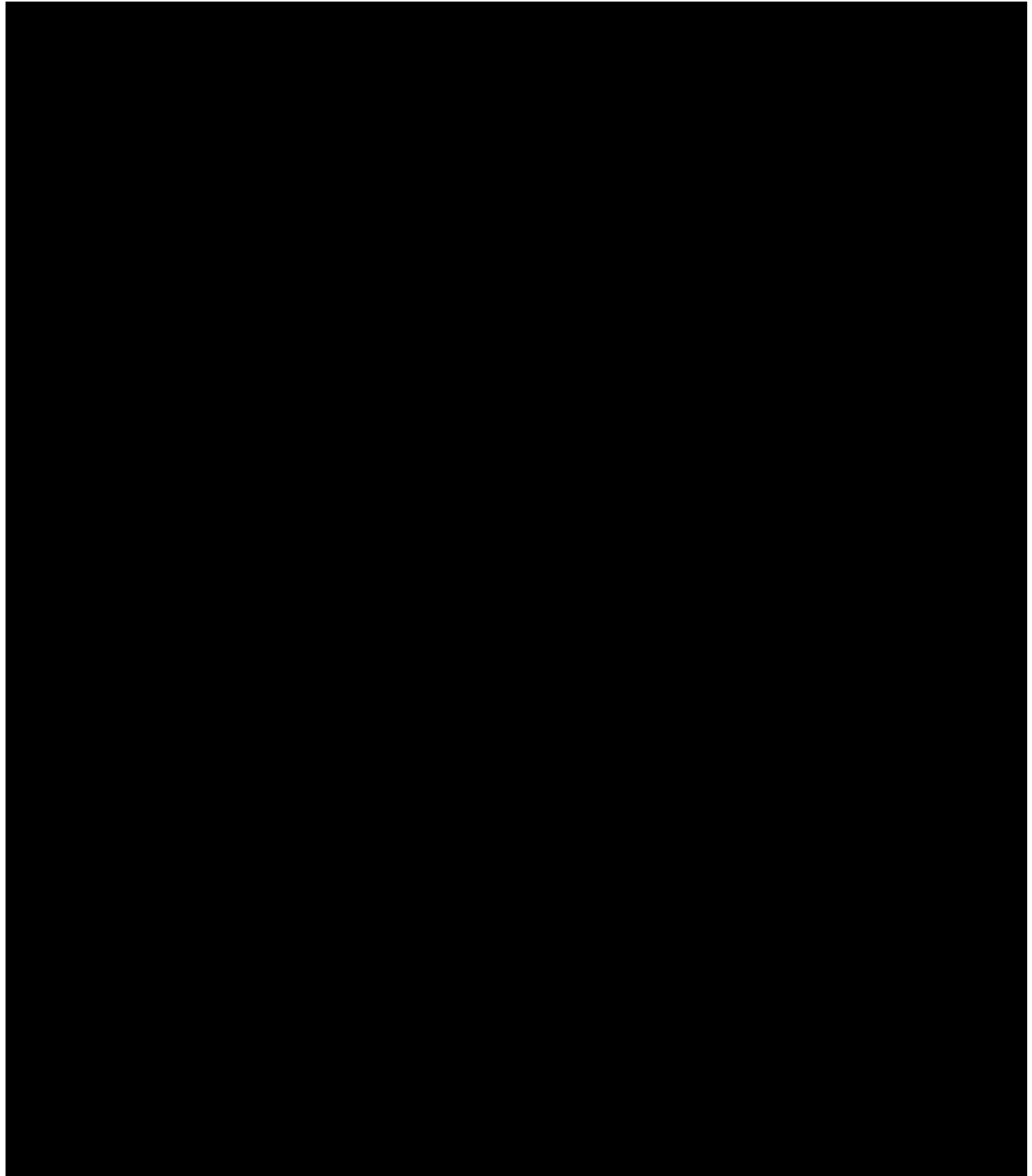
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Civil Engineering
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Civil Site Design
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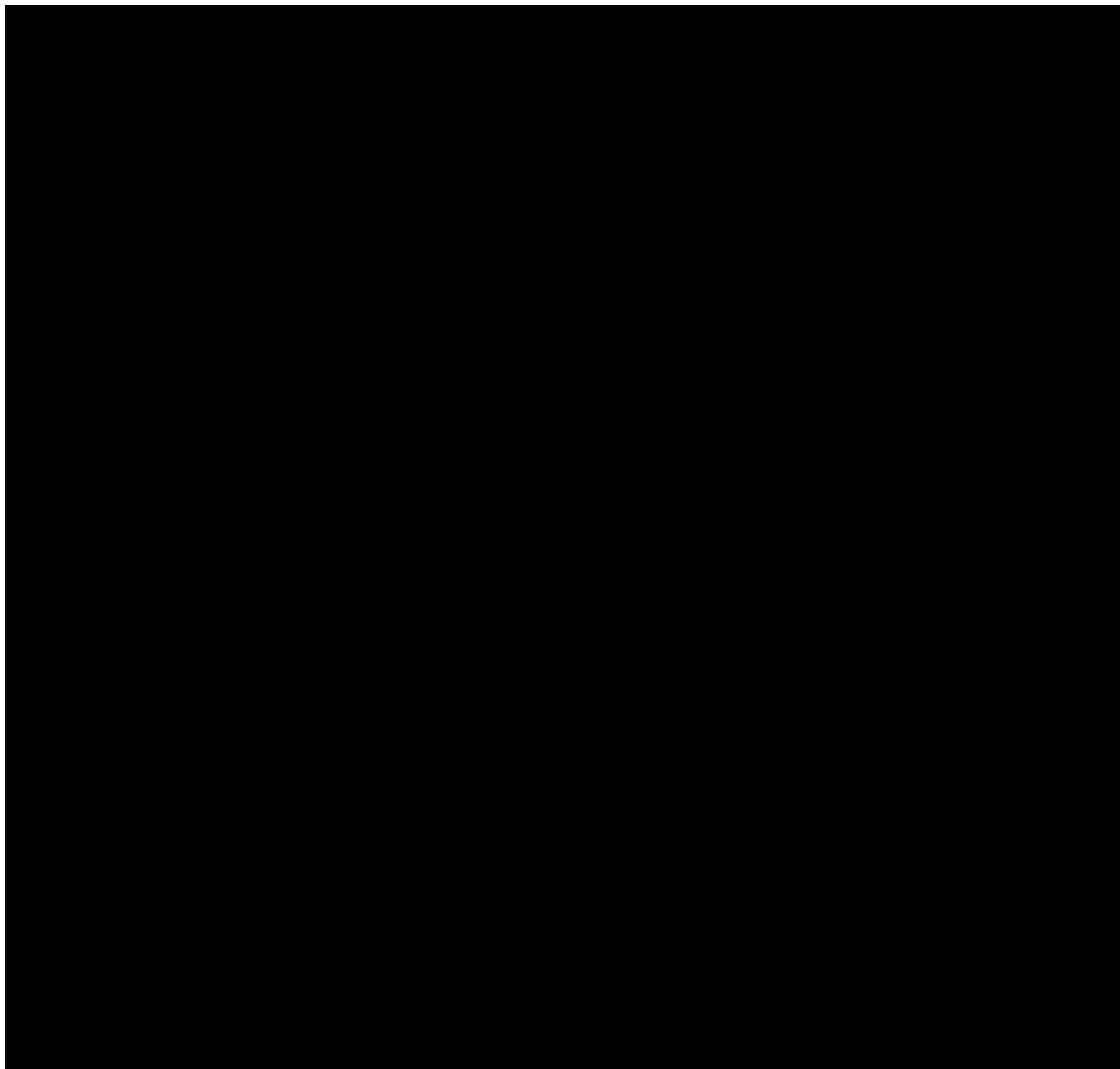
Civil Engineering
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Civil Site Design
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Randview (Wastewater) – No discharge/No permit
Engineering Memorandum
Date: October 7, 2019

Wastewater Treatment Facility Understanding

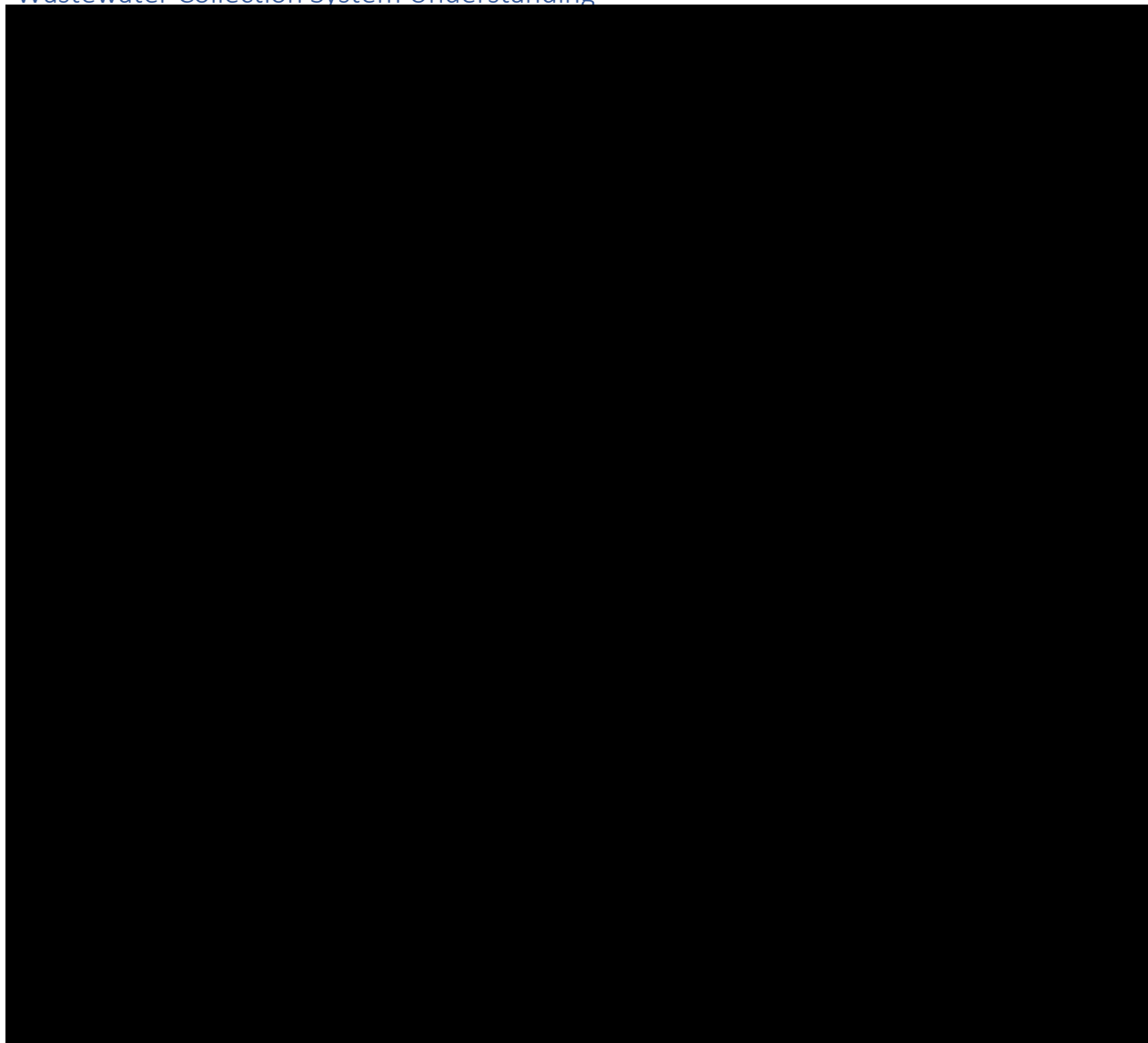


Civil Engineering
Surveying & Mapping
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Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection

Wastewater Collection System Understanding



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



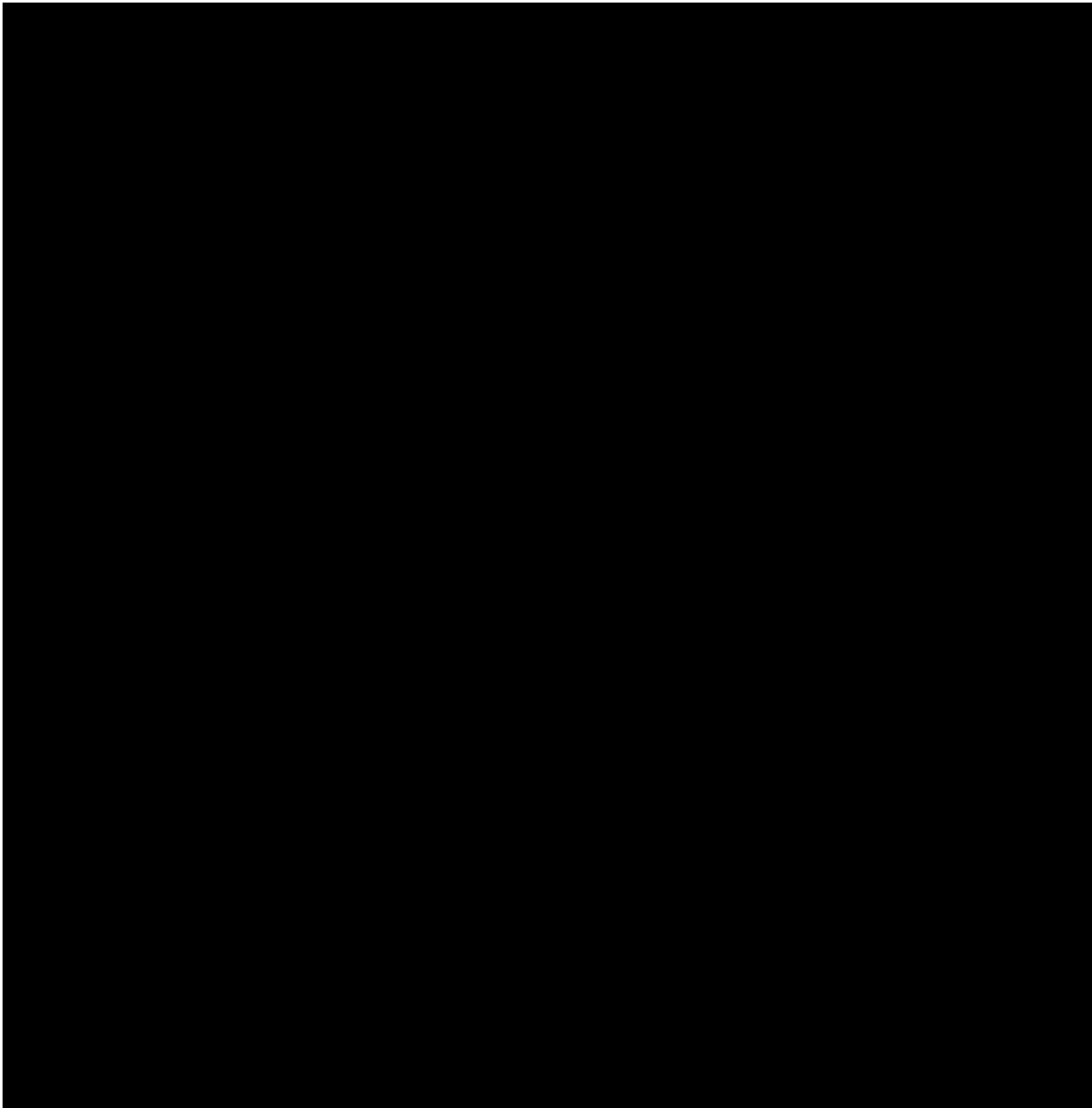
Civil Site Design
Construction Support
Transportation
Wastewater Collection

River Bluff (Wastewater) – KY0043150

Engineering Memorandum

Date: October 5, 2019

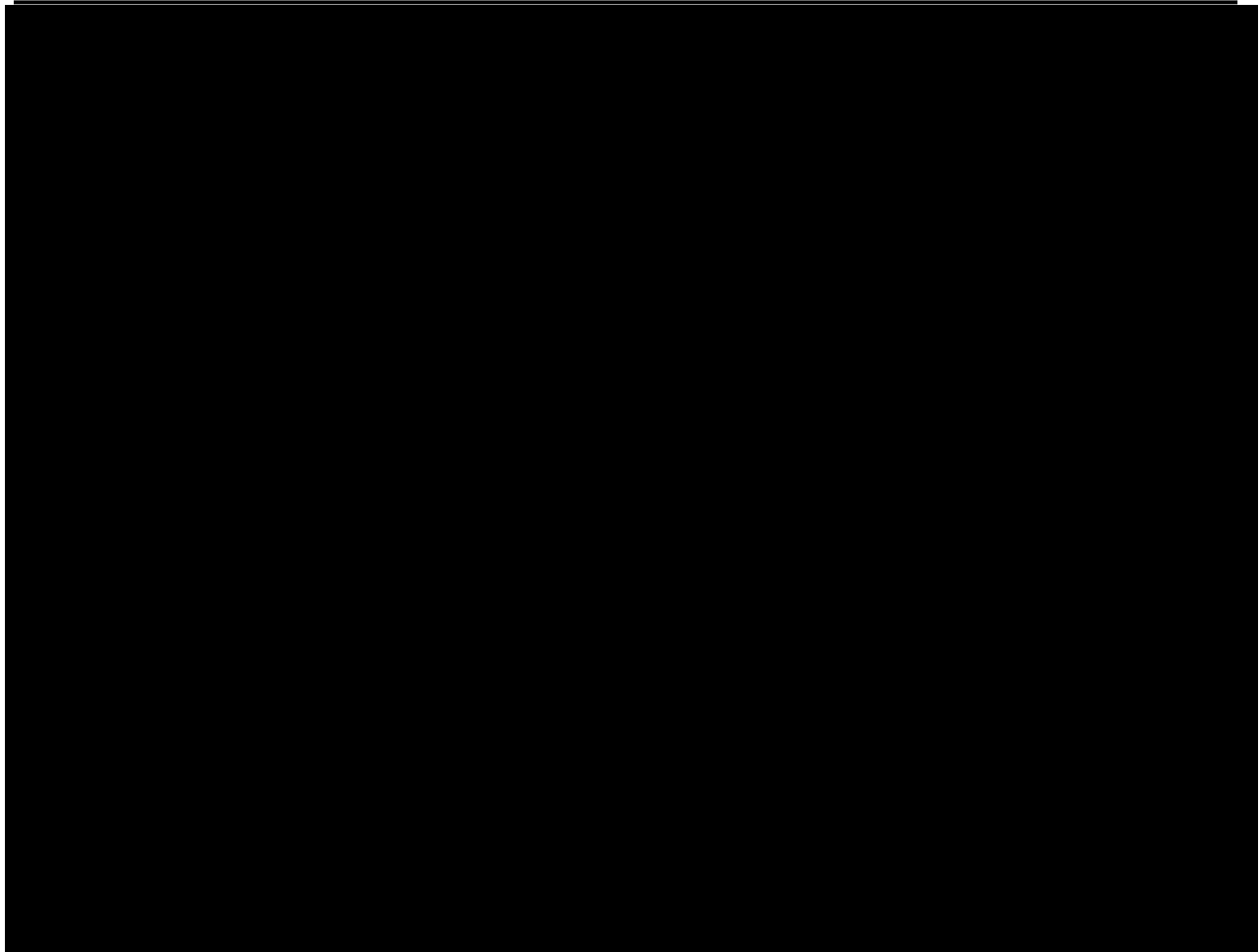
Wastewater Treatment Facility Understanding



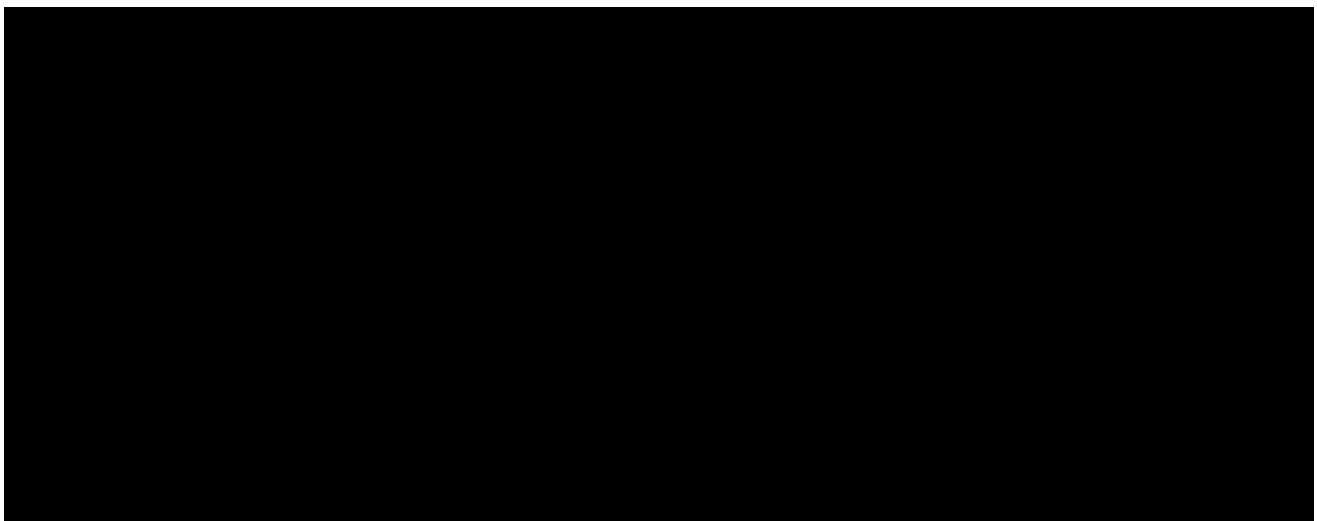
Civil Engineering
Surveying & Mapping
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Civil Site Design
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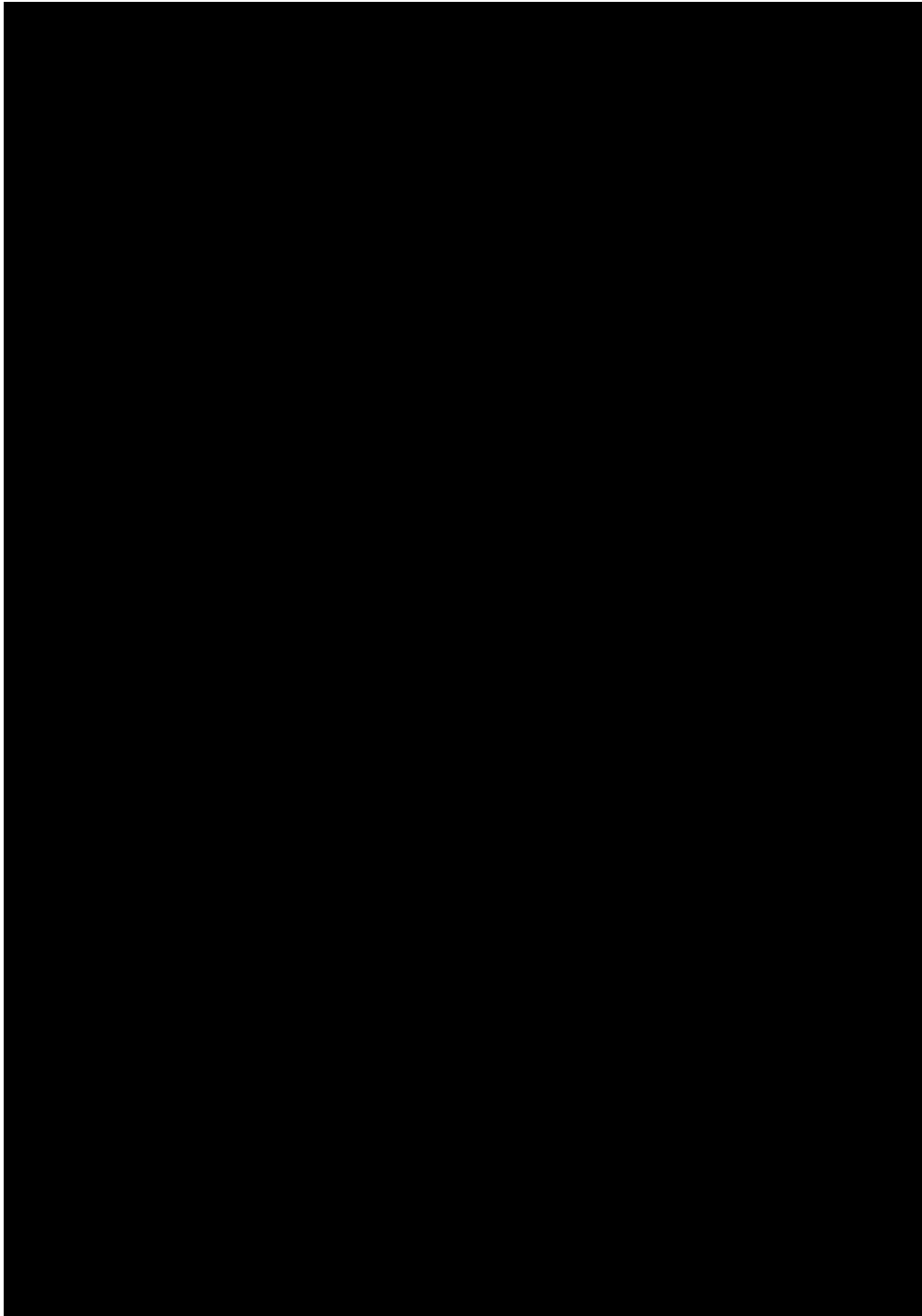
Wastewater Collection System Understanding



