

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

---

**Bluegrass Water’s Motion for Confidential Treatment of Information**

---

Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water”), respectfully submits this Motion pursuant to 807 KAR 5:001, Section 13, for confidential treatment of certain information submitted in connection with its Application. In support of this Motion, Bluegrass Water states as follows:

1. On this date, Bluegrass Water filed its Application, requesting a general increase in water and sewage rates pursuant to KRS 278.180 and KRS 278.190, and a certificate (or certificates) of construction pursuant to KRS 278.020(1).

2. Bluegrass Water provided the audited consolidated financial statements (hereinafter “2019 Financials”) of its affiliate, CSWR, LLC (“CSWR”), attached as redacted Exhibit 7 to the Application. The 2019 Financials are being submitted to the Commission under seal.

3. Bluegrass Water also provided the latest tax returns of its member-parent company Bluegrass Water Utility Holding Company, LLC (“Bluegrass UHC”) attached as redacted Exhibit 19 to the Application. These tax returns are being submitted to the Commission under seal. Bluegrass Water does not file tax returns on behalf of itself, the operating company, but rather these are consolidated and filed by Bluegrass UHC.

4. Confidential treatment is being sought for certain information in the 2019 Financials and the tax returns. Both Exhibits for which confidential treatment are sought are contained in full in an unredacted copy submitted under seal.

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

6. The tax returns also are not publicly disseminated and public disclosure of this information would harm Bluegrass UHC because the tax returns reveal sensitive information regarding the internal financial ability and workings of Bluegrass UHC, a non-party who is not a utility nor is subject to regulation by the Commission. While these numbers are consolidated with Bluegrass Water, it remains that the sensitive, commercially-valuable, and financial information contained therein is not publicly distributed or disseminated outside of Bluegrass Water. Additionally, these tax returns are considered proprietary and confidential pursuant to KRS 61.878(1)(c)(1).

7. The redacted information in both Exhibits for which confidential treatment is sought are treated as confidential by Bluegrass Water and its affiliates. Only personnel with a business reason to use it are permitted to view this business information. It is provided with the Application to show Bluegrass Water's financial status and ability as required by the statutes related to the Application.

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

9. If the Commission disagrees with Bluegrass Water that the material for which this Motion seeks confidential treatment is exempt from disclosure, it must hold an evidentiary hearing to protect the due process rights of Bluegrass Water and permit the opportunity to supply the Commission with a complete record to enable it to reach a decision with regard to this confidentiality request.

10. In compliance with 807 KAR 5:001, Sections 8(3) and 13(2)(3), Bluegrass Water is filing with the Commission one paper copy of Exhibits 7 and 19, entirely unredacted and with highlighting of the material for which confidential treatment is sought. The unredacted paper copy is filed under seal pursuant to the instructions regarding confidential filings in the 3/24/20 Order issued in Ky. PSC Case No. 2020-00085; redacted pages of the subject Exhibits are being publicly filed with the electronic copy of this Motion.

11. Bluegrass Water would not object to the disclosure of the 2019 Financials and the tax returns pursuant to a confidentiality agreement with any intervenor who can demonstrate a legitimate interest in reviewing the confidential information for the purpose of participating in this proceeding.

12. 807 KAR 5:001, Section 13(2)(a)(2) provides that a motion for confidential treatment shall state the time period in which the material should be treated as confidential and the reasons for this time period. Movant respectfully submits that five years from the date of the fil-

ing of this Motion is a reasonable period of time for the 2019 Financials and tax returns to be treated as confidential in light of the competitive conditions in the water and wastewater industry.

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

Respectfully submitted,

*/s/ Kathryn A. Eckert* \_\_\_\_\_

Katherine K. Yunker

[kyunker@mcbayerfirm.com](mailto:kyunker@mcbayerfirm.com)

Kathryn A. Eckert

[keckert@mcbayerfirm.com](mailto:keckert@mcbayerfirm.com)

MCBRAYER PLLC

201 East Main Street; Suite 900

Lexington, KY 40507-1310

859-231-8780

fax: 859-231-1175

*Attorneys for Bluegrass Water*

#### MOTION EXHIBITS

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

- 7 2019 Financials
- 19 2019 Bluegrass UHC Tax Returns

# CSWR, LLC and Subsidiaries

Consolidated Financial Statements

December 31, 2019 and 2018



---

Table of Contents

---

	Page
Item 01: Independent Auditor's Report	3-4
Item 02: Consolidated Balance Sheets	5
Item 03: Consolidated Statements of Operations	6
Item 04: Consolidated Statements of Members' Equity	7
Item 05: Consolidated Statements of Cash Flows	8
Item 06: Notes to the Consolidated Financial Statements	9 - 20



RSM US LLP

## Independent Auditor's Report

Board of Directors  
CSWR, LLC and Subsidiaries

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of CSWR, LLC and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, the related consolidated statements of operations, members' equity and cash flows for the year ended December 31, 2019 (Successor) and for the periods from November 19, 2018 to December 31, 2018 (Successor, period after acquisition), and from January 1, 2018 to November 18, 2018 (Predecessor, period prior to acquisition), and the related notes to the consolidated financial statements (collectively, the financial statements).

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CSWR, LLC and Subsidiaries as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the periods from November 19, 2018 to December 31, 2018 (Successor), and from January 1, 2018 to November 18, 2018 (Predecessor), in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 1 to the financial statements, on November 19, 2018, CSWR, LLC and Subsidiaries (Predecessor) was acquired by US Water Systems, LLC and Subsidiaries (Successor). As of the date of acquisition on November 19, 2018, US Water Systems, LLC and Subsidiaries applied purchase accounting, which resulted in adjusting acquired assets and liabilities to fair value. The financial statements of CSWR, LLC and Subsidiaries (Predecessor) are presented using their previous basis of accounting. As a result, any successor period is not directly comparable to the predecessor period.

*RSM US LLP*

St. Louis, Missouri  
March 30, 2020

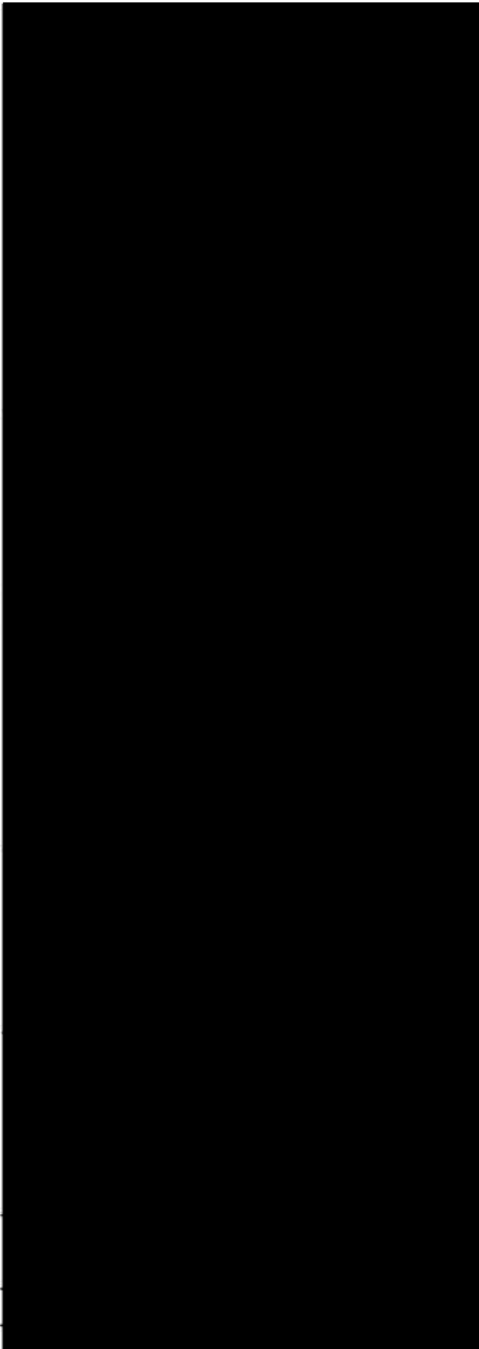


**CSWR, LLC and Subsidiaries**

As of December 31, 2019 and 2018

**Consolidated Balance Sheets**

	<u>12.31.2019</u>	<u>12.31.2018</u>
Current Assets		
Cash		
Accounts Receivable, net		
Other Current Assets		
Total Current Assets		
Property, Plant and Equipment, Net		
Non-Current Assets		
Preliminary Survey & Investigation		
Other Long-Term Assets		
Total Non-Current Assets		
Goodwill		
Intangible Assets		
<b>Total Assets</b>		
Current Liabilities		
Accounts Payable		
Notes Payable - Current		
Other Current Liabilities		
Total Current Liabilities		
Long-Term Liabilities		
Notes Payable, net of Current Portion		
Contributions in Aid of Construction		
Total Long-Term Liabilities		
Members' Equity		
Paid-In Capital		
Retained Deficit		
Total Members' Equity		
<b>Total Liabilities and Equity</b>		



See notes to consolidated financial statements

**CSWR, LLC and Subsidiaries**

For the year ended December 31, 2019 (Successor) and the periods November 19 to December 31, 2018 (Successor), January 1 to November 18, 2018 (Predecessor)

**Consolidated Statements of Operations**

	<i><u>Successor Period Ended 12.31.2019</u></i>	<i><u>Successor Period Ended 12.31.2018</u></i>	<i><u>Predecessor Period Ended 11.18.2018</u></i>
<b>Operating Revenue</b>	[REDACTED]		
Operating Revenue			
<b>Operating Expense</b>			
Operations and Maintenance			
General and Administrative			
Depreciation and Amortization			
Total Operating Expense			
Operating Loss			
<b>Other Income (Expense)</b>			
Other Revenue			
Interest			
Total Other Income (Expense)			
Net Loss before Taxes			
Income Tax Benefit			
<b>Net Loss</b>			

See notes to consolidated financial statements

**CSWR, LLC and Subsidiaries**

For the year ended December 31, 2019 (Successor) and the periods November 19 to December 31, 2018 (Successor), January 1 to November 18, 2018 (Predecessor)

**Consolidated Statements of Members' Equity**

	Paid-In Capital	Retained Deficit	Total Member's Equity
<b>Predecessor:</b>			
Balance at December 31, 2017			
Additional Paid in Capital			
Net Loss			
Balance at November 18, 2018			
<b>Successor:</b>			
Balance at November 19, 2018			
Additional Paid in Capital			
Net Loss			
<b>Balance at December 31, 2018</b>			
Additional Paid in Capital			
Net Loss			
<b>Balance at December 31, 2019</b>			

See notes to consolidated financial statements

**CSWR, LLC and Subsidiaries**

For the year ended December 31, 2019 (Successor) and the periods November 19 to December 31, 2018 (Successor), January 1 to November 18, 2018 (Predecessor)

**Consolidated Statements of Cash Flows**

	<i>Successor Period Ended <u>12.31.2019</u></i>	<i>Successor Period Ended <u>12.31.2018</u></i>	<i>Predecessor Period Ended <u>11.18.2018</u></i>
<b>Cash Flows from Operating Activities</b>			
Net Loss			
Adjustments to reconcile net loss to net cash used in operating activities			
Depreciation and amortization			
Amortization of deferred financing costs to interest expense			
Loss on transfer of preliminary survey & investigation expense			
Provision for doubtful accounts			
Write off of property, plant and equipment			
Amortization of salvage reserve			
Interest capitalized to notes payable			
Interest capitalized to deferred financing costs			
Interest capitalized to allowance for funds used during construction			
Change in assets (increase) decrease			
Accounts receivable, net			
Prepaid expenses & other current assets			
Deferred income tax asset, net			
Regulatory & other long-term assets			
Change in liabilities - increase (decrease)			
Accounts payable and current liabilities			
Contributions in aid of construction			
Net cash used in Operating Activities			
<b>Cash Flows from Investing Activities</b>			
Purchase of property, plant and equipment			
Acquisition of preliminary survey & investigation			
Net cash used in Investing Activities			
<b>Cash Flows from Financing Activities</b>			
Proceeds from notes payable			
Payments on notes payable			
Capital Contributions			
Net cash provided by Financing Activities			
Net Increase (Decrease) in Cash			
Cash, Beginning of Period			
Cash, End of Period			

See notes to consolidated financial statements

## **NOTE 01: NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

### **Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of CSWR, LLC ("CSWR") and its wholly owned subsidiaries, Missouri Central States Water Resources, LLC ("Missouri Central States"), Arkansas Central States Water Resources, LLC ("Arkansas Central States"), Kentucky Central States Water Resources, LLC ("Kentucky Central States") and Louisiana Central States Water Resources, LLC ("Louisiana Central States"), collectively ("the Company").