Civil Engineering
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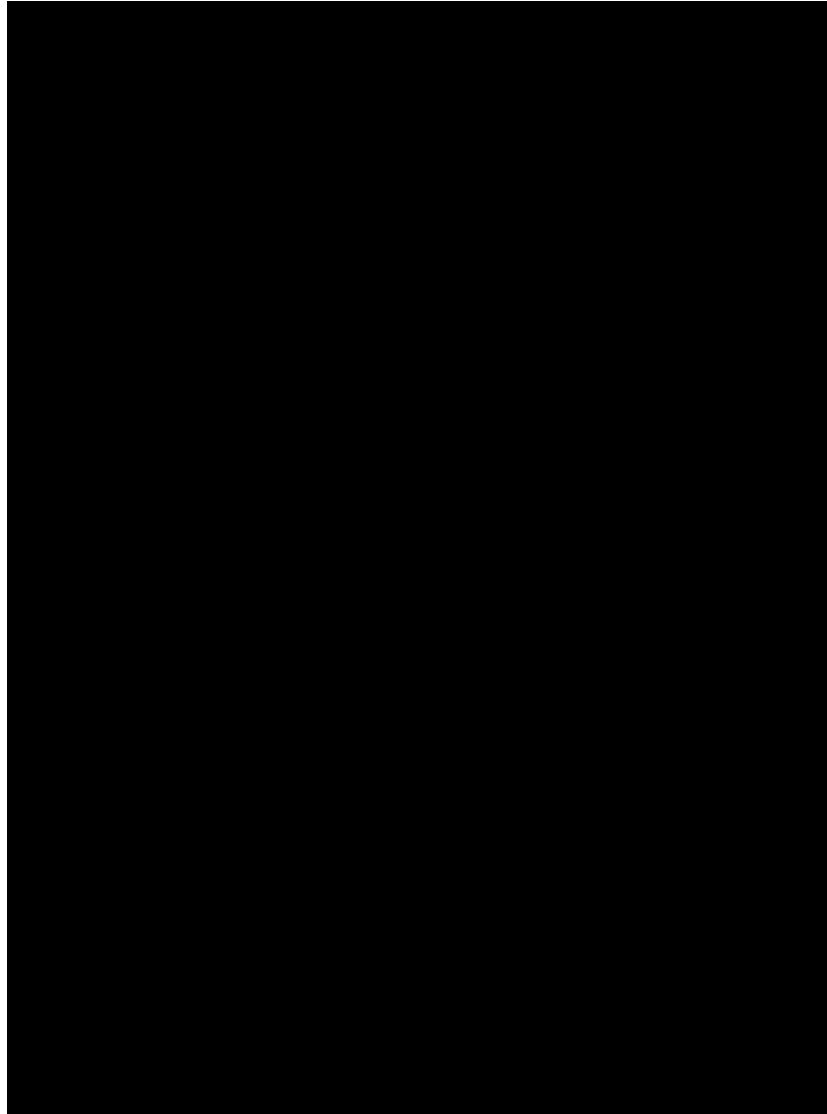
Civil Site Design
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Civil Engineering
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Wastewater Treatment



Civil Site Design
Construction Support
Transportation
Wastewater Collection



Civil Engineering
Surveying & Mapping
Potable Water
Wastewater Treatment



Civil Site Design
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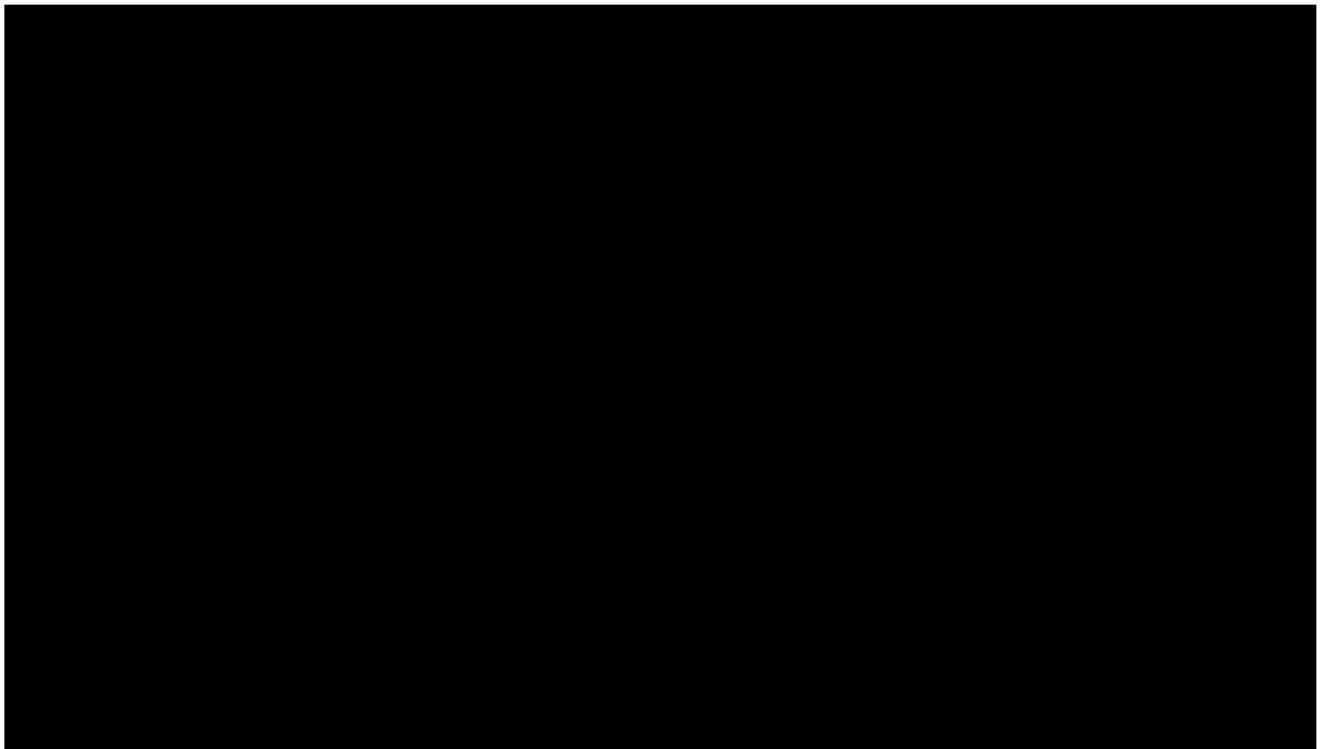
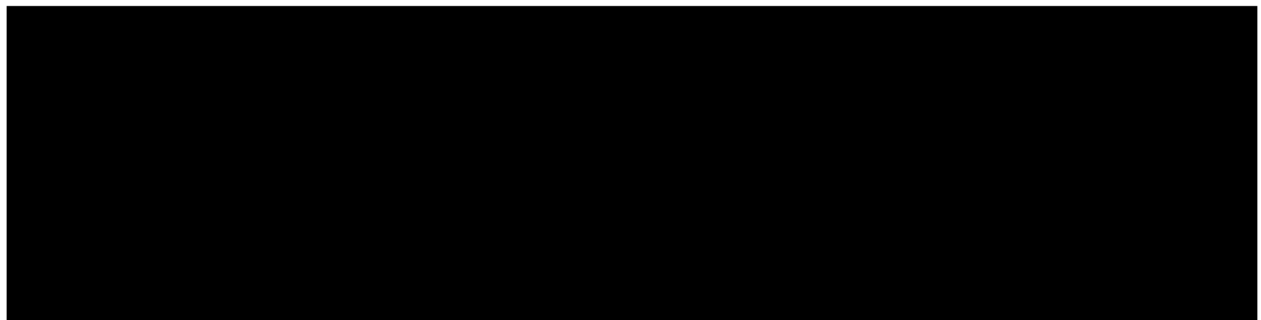
Springcrest Sewer – Springcrest Wastewater Disposal System

Kentucky

Engineering Memorandum

Date: September 11, 2020

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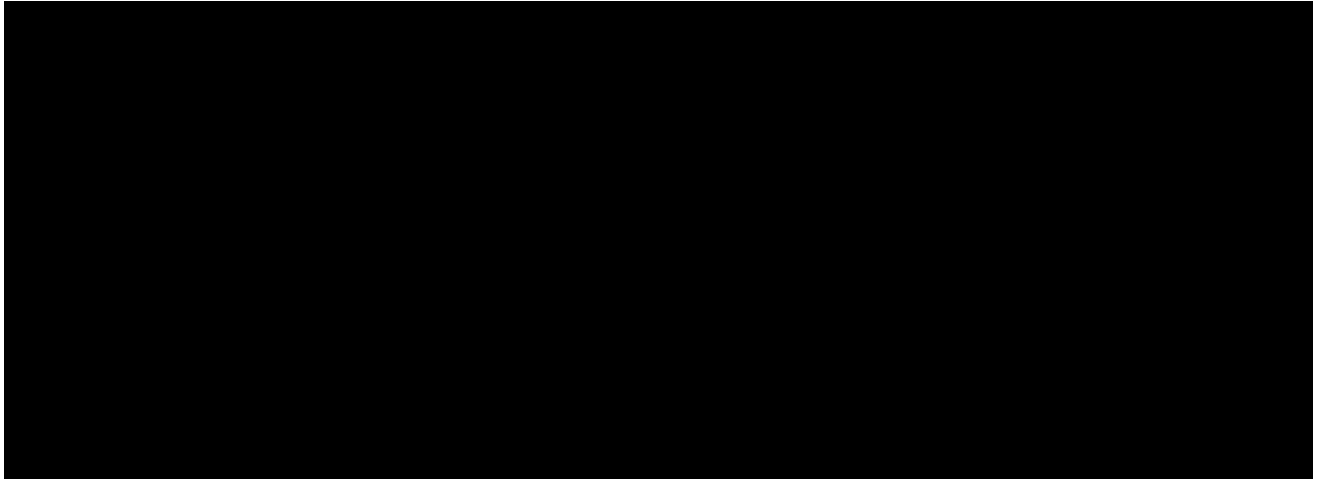


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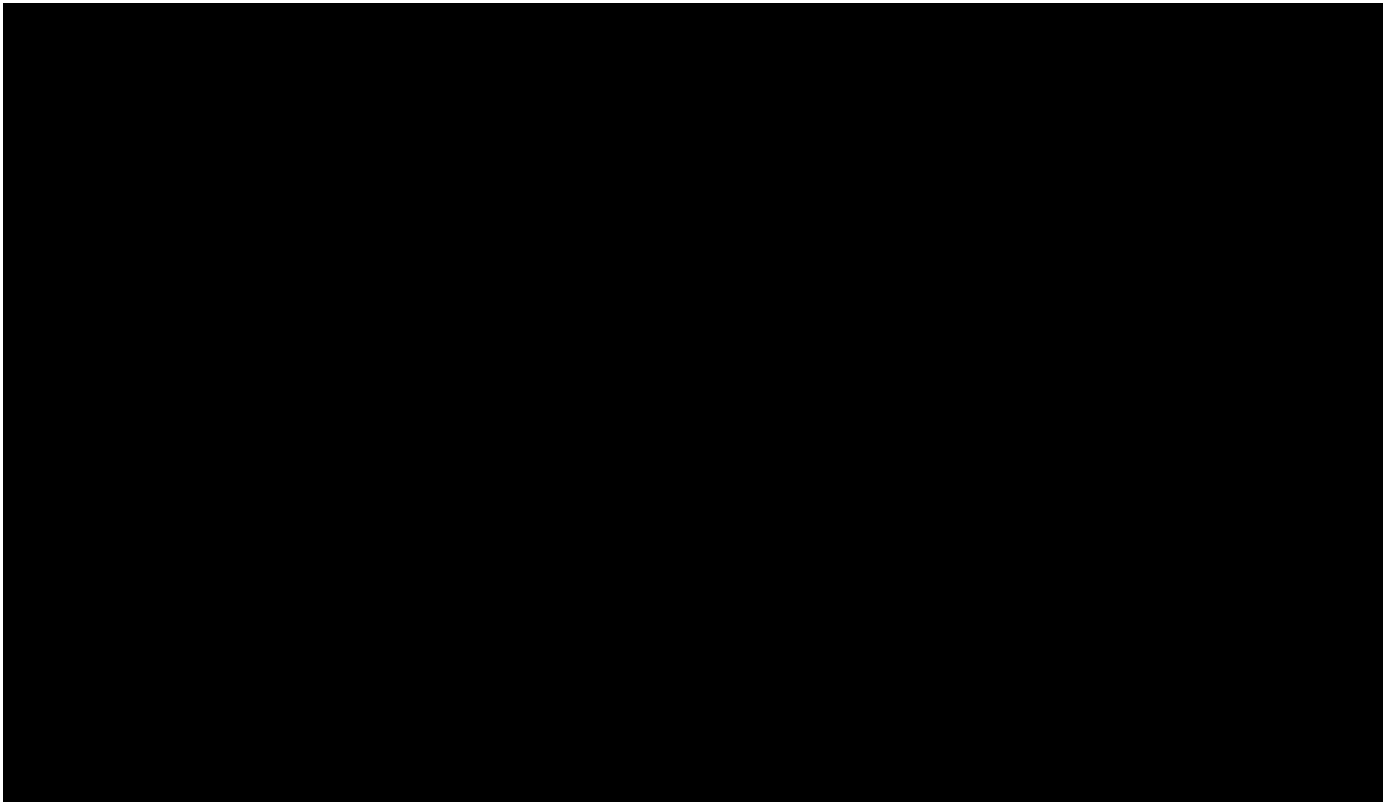


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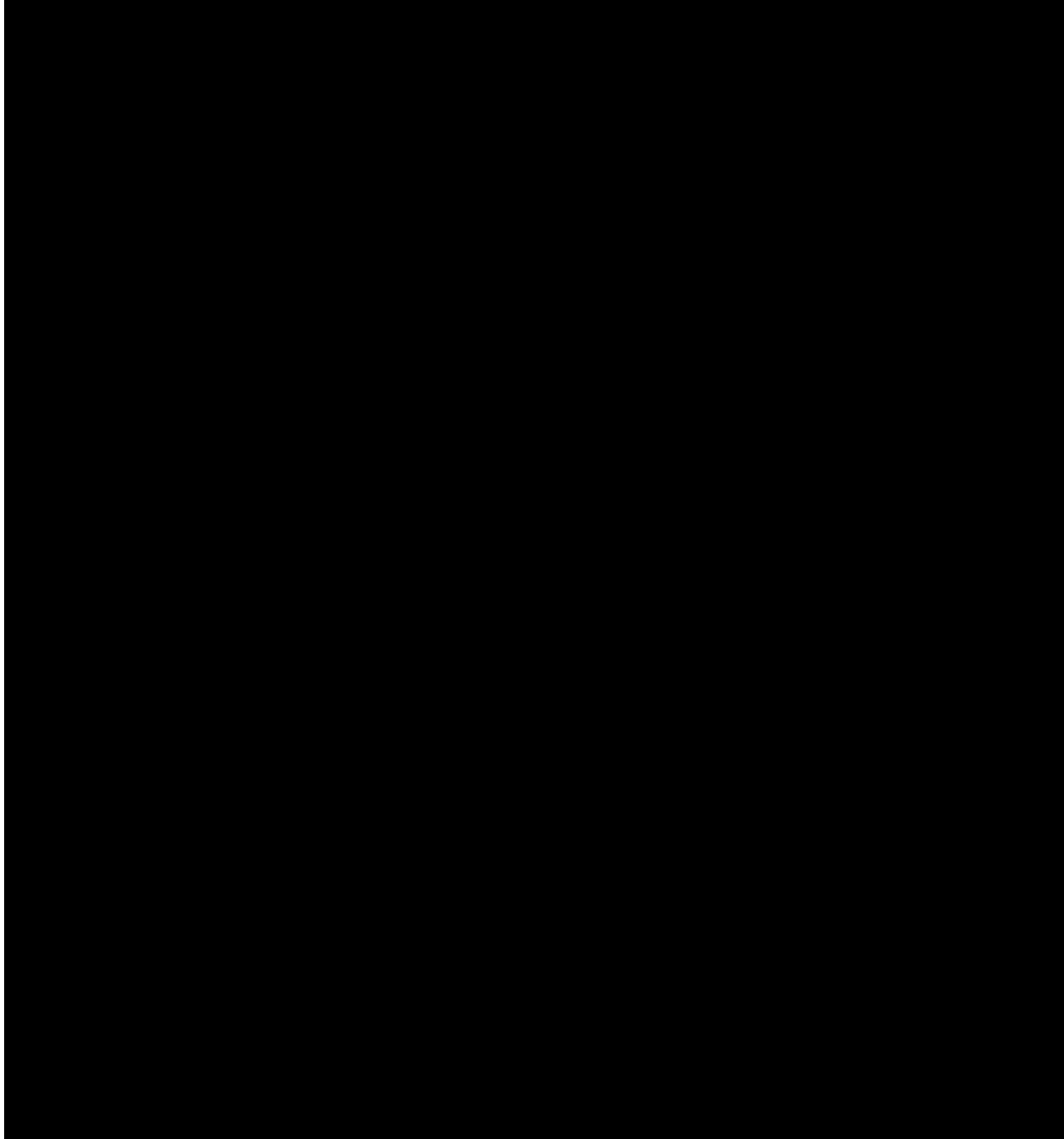
Wastewater Irrigation Disposal System



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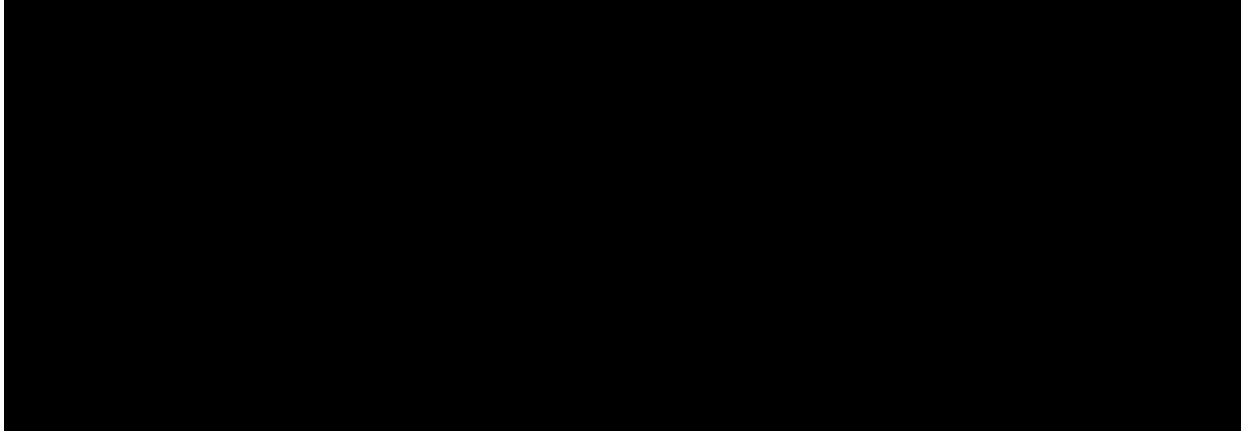


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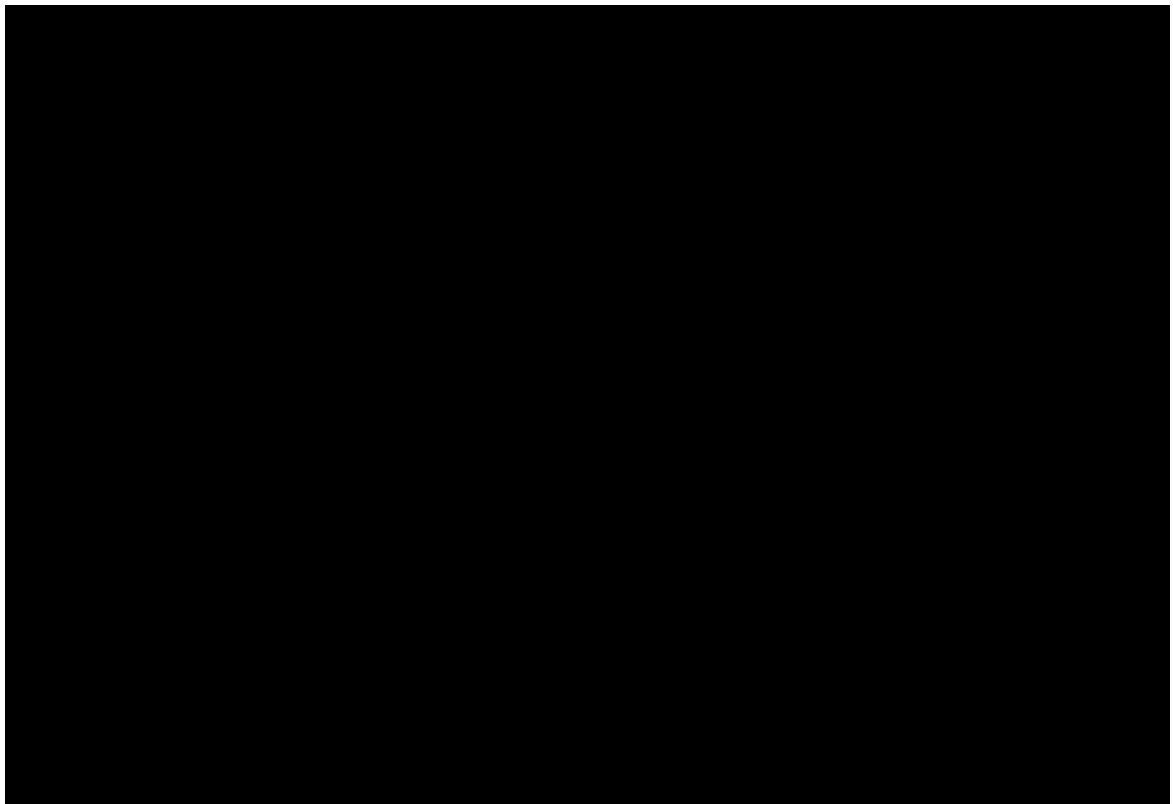