The accounts of Missouri Central States' wholly owned subsidiaries are included. Those subsidiaries are: Hillcrest Utility Holding Company, Inc. ("Hillcrest"), Raccoon Creek Utility Holding Company, Inc. ("Raccoon Creek"), Indian Hills Utility Holding Company, Inc. ("Indian Hills"), Elm Hills Utility Holding Company, Inc. ("Elm Hills"), Confluence Rivers Utility Holding Company, Inc. ("Confluence Rivers"), James River Utility Holding Company, Inc. ("James River"), Ridge Creek Utility Holding Company, Inc. ("Ridge Creek"), and Smithview Utility Holding Company, Inc. ("Smithview"), which in turn each own operating subsidiaries that carry out day-to-day operations of the Company.

The accounts of Arkansas Central States' wholly owned subsidiaries are also included. Those subsidiaries are: Hayden's Place Utility Holding Company, LLC ("Hayden's Place"), St. Joseph's Glen Utility Holding Company, LLC ("St. Joseph's Glen"), Sebastian Lake Utility Holding Company, LLC ("Sebastian Lake"), Eagle Ridge Utility Holding Company, LLC ("Eagle Ridge"), Flushing Meadows Utility Operating Company, LLC ("Flushing Meadows") and Oak Hill Utility Holding Company, LLC ("Oak Hill"), which in turn each own operating subsidiaries that carry out day-to-day operations of the Company.

The accounts of Kentucky Central States' wholly owned subsidiary, Bluegrass Water Utility Holding Company, LLC ("Bluegrass") are included. Bluegrass owns an operating subsidiary that carries out the day-to-day operations of the Company.

The accounts of Louisiana Central States' wholly owned subsidiary, Magnolia Water Utility Holding Company, LLC ("Magnolia") are included. Magnolia owns an operating subsidiary that carries out the day-to-day operations of the Company.

All significant inter-company transactions and account balances have been eliminated in consolidation.

### **Nature of Operations and Acquisition**

CSWR is a private water and wastewater utility company. The Company's primary purpose, through its subsidiaries, is to establish and maintain compliant water and wastewater treatment facilities for underserved communities and private facility owners by creating economically viable options compliant with the Clean Water Act and the Safe Drinking Water Act. The Company holds certificates of public convenience and necessity granted by the Missouri Public Service Commission, ("Missouri PSC"), under which the Company provides water and wastewater services in Missouri. In the state of Kentucky, the Company holds certificates of public convenience and necessity granted by the Kentucky Public Service Commission, ("Kentucky PSC") under which the Company provides wastewater services in Kentucky. In the state of Louisiana, the Company has been granted authority to operate water and wastewater systems by the Louisiana Public Service Commission, ("Louisiana PSC"). The Company also provides water and

**NOTE 01: NATURE OF OPERATIONS AND BASIS OF PRESENTATION (continued)**

wastewater services in Arkansas; however, Arkansas Central States' subsidiaries are currently under the water and sewer revenue threshold that requires rate regulation from the Arkansas Public Service Commission, ("Arkansas PSC").

The Company is a wholly owned subsidiary of US Water Systems, LLC. (the "Parent"). The Parent was formed by investment funds affiliated and managed by Gullfoss Investments, LLC. The Parent, on November 19, 2018, completed the acquisition of a 100% ownership position on the units of the Company.

The accompanying financial statements contain activity for the acquired business (the "Successor") and reflect the application of pushdown accounting. Successor financial statements are for the year ended December 31, 2019 and for the period from November 19, 2018 to December 31, 2018.

The Company's consolidated financial statements and certain footnote disclosures are presented in two distinct periods in 2018 to indicate the application of two different bases of accounting, which may not be comparable, between the periods presented. The periods prior to the acquisition date are identified as "Predecessor" and the period after the acquisition date is identified as "Successor".

**NOTE 02: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The Company's policy is to prepare its consolidated financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

**Use of Estimates**

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, the actual results could differ from those estimates.

**Recognition of Revenue**

On January 1, 2019, the Company adopted Accounting Standards Codification ("ASC") Topic 606, Revenue From Contracts With Customers using the modified retrospective approach, applied to contracts which were not completed as of January 1, 2019. Under this approach, periods prior to the adoption have not been restated and continue to be reported under the accounting standards in effect for those periods.

Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration which the Company expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: 1) identifies the contract with a customer; 2) identifies the performance obligations within the contract; 3) determines the transaction price; 4) allocates the transaction price to the performance obligations in the contract; and 5) recognizes revenue when, or as, the Company satisfies each performance obligation.

**NOTE 02: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

The Company's revenues from contracts with customers are discussed below. Customer payments for contracts are generally due within 30 days of billing and none of the contracts with customers have payment terms that exceed one year; therefore, the Company elected to apply the significant financing component practical expedient and no amount of consideration has been allocated as a financing component.

The Company's revenue is generated from water and wastewater services delivered to customers. These contracts contain a single performance obligation, the delivery of water and wastewater services, as the promise to transfer the individual service is not separately identifiable from other promises within the contract and is not distinct. Revenue is recognized over time, as water and sewer services are provided, and include amounts billed to customers on a cycle basis and unbilled amounts based on one month of service. There are no significant financing components or variable consideration. The amounts the Company has a right to invoice are determined by a periodic flat fee, metered usage or both where applicable, indicating that the invoice amount corresponds directly to the value transferred to the customer. The Company elected to use the right to invoice and the disclosure of remaining performance obligations practical expedients for these revenues.

**Income Taxes**

CSWR has elected to be treated as a partnership for federal income tax purposes and does not incur income taxes. Instead, its taxable earnings and losses are allocated in accordance with the Operating Agreement and are included in the income tax returns of the members. Accordingly, no provision is made for federal and state income taxes in the consolidated financial statements related to that entity.

CSWR's subsidiaries have elected to be treated as "C" Corporations. Income taxes are provided for the tax effects of transactions reported in the consolidated financial statements and consist of taxes currently due, plus deferred taxes related primarily to timing differences.

The Company and subsidiaries have assessed their federal and state tax positions and determined there were no uncertainties or possible related effects that need to be recorded as of or for the years ended December 31, 2019 and 2018. If applicable, penalties and interest assessed by income taxing authorities are included with the provision for income taxes.

The federal and state income tax returns of the Company for the years ended December 31, 2019 and 2018 are subject to examination by the respective taxing authorities, generally for three years after they were filed.

**Accounts Receivable**

Accounts receivable include utility customer accounts receivable, which represent amounts billed to water and wastewater customers on a cycle basis. Accounts receivable also includes unbilled revenue for services provided but not billed to customers. Credit is extended based on the guidelines of the applicable state Public Service Commission or similar regulatory body and collateral is generally not required.

The Company provides an allowance for doubtful accounts equal to the estimated losses that will be incurred in the collection of accounts receivable. This estimate is based on historical experience coupled with a review of the current status of existing receivables. The allowance and associated accounts

**NOTE 02: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

receivable are reduced when the receivables are determined to be uncollectible. The allowance at December 31, 2019 and 2018 was \$18,115 and \$23,983, respectively.