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Wastewater Collection System Recommended Improvements



Total Project Cost Estimate

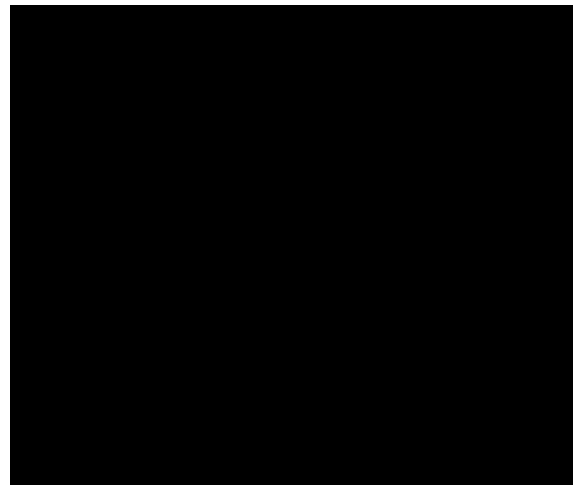


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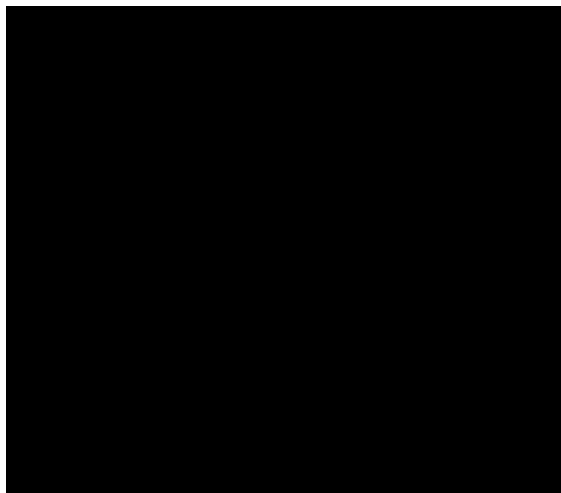
APPENDIX



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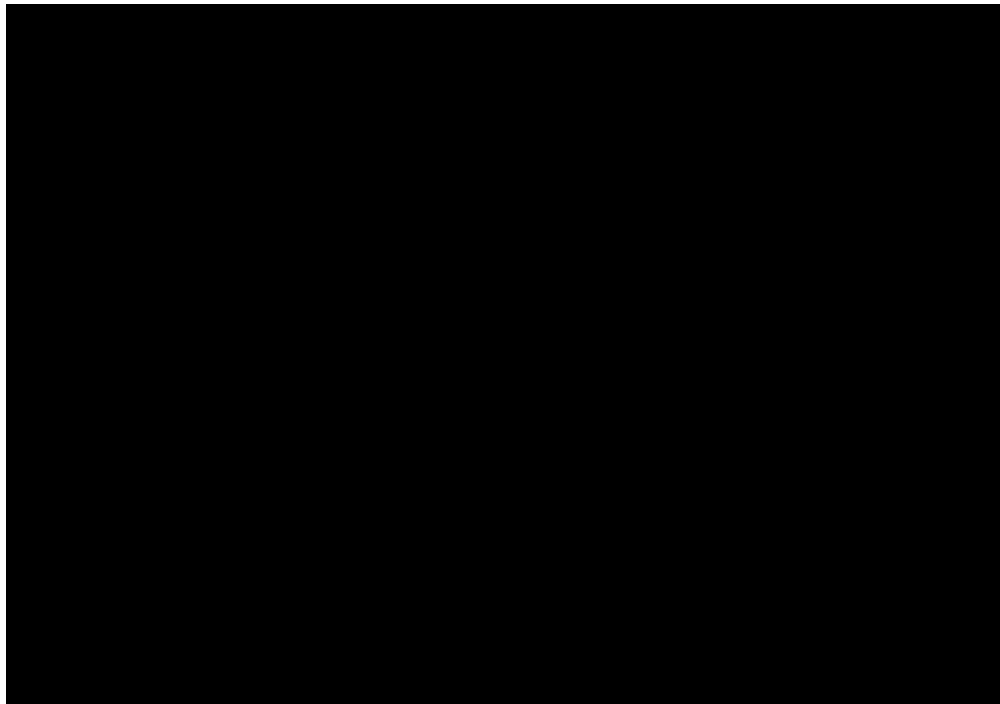
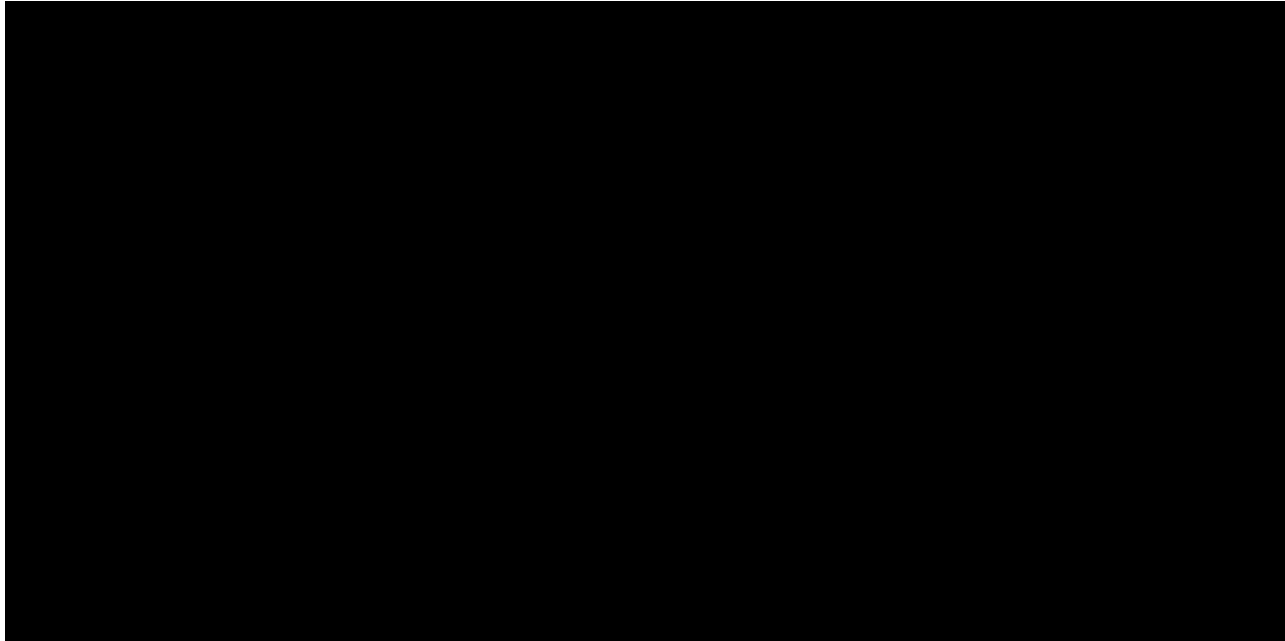
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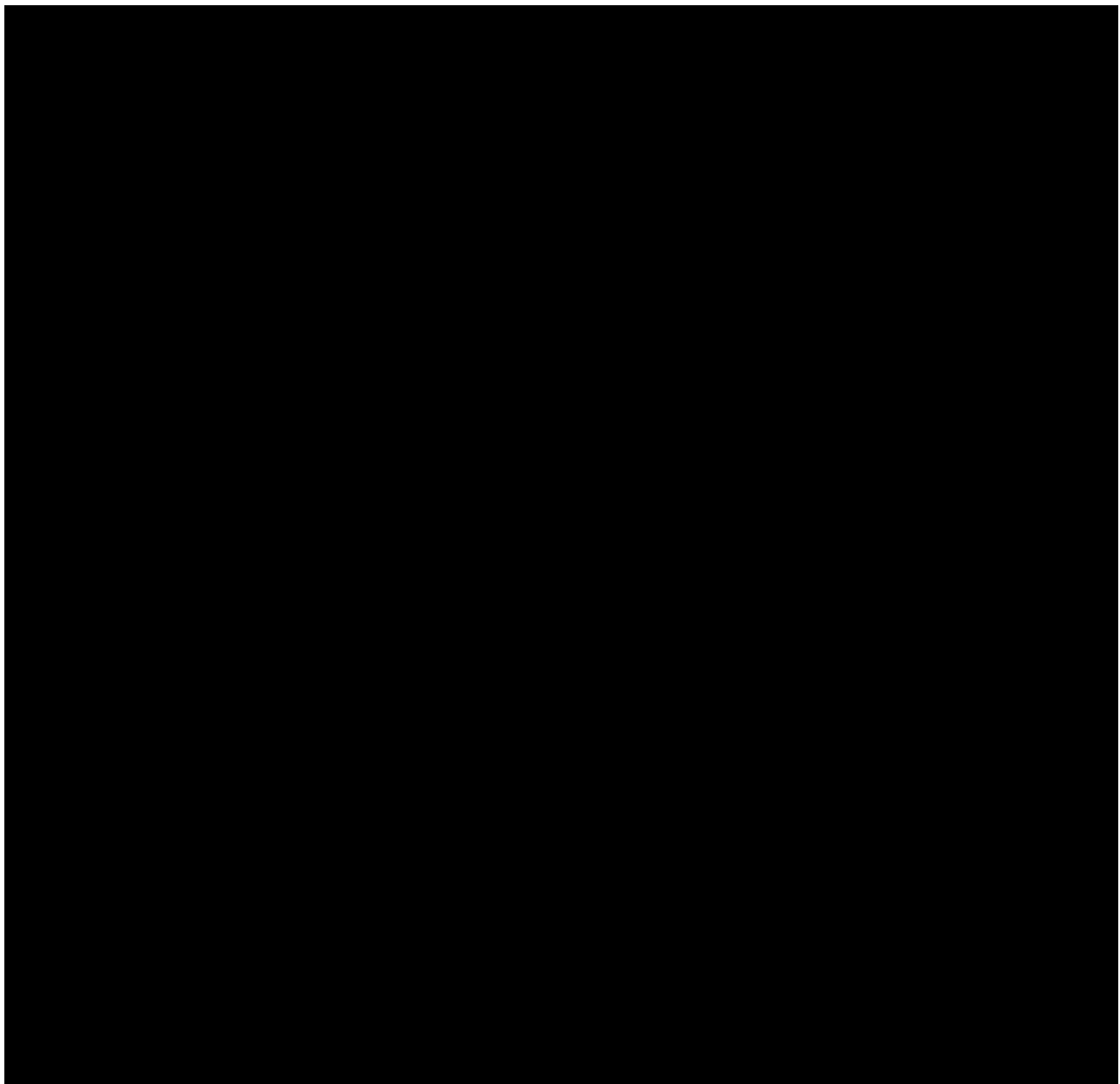
Timberland (Wastewater) – KY0083755

Joann Estates, Inc.

Engineering Memorandum

Date: September 23, 2019

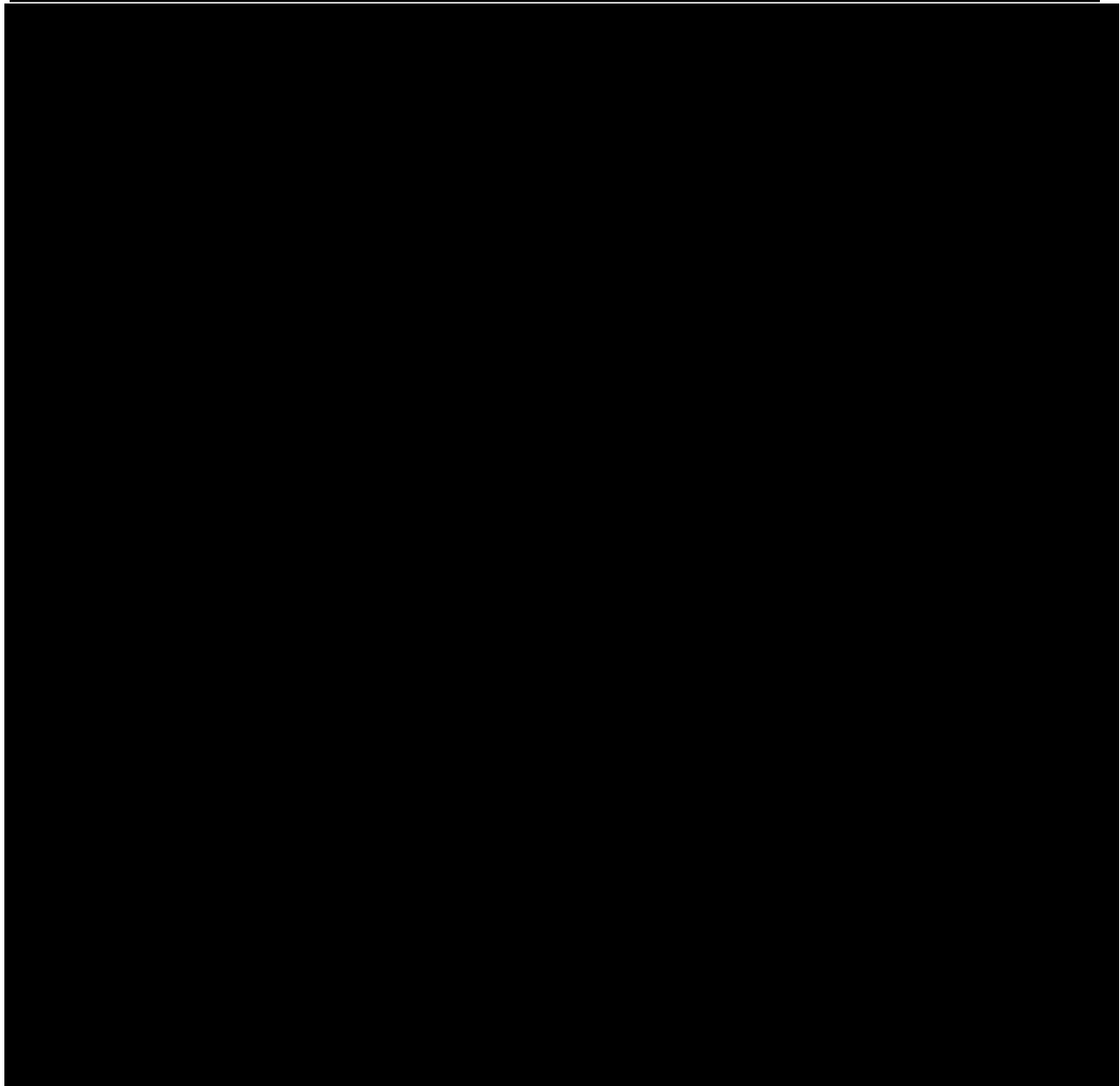
Wastewater Treatment Facility Understanding



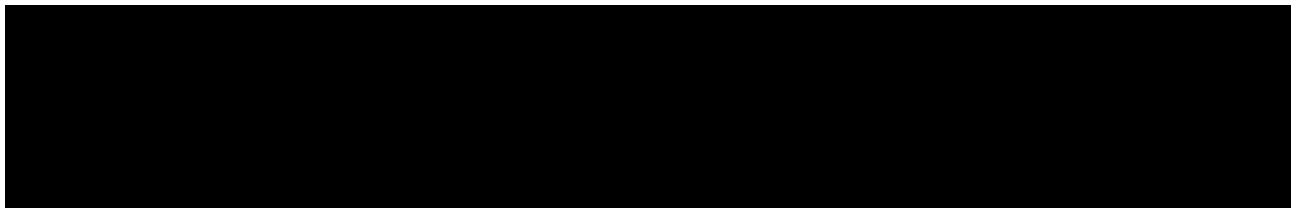
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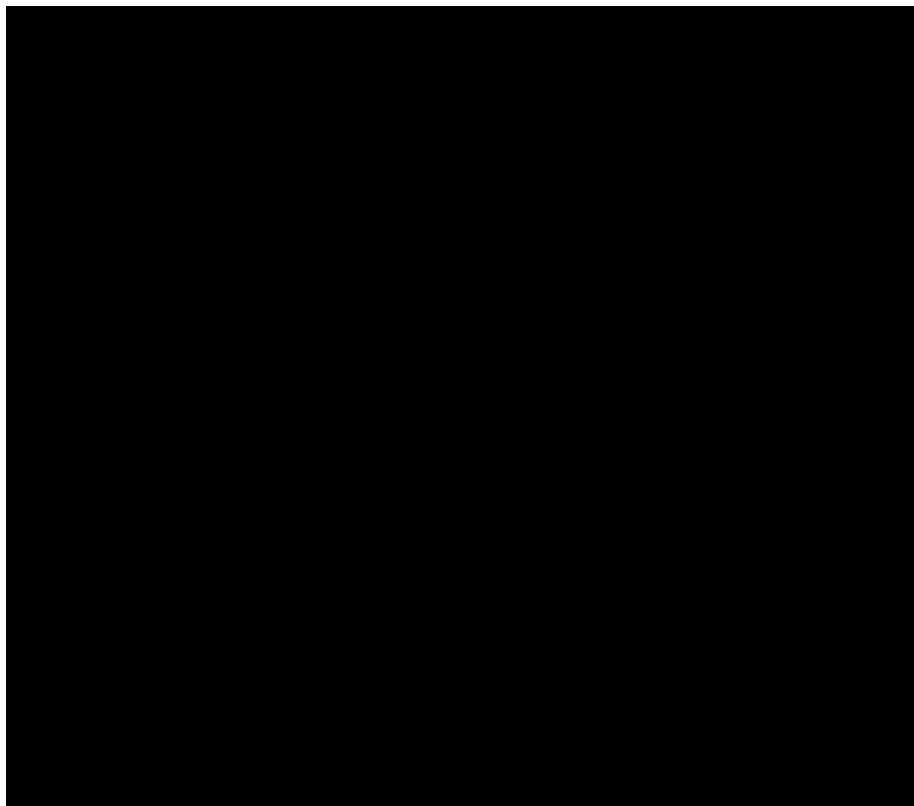
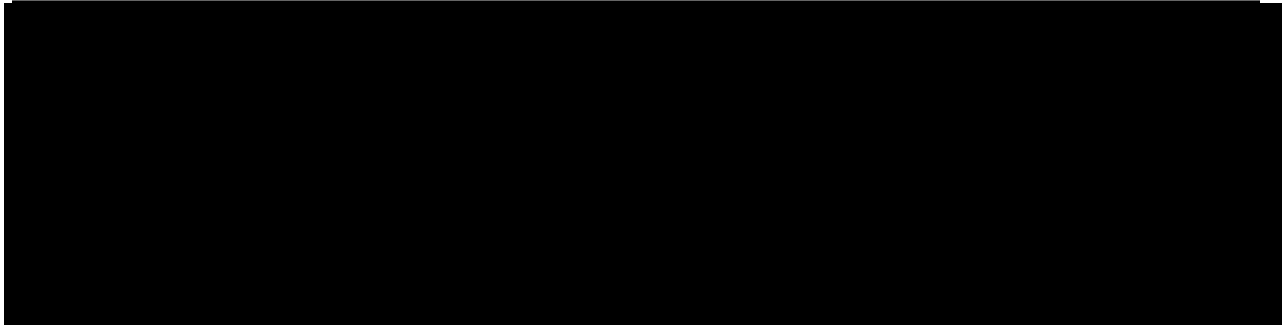
Wastewater Collection System Understanding