**Property, Plant and Equipment**

Property, plant and equipment is generally stated at cost. Major additions and improvements are capitalized and, where rate regulated, placed in service subject to review and revaluation by the applicable state Public Service Commission or similar regulatory body, while maintenance and repairs are expensed as incurred. When assets are sold or otherwise disposed of, the related cost and accumulated depreciation are removed from the accounts. Any gain or loss arising from such disposition is included as income or expense in the year of disposition.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated lives for computing depreciation and amortization on property, plant and equipment are:

Utility Plant in Service - Sewer	10-50 Years
Utility Plant in Service - Water	10-50 Years
Furniture, Fixtures, and Other	7-20 Years

**Preliminary Survey and Investigation Charges**

The Company capitalizes all expenditures for preliminary surveys, plans, investigations, etc. made for the purpose of determining the feasibility of the acquisition of system assets. If the purchase results, these costs are reclassified to the appropriate utility plant account. If the initiative is abandoned, the costs are expensed in the period in which Management makes the determination.

**Regulation**

The Company's Missouri, Kentucky and Louisiana utilities are subject to economic regulation by the respective PSCs. The Missouri PSC, Kentucky PSC and Louisiana PSC generally authorize revenue at levels intended to recover the estimated costs of providing service, plus a return on net investments, or rate base. The Missouri PSC approved a rate base increase February 21, 2018 with an effective date of March 23, 2018 for Indian Hills. Regulators may also impose certain penalties or grant certain incentives. Due to timing and other differences in the collection of utility revenue, an incurred cost that would otherwise be charged to expense by a non-regulated entity is (at the direction of the state PSC) to be deferred as a regulatory asset if it is probable that the cost is recoverable in future rates. Conversely, GAAP requires the recording of a regulatory liability for amounts collected in rates to recover costs expected to be incurred in the future or amounts collected in excess of costs incurred and refundable to customers.

The Company had a regulatory asset of \$50,000 ("Other Long-Term Assets"), with accumulated amortization of \$21,667 and \$11,667 at December 31, 2019 and 2018 respectively. Amortization expense for the periods ended December 31, 2019, December 31, 2018 and November 18, 2018 was \$10,000, \$1,667 and \$8,333 respectively.

The Company's net regulatory liability for removal costs recoverable through rates at December 31, 2019 and 2018 is \$41,505 and \$32,753 respectively. Salvage expense of the liability for removal costs was \$8,069, \$849 and \$6,733 for the periods ended December 31, 2019, December 31, 2018 and November



**NOTE 02: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

18, 2018, respectively. The amounts of the liability are included in Property, Plant & Equipment, Net as a subset of accumulated depreciation.

**Contributions in Aid of Construction**

Regulated utilities may receive advances for construction and/or contributions in aid of construction from customers, home builders, real estate developers, home-owners associations, etc., to fund construction necessary to extend or enhance services or operating facilities to new areas. Advances that are no longer refundable are reclassified as contributions of capital. Contributions are permanent collections of plant assets or cash for a specific capital construction project. For ratemaking purposes, the amount of such contributions generally serves as a rate base reduction since the contributions represent non-investor supplied funds. Generally, the Company depreciates utility plants funded by contributions and amortizes its contributions balance as a reduction to depreciation expense, producing a result which is functionally equivalent to reducing the original cost of the utility plant for the contributions. Amortization of contributions in aid of construction was \$18,935, \$2,800 and \$21,603 for the periods ended December 31, 2019, December 31, 2018 and November 18, 2018 respectively.

**Purchase Accounting**

Acquisitions are accounted for as a business purchase combination using the purchase method of accounting under the provisions of Financial Accounting Standards Board ("FASB") ASC 805-10, Business Combinations – Overall. The allocation of consideration for acquisitions requires extensive use of accounting estimates and management judgment to allocate the purchase price of tangible and identifiable intangible assets acquired and liabilities and contributions in aid of construction assumed based on their respective fair values.

Management believes the fair values assigned to the assets and liabilities are based on reasonable estimates and assumptions.

**Goodwill and Other Intangible Assets**

Goodwill arises from business combinations and is generally determined as the excess of the fair value of the consideration transferred, plus the fair value of any noncontrolling interests in the acquiree, over the fair value of the net assets acquired and liabilities assumed as of the acquisition date. Goodwill and intangible assets acquired in a purchase business combination and determined to have an indefinite useful life are not amortized but tested for impairment at least annually or more frequently if events and circumstances exist that indicate that a goodwill impairment test should be performed. The Company has selected December 31 as the date to perform the annual impairment test. Intangible assets with definite useful lives are amortized over their estimated useful lives to their estimated residual values. Goodwill, the Trade Name and Certificate of Convenience and Necessity have an indefinite life on the consolidated balance sheets. There are no intangible assets with a definite life on the consolidated balance sheets.

**New Accounting Pronouncements**

In February 2016, the FASB issued Accounting Standards Update ("ASU") 2016-02, Leases: Amendments to the FASB Accounting Standards Codification, which amends the existing guidance on accounting for leases, and is effective for fiscal years beginning after December 15, 2020 for entities other than public business entities. This ASU requires the recognition of lease assets and liabilities on the consolidated

**NOTE 02: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

balance sheets and the disclosure of key information about leasing arrangements. Early adoption is permitted and modified retrospective application is required for leases that exist or are entered into after the beginning of the earliest comparative period in the consolidated financial statements. Management is currently evaluating the impact of adopting ASU 2016-02 on the Company's consolidated financial statements and related disclosures.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses. The standard requires a financial asset (including trade receivables) measured at amortized cost basis to be presented at the net amount expected to be collected. Thus, the income statement will reflect the measurement of credit losses for newly recognized financial assets as well as the expected increases or decreases of expected credit losses that have taken place during the period. This standard will be effective for the calendar year ending December 31, 2021. The Company is currently in the process of evaluating the impact of adoption of this ASU on the consolidated financial statements.

**NOTE 03: ACQUISITION AND FACILITY OPERATIONS**

**Acquisition**

Throughout the year ended December 31, 2019 the Company, through its subsidiaries, acquired certain operating assets of various previously existing companies, primarily property, plant and equipment, that provide water treatment and sewer collection and treatment services in various counties throughout Missouri, Arkansas, Kentucky and Louisiana for total cash considerations of \$7,159,581. No liabilities were assumed at acquisition. Management has determined that the cash consideration approximates the net realizable value of the assets acquired, which is indicative of the fair value.

During the period ended December 31, 2018, the Company, through its subsidiaries, acquired certain operating assets of previously existing companies, primarily property, plant and equipment that provides sewer collection and treatment services, and water supply and distribution services, in various counties throughout Missouri and Arkansas. Total cash consideration for purchases through November 18, 2018 was \$919,057 and from November 19 through December 31, 2018 was \$3,804. No liabilities were assumed at acquisition. Management has determined that the cash consideration approximates the net realizable value of the assets acquired, which is indicative of the fair value.

**Facility Operations**

Throughout the year ended December 31, 2018, the Company, through its subsidiaries, began or continued operations at various water supply and wastewater collection treatment facilities located in various counties in Missouri. During this period, the Company held or reached various agreements to acquire certain operating assets of these facilities for a total of \$572,218. The Company received regulatory approval on February 14, 2019 to complete these acquisitions and as of December 31, 2019 all acquisitions had been completed. Prior to completion of the acquisitions, the Company paid monthly operating fees totaling \$32,360 for some of these facilities.

**NOTE 04: ACQUISITION OF CSWR**



**CSWR, LLC and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

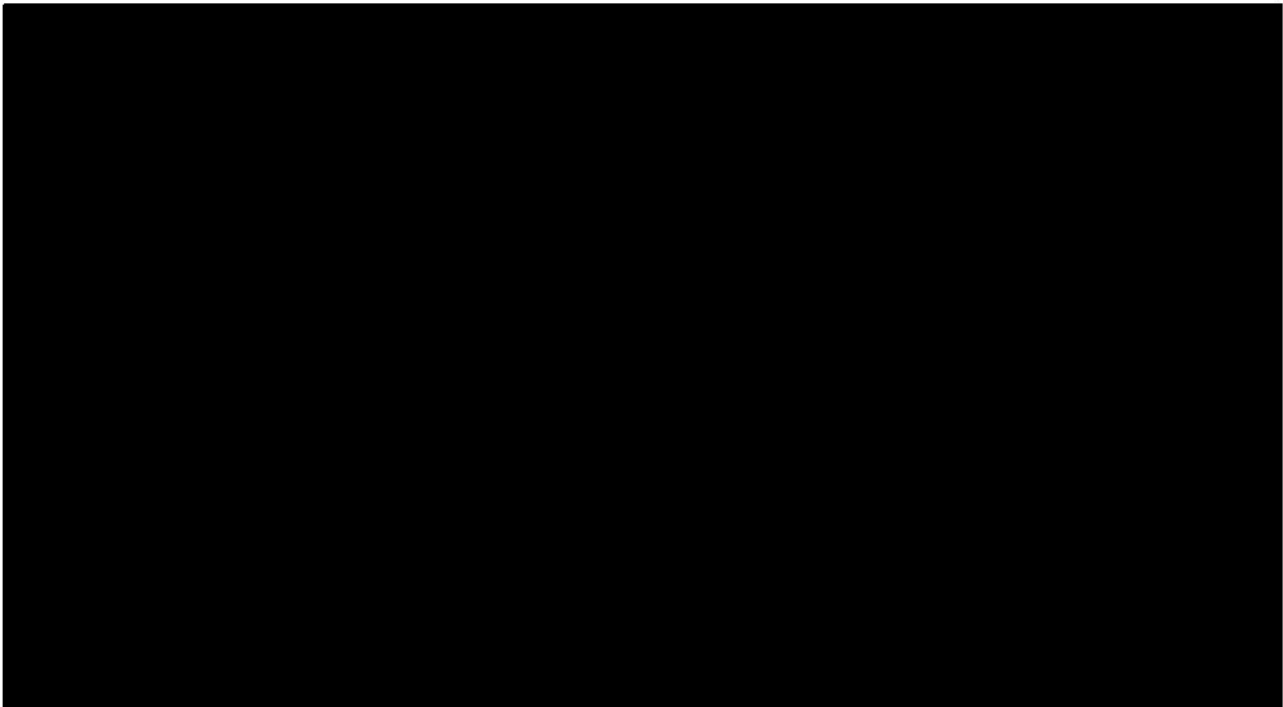
---

**NOTE 04: ACQUISITION OF CSWR (continued)**



	Acquisition Date Carrying Value	Adjustments	Acquisition Date Fair Value
Cash			
Accounts Receivable			
Other current assets			
Property, Plant and Equipment			
Other long-term assets			
Certificate of Convenience and Necessity			
Trade Name			
Accounts payable and accrued liabilities			
Notes Payable			
Contributions in Aid of Construction			
Goodwill			