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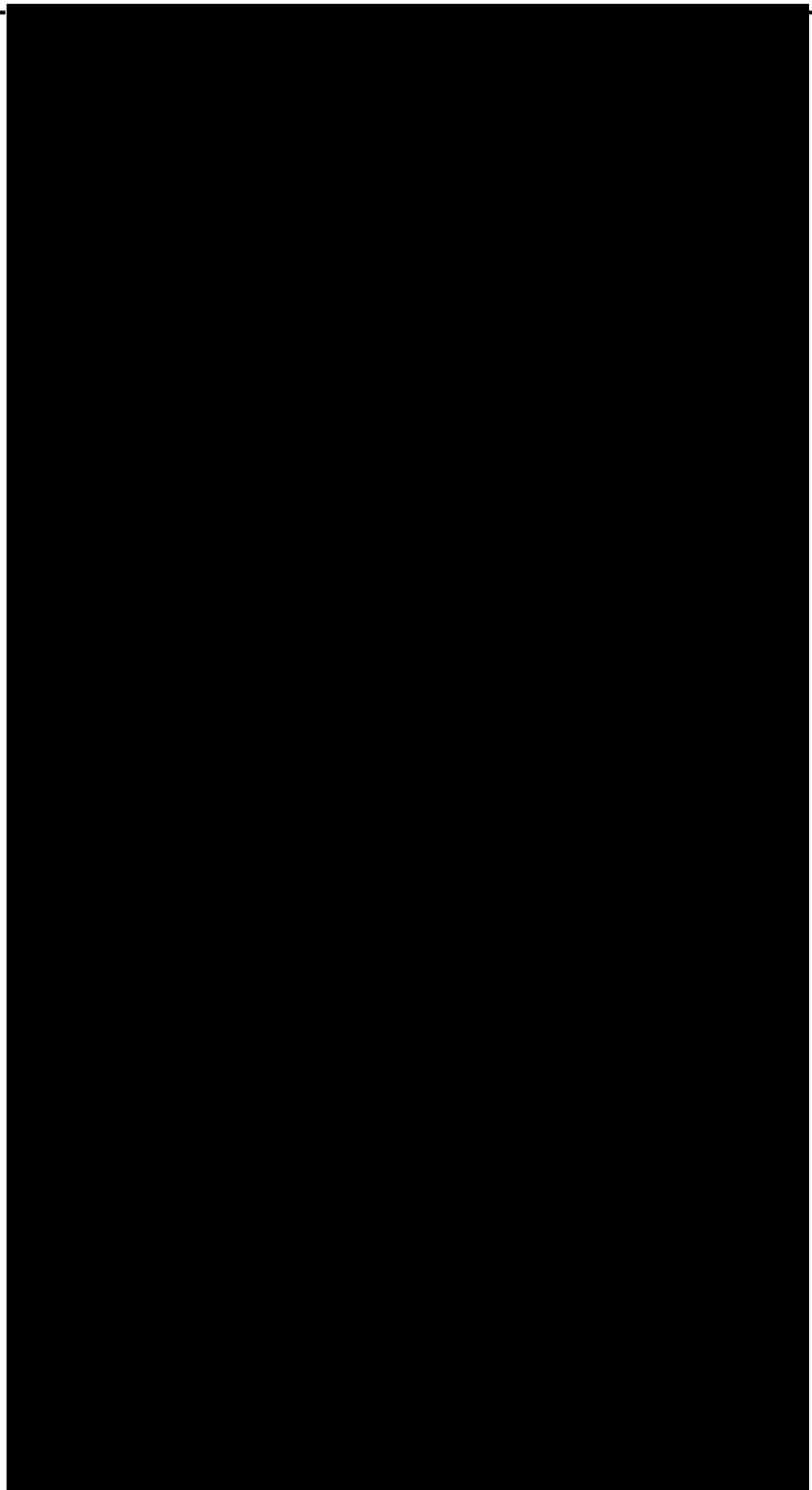
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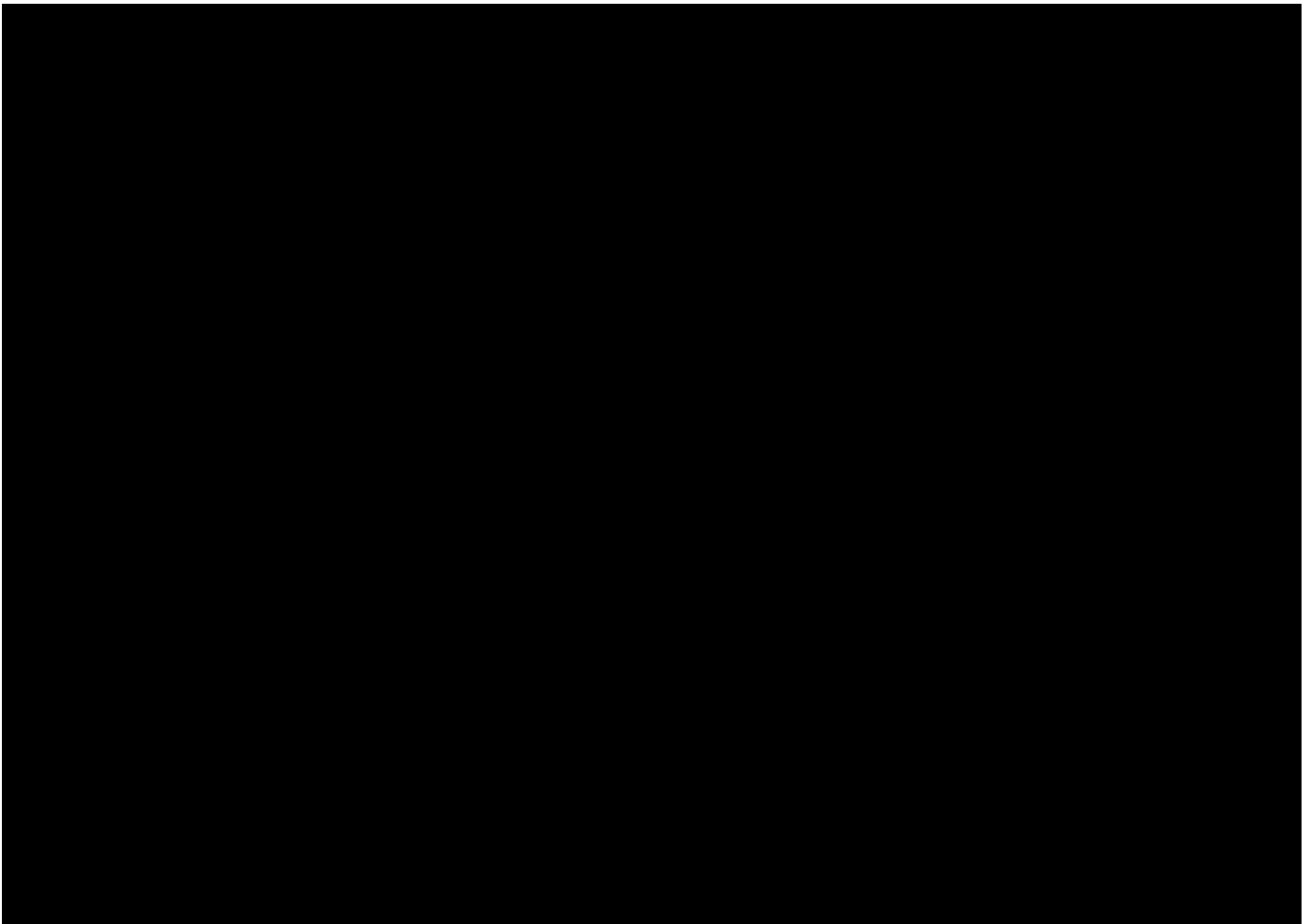
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Woodland Acres – Woodland Acres WWTP KY0096100
Kentucky
Engineering Memorandum
Date: September 11, 2020

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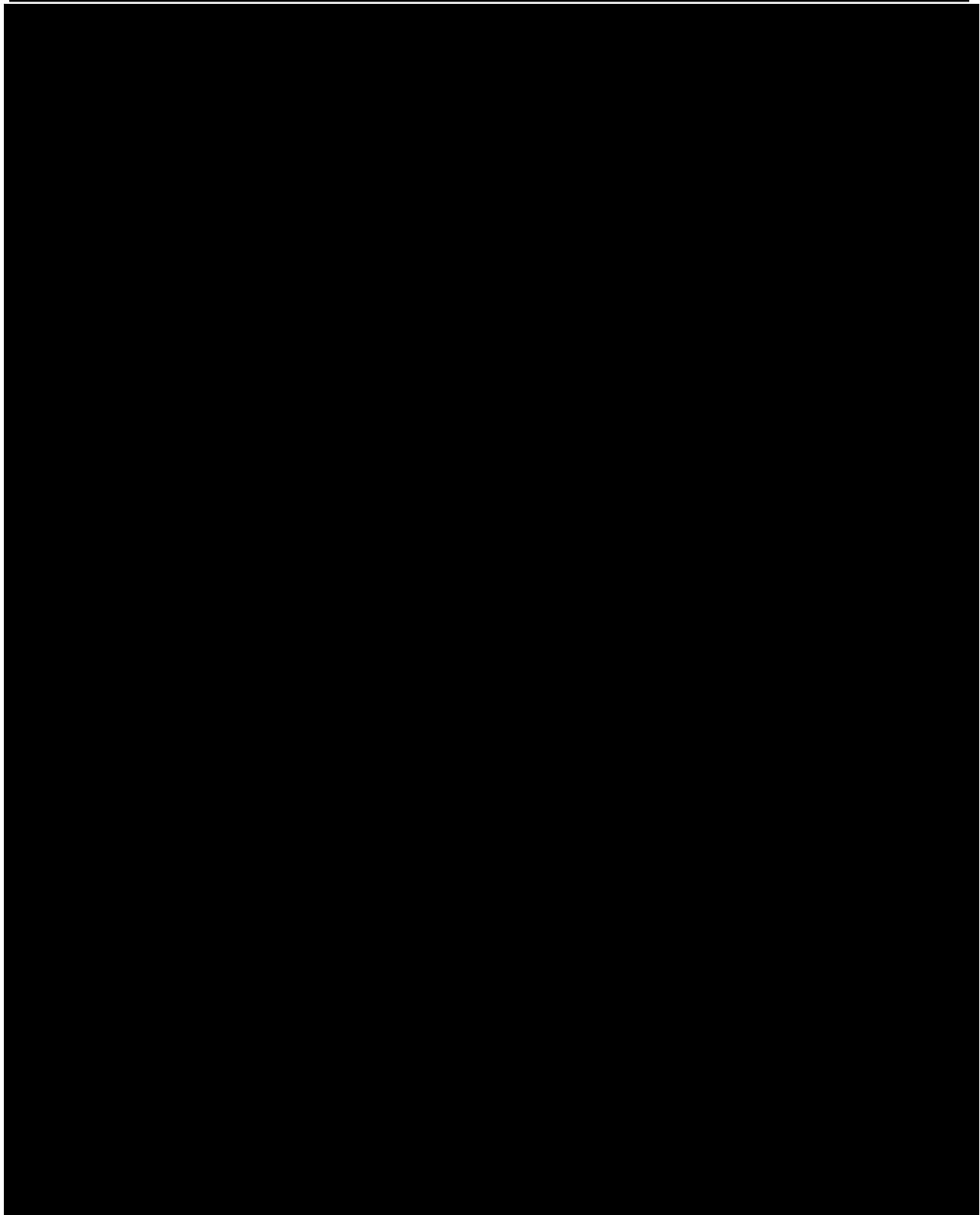
Wastewater Treatment Facility Existing Conditions



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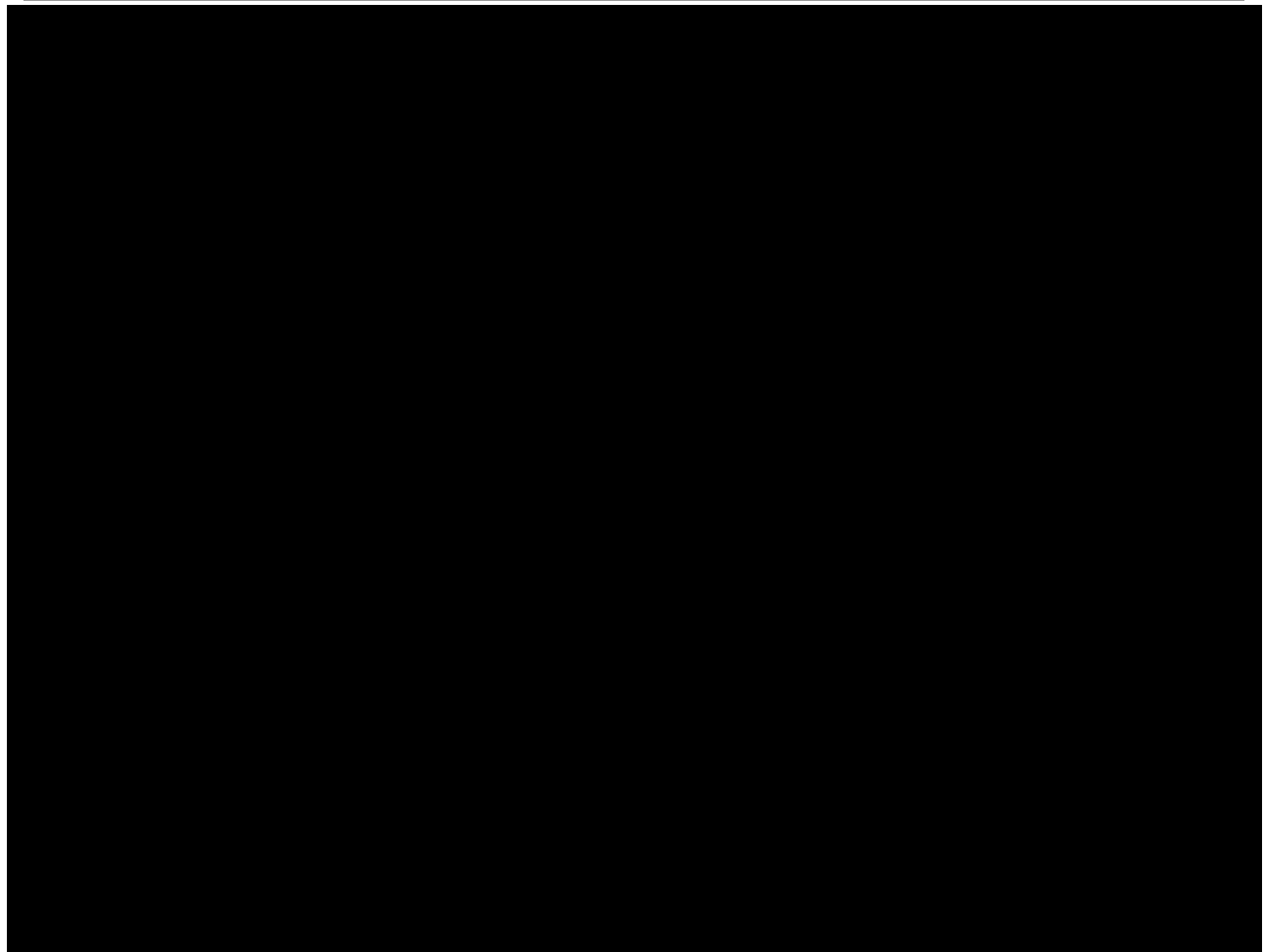
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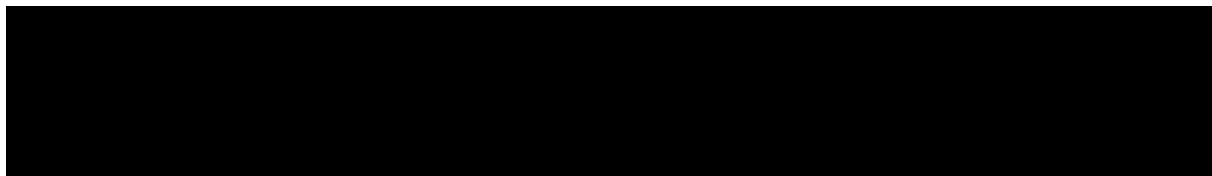
Civil Engineering
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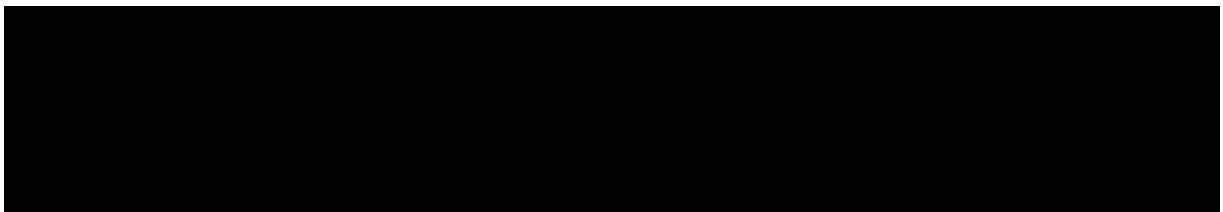
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Wastewater Collection System Understanding