**NOTE 05: CONSOLIDATED STATEMENT OF CASH FLOWS**

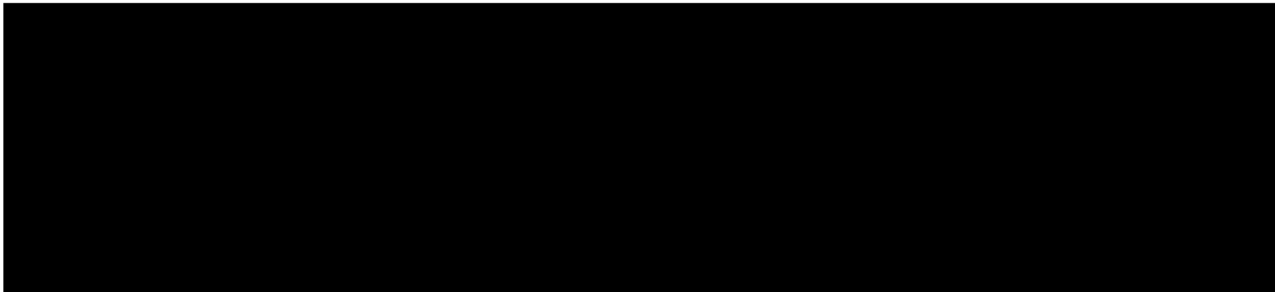


**NOTE 06: PROPERTY, PLANT AND EQUIPMENT**

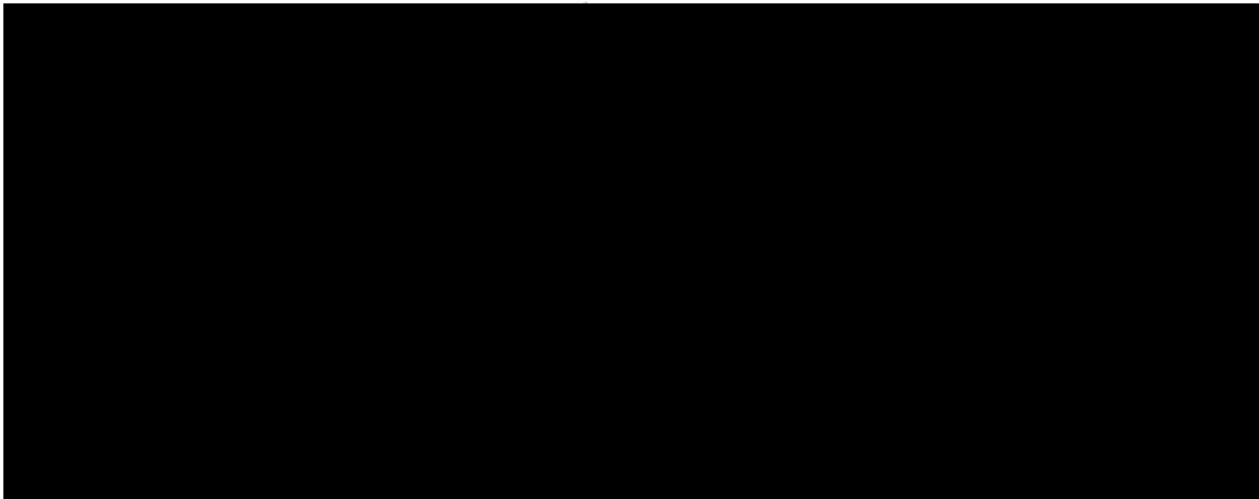


Major classes of property, plant and equipment consist of the following:

	<b>31-Dec-19</b>	<b>31-Dec-18</b>
Utility Plant in Service – Sewer		
Utility Plant in Service – Water		
Furniture, Fixtures & Office Equipment		
Less Accumulated Depreciation		
In Service Property, Plant & Equipment - Net		
Construction Work in Progress		
Property, Plant & Equipment – Net		



**NOTE 07: CONSTRUCTION NOTES PAYABLE**



**CSWR, LLC and Subsidiaries**  
**Notes to the Consolidated Financial Statements**

---

**NOTE 07: CONSTRUCTION NOTES PAYABLE (continued)**

Notes Payable balance, including accrued interest and origination fee  
Unamortized deferred financing costs  
Current portion of notes payable  
**Notes Payable, net of current portion**



Future maturities of notes payable are as follows:

Year ending December 31,



**Deferred Financing Costs**



**NOTE 08: RELATED PARTY TRANSACTIONS**

The Company has construction notes payable to a related party as disclosed in Note 7.

**NOTE 09: OPERATING LEASE**



**NOTE 09: OPERATING LEASE (continued)**

[REDACTED]

Total future minimum commitments related to these leases are as follows:

[REDACTED]

[REDACTED]

**NOTE 10: EMPLOYEE BENEFIT PLAN**

[REDACTED]

**NOTE 11: COMMITMENTS AND CONTINGENCIES**

The Company is involved in various claims and legal actions arising in the ordinary course of business. In the opinion of the Company's management, the probable resolution of such contingencies will not have a material adverse effect on the financial position or results of operations of the Company.

**NOTE 12: INCOME TAXES AND LOSS CARRYFORWARD**

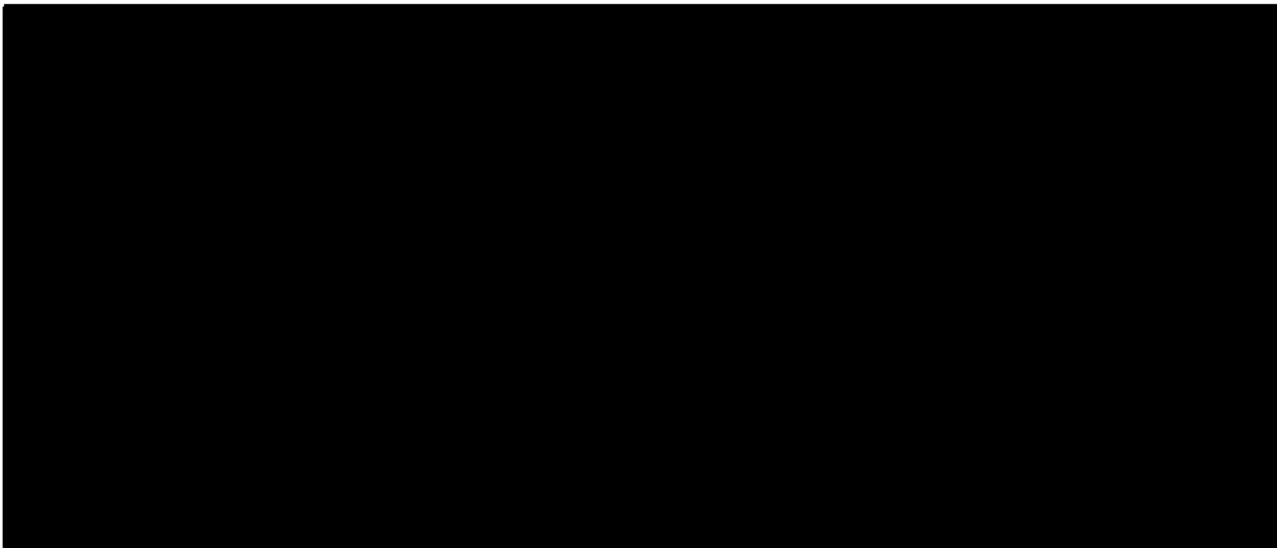
[REDACTED]

**NOTE 12: INCOME TAXES AND LOSS CARRYFORWARD (continued)**

temporary differences include the future tax benefits of operating loss carryforwards recognized for financial reporting purposes.

The net deferred tax asset consists of the following components as of December 31, 2019 and 2018:

	31-Dec-19	31-Dec-18
Gross deferred tax asset		
Gross deferred tax liability		
Deferred tax asset/(liability)		
Less valuation allowance		
Deferred tax asset/(liability) - Net		



**NOTE 13: RECLASSIFICATIONS**

Certain reclassifications have been made to the prior year consolidated financial statements to conform to the current year presentation. Total assets, total liabilities, and net loss were not affected.

**NOTE 14: SUBSEQUENT EVENTS**

Subsequent to year end, the Company paid approximately \$28,174,092 to acquire certain operating assets, primarily property, plant and equipment, that provides water supply and distribution services, and sewer collection and treatment services in Louisiana. The assets acquired are expected to approximate the amount paid.

Management has evaluated subsequent events through the accompanying date of the independent auditors report, which is the date these consolidated financial statements were available to be issued.

On March 11, 2020 the World Health Organization characterized the novel COVID-19 coronavirus as a global pandemic and its spread is altering the behavior of businesses and people throughout the United States. The continued spread of the coronavirus may adversely impact the local, regional and national economies. The extent to which the coronavirus impacts the Company's results will depend on future developments, which are highly uncertain and cannot be predicted. The impact is highly dependent on the breadth and duration of the outbreak and could be affected by other factors that cannot currently be predicted. Accordingly, management cannot presently estimate the overall operational and financial impact to the Company, but such an impact could have a material adverse effect on the financial condition of the Company.



Form **8879-C**

**IRS e-file Signature Authorization for Form 1120**

OMB No. 1545-0123

For calendar year 2019, or tax year beginning MAR 21, 2019, ending DEC 31, 2019

**2019**

Department of the Treasury  
Internal Revenue Service

▶ **Do not send to the IRS. Keep for your records.**

▶ **Go to [www.irs.gov/Form8879C](http://www.irs.gov/Form8879C) for the latest information.**

Name of corporation **BLUEGRASS WATER UTILITY HOLDING COMPANY  
LLC**

Employer identification number  
[REDACTED]

**Part I Tax Return Information** (Whole dollars only)

1 Total income (Form 1120, line 11) .....	1
2 Taxable income (Form 1120, line 30) .....	2
3 Total tax (Form 1120, line 31) .....	3
4 Amount owed (Form 1120, line 35) .....	4
5 Overpayment (Form 1120, line 36) .....	5



**Part II Declaration and Signature Authorization of Officer. Be sure to get a copy of the corporation's return.**

Under penalties of perjury, I declare that I am an officer of the above corporation and that I have examined a copy of the corporation's 2019 electronic income tax return and accompanying schedules and statements and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I above are the amounts shown on the copy of the corporation's electronic income tax return. I consent to allow my electronic return originator (ERO), transmitter, or intermediate service provider to send the corporation's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the corporation's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the corporation's electronic income tax return and, if applicable, the corporation's consent to electronic funds withdrawal.

**Officer's PIN: check one box only**

I authorize MUELLER PROST, LC to enter my PIN [REDACTED] **do not enter all zeros**  
ERO firm name

as my signature on the corporation's 2019 electronically filed income tax return.

As an officer of the corporation, I will enter my PIN as my signature on the corporation's 2019 electronically filed income tax return.

Officer's signature ▶ \_\_\_\_\_ Date ▶ \_\_\_\_\_ Title ▶ PRESIDENT

**Part III Certification and Authentication**

ERO's EFIN/PIN. Enter your six-digit EFIN followed by your five-digit self-selected PIN. [REDACTED] **do not enter all zeros**

I certify that the above numeric entry is my PIN, which is my signature on the 2019 electronically filed income tax return for the corporation indicated above. I confirm that I am submitting this return in accordance with the requirements of **Pub. 3112**, IRS e-file Application and Participation, and **Pub. 4163**, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶ *Ralph Cronow III* Date ▶ 09/25/20

**ERO Must Retain This Form - See Instructions  
Do Not Submit This Form to the IRS Unless Requested To Do So**

For Paperwork Reduction Act Notice, see instructions.

Form **8879-C** (2019)

LHA

U.S. Corporation Income Tax Return

Form 1120

For calendar year 2019 or tax year beginning MARCH 21, 2019, ending DECEMBER 31, 2019

Department of the Treasury Internal Revenue Service

Go to www.irs.gov/Form1120 for instructions and the latest information.

2019

- A Check if: 1a Consolidated return (attach Form 851) [X] 1b Life/nonlife consolidated return [ ] 2 Personal holding co. (attach Sch. PH) [ ] 3 Personal service corp. (see instructions) [ ] 4 Schedule M-3 attached [ ]

TYPE OR PRINT

Name BLUEGRASS WATER UTILITY HOLDING COMPANY LLC Number, street, and room or suite no. If a P.O. box, see instructions. 1650 DES PERES RD., STE. 303 City or town, state or province, country, and ZIP or foreign postal code DES PERES, MO 63131

B Employer identification number C Date incorporated 03/21/2019 D Total assets (see instructions) \$

E Check if: (1) [X] Initial return (2) [ ] Final return (3) [ ] Name change (4) [ ] Address change

Table with 37 rows and 3 columns: Description, Amount, and Total. Rows include Income (1a-11), Deductions (12-29c), and Tax, Refundable Credits, and Payments (30-37).

Sign Here Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge. Signature of officer: [Signature] Date: [Date] Title: PRESIDENT

Paid Preparer Use Only Print/Type preparer's name: RALPH E. CRANCER III Preparer's signature: RALPH E. CRANCER I Date: 09/25/20 Firm's name: MUELLER PROST, LC Firm's EIN: Firm's address: 7733 FORSYTH BLVD., SUITE 1200 ST. LOUIS, MO 63105 Phone no.: (314) 862-2070

Schedule C Dividends, Inclusions, and Special Deductions (see instructions)	(a) Dividends and inclusions	(b) %	(c) Special deductions (a) x (b)
1 Dividends from less-than-20%-owned domestic corporations (other than debt-financed stock) .....			
2 Dividends from 20%-or-more-owned domestic corporations (other than debt-financed stock) .....			
3 Dividends on certain debt-financed stock of domestic and foreign corporations .....			
4 Dividends on certain preferred stock of less-than-20%-owned public utilities .....			
5 Dividends on certain preferred stock of 20%-or-more-owned public utilities .....			
6 Dividends from less-than-20%-owned foreign corporations and certain FSCs .....			
7 Dividends from 20%-or-more-owned foreign corporations and certain FSCs .....			
8 Dividends from wholly owned foreign subsidiaries .....			
9 <b>Subtotal.</b> Add lines 1 through 8 .....			
10 Dividends from domestic corporations received by a small business investment company operating under the Small Business Investment Act of 1958 .....			
11 Dividends from affiliated group members .....			
12 Dividends from certain FSCs .....			
13 Foreign-source portion of dividends received from a specified 10%-owned foreign corporation (excluding hybrid dividends) (see instructions) .....			
14 Dividends from foreign corporations not included on line 3, 6, 7, 8, 11, 12, or 13 (including any hybrid dividends) .....			
15 Section 965(a) inclusion .....			
16a Subpart F inclusions derived from the sale by a controlled foreign corporation (CFC) of the stock of a lower-tier foreign corporation treated as a dividend (attach Form(s) 5471) (see instructions) .....			
16b Subpart F inclusions derived from hybrid dividends of tiered corporations (attach Form(s) 5471) (see instructions) .....			
16c Other inclusions from CFCs under subpart F not included on line 15, 16a, 16b, or 17 (attach Form(s) 5471) (see instructions) .....			
17 Global intangible Low-Taxed income (GILTI) (attach Form(s) 5471 and Form 8992) .....			
18 Gross-up for foreign taxes deemed paid .....			
19 IC -DISC and former DISC dividends not included on line 1, 2, or 3 .....			
20 Other dividends .....			
21 Deduction for dividends paid on certain preferred stock of public utilities .....			
22 Section 250 deduction (attach Form 8993) .....			
23 <b>Total dividends and inclusions.</b> Add column (a), lines 9 through 20. Enter here and on page 1, line 4 .....			
24 <b>Total special deductions.</b> Add column (c), lines 9 through 22. Enter here and on page 1, line 29b .....			