Wastewater Collection System Recommended Improvements



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Total Project Cost Estimate

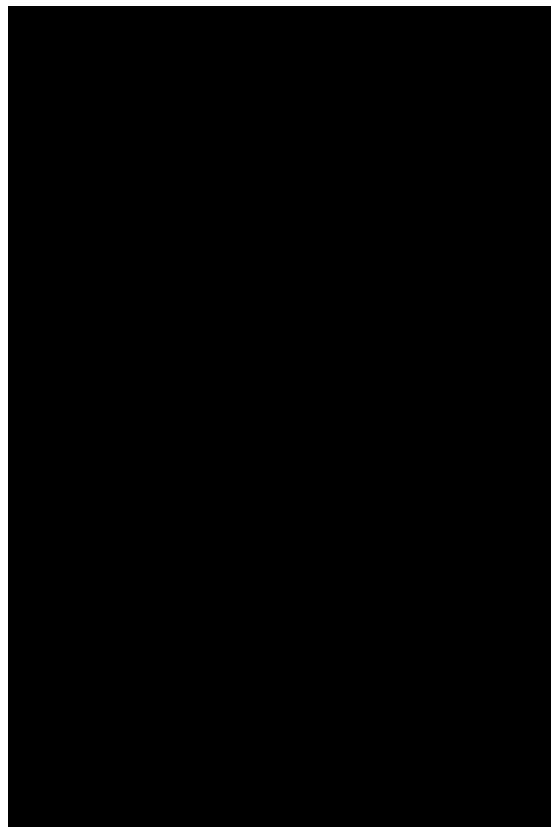
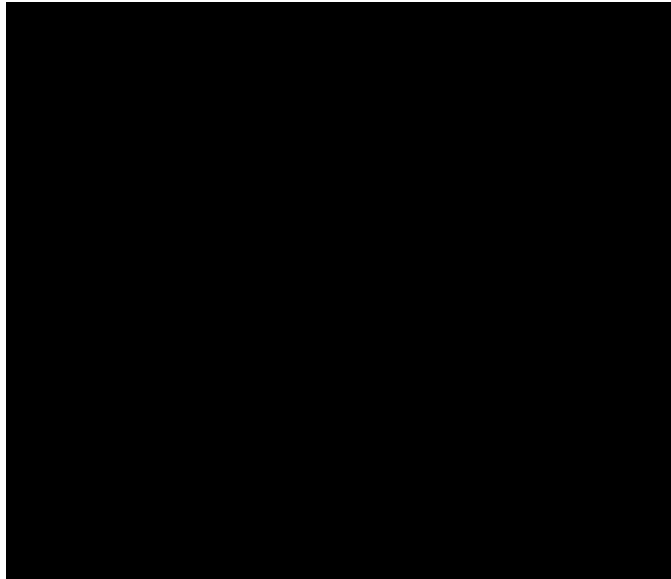


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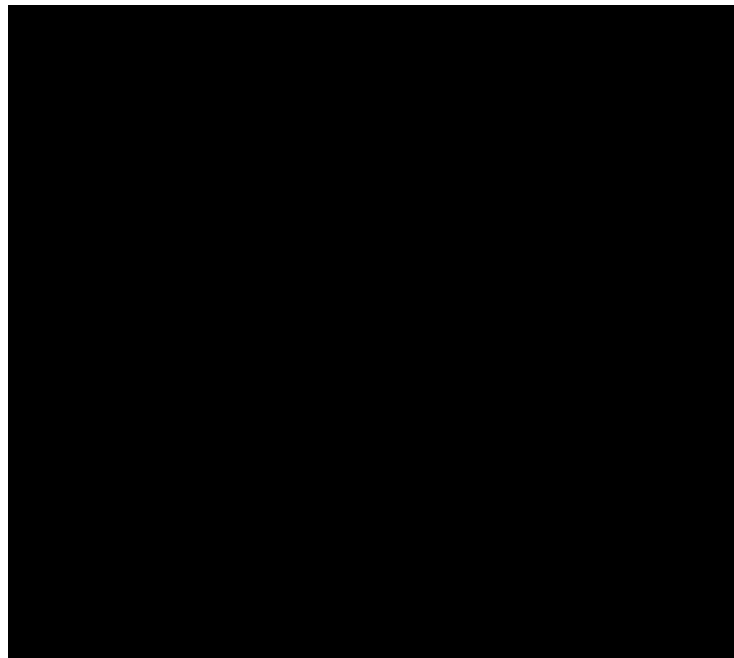
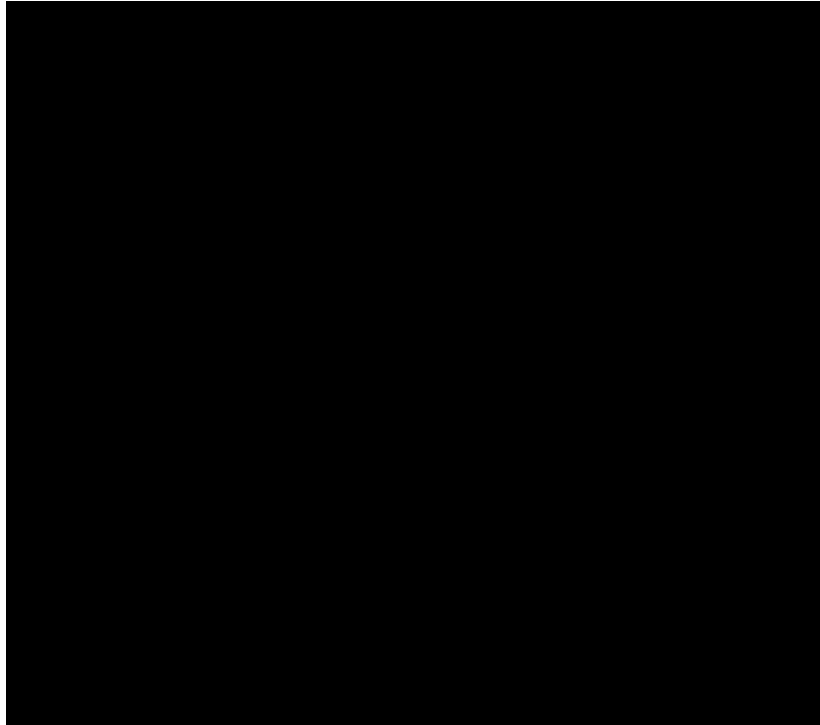
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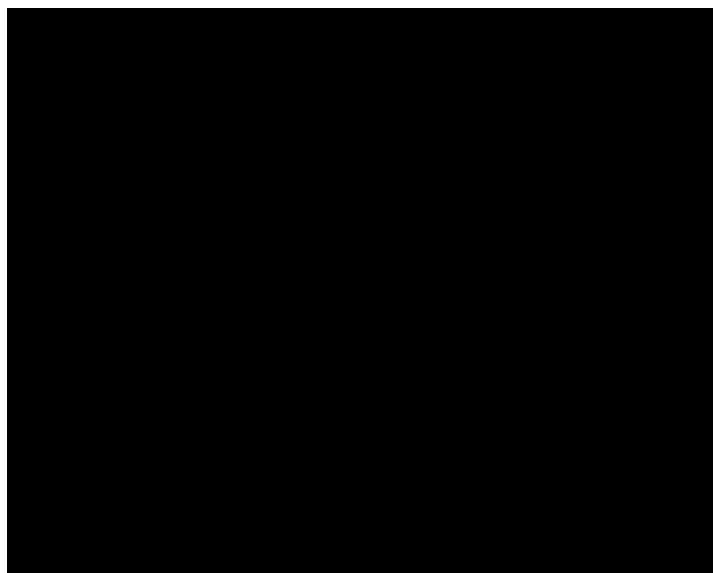
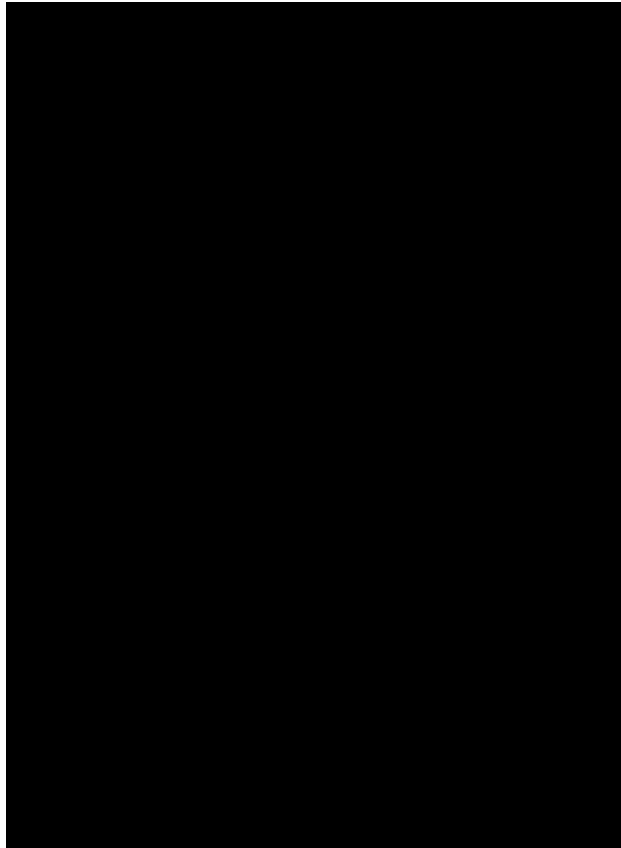
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Request

28. Explain how Bluegrass Water has or will identify contractors to perform work on the projects identified in the Freeman Testimony; provide any request for proposals or similar solicitation of bids sent for such work; and provide any bids to complete the work provided by contractors.
-

Response

The process used to select contractors for projects identified in Mr. Freeman's testimony will differ depending on the size and complexity of the work involved. Larger, more complex projects will be bid out to a minimum of three pre-qualified contractors, with the winning bidder chosen based upon the lowest cost bid that satisfies our qualitative standards.

Whenever possible, we plan to bundle construction projects in a single bid proposal and will encourage bidders to bid on the entire proposal in hopes of achieving cost savings. Other smaller or less complex projects will be performed by our Operations and Maintenance contractor, because those projects are easier to complete, are of more limited scope, or need to be completed more quickly than the competitive bidding process allows.

Because we only recently began receiving the required construction permits, no requests for proposals have been issued or bids received for the projects described in Mr. Freeman's testimony.