**Schedule J Tax Computation and Payment** (see instructions)

**Part I - Tax Computation**

1	Check if the corporation is a member of a controlled group (attach Schedule O (Form 1120))	<input type="checkbox"/>	
2	Income tax. See instructions		2
3	Base erosion minimum tax amount (attach Form 8991)		3
4	Add lines 2 and 3		4
5a	Foreign tax credit (attach Form 1118)	5a	
b	Credit from Form 8834 (see instructions)	5b	
c	General business credit (attach Form 3800)	5c	
d	Credit for prior year minimum tax (attach Form 8827)	5d	
e	Bond credits from Form 8912	5e	
6	<b>Total credits.</b> Add lines 5a through 5e		6
7	Subtract line 6 from line 4		7
8	Personal holding company tax (attach Schedule PH (Form 1120))		8
9a	Recapture of investment credit (attach Form 4255)	9a	
b	Recapture of low-income housing credit (attach Form 8611)	9b	
c	Interest due under the look-back method-completed long-term contracts (attach Form 8697)	9c	
d	Interest due under the look-back method-income forecast method (attach Form 8866)	9d	
e	Alternative tax on qualifying shipping activities (attach Form 8902)	9e	
f	Other (see instructions - attach statement)	9f	
10	<b>Total.</b> Add lines 9a through 9f		10
11	<b>Total tax.</b> Add lines 7, 8, and 10. Enter here and on page 1, line 31		11

**Part II - Section 965 Payments** (see instructions)

12	2019 net 965 tax liability paid from Form 965-B, Part II, column (k), line 3. Enter here and on page 1, line 32	12
----	---	----

**Part III - Payments, Refundable Credits, and Section 965 Net Tax Liability**

13	2018 overpayment credited to 2019	13
14	2019 estimated tax payments	14
15	2019 refund applied for on Form 4466	15
16	Combine lines 13, 14, and 15	16
17	Tax deposited with Form 7004	17
18	Withholding (see instructions)	18
19	<b>Total payments.</b> Add lines 16, 17, and 18	19
20	Refundable credits from:	
a	Form 2439	20a
b	Form 4136	20b
c	Form 8827, line 5c	20c
d	Other (attach statement - see instructions)	20d
21	<b>Total credits.</b> Add lines 20a through 20d	21
22	2019 net 965 tax liability from Form 965-B, Part I, column (d), line 3. See instructions	22
23	<b>Total payments, credits, and section 965 net tax liability.</b> Add lines 19, 21, and 22. Enter here and on page 1, line 33	23

**Schedule K Other Information** (see instructions)

1 Check accounting method: a  Cash b  Accrual c Other (specify)  \_\_\_\_\_ Yes No

2 See the instructions and enter the:

a Business activity code no.  \_\_\_\_\_

b Business activity  WATER TREATMENT PLAN

c Product or service  WATER TREATMENT PLAN

3 Is the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? \_\_\_\_\_  
If "Yes," enter name and EIN of the parent corporation  \_\_\_\_\_

4 At the end of the tax year:

a Did any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part I of Schedule G (Form 1120) (attach Schedule G) \_\_\_\_\_

b Did any individual or estate own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote? If "Yes," complete Part II of Schedule G (Form 1120) (attach Schedule G) \_\_\_\_\_

5 At the end of the tax year, did the corporation:

a Own directly 20% or more, or own, directly or indirectly, 50% or more of the total voting power of all classes of stock entitled to vote of any foreign or domestic corporation not included on Form 851, Affiliations Schedule? For rules of constructive ownership, see instructions \_\_\_\_\_  
If "Yes," complete (i) through (iv) below.

(i) Name of Corporation	(ii) Employer Identification Number (if any)	(iii) Country of Incorporation	(iv) Percentage Owned in Voting Stock

b Own directly an interest of 20% or more, or own, directly or indirectly, an interest of 50% or more in any foreign or domestic partnership (including an entity treated as a partnership) or in the beneficial interest of a trust? For rules of constructive ownership, see instructions \_\_\_\_\_  
If "Yes," complete (i) through (iv) below.

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Country of Organization	(iv) Maximum Percentage Owned in Profit, Loss, or Capital

6 During this tax year, did the corporation pay dividends (other than stock dividends and distributions in exchange for stock) in excess of the corporation's current and accumulated earnings and profits? See sections 301 and 316 \_\_\_\_\_  
If "Yes," file Form 5452, Corporate Report of Nondividend Distributions. See the instructions for Form 5452.  
If this is a consolidated return, answer here for the parent corporation and on Form 851 for each subsidiary.

7 At any time during the tax year, did one foreign person own, directly or indirectly, at least 25% of the total voting power of all classes of the corporation's stock entitled to vote or at least 25% of the total value of all classes of the corporation's stock? \_\_\_\_\_  
For rules of attribution, see section 318. If "Yes," enter:  
(a) Percentage owned  \_\_\_\_\_ and (b) Owner's country  \_\_\_\_\_  
(c) The corporation may have to file Form 5472, Information Return of a 25% Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business. Enter the number of Forms 5472 attached  \_\_\_\_\_

8 Check this box if the corporation issued publicly offered debt instruments with original issue discount \_\_\_\_\_  
If checked, the corporation may have to file Form 8281, Information Return for Publicly Offered Original Issue Discount Instruments.

9 Enter the amount of tax-exempt interest received or accrued during the tax year  \$ \_\_\_\_\_

10 Enter the number of shareholders at the end of the tax year (if 100 or fewer)  1

11 If the corporation has an NOL for the tax year and is electing to forego the carryback period, check here \_\_\_\_\_  
If the corporation is filing a consolidated return, the statement required by Regulations section 1.1502-21(b)(3) must be attached or the election will not be valid.

12 Enter the available NOL carryover from prior tax years (do not reduce it by any deduction reported on page 1, line 29a.) \_\_\_\_\_  \$ \_\_\_\_\_

**Schedule K** Other Information (continued from page 4)

	Yes	No
<b>13</b> Are the corporation's total receipts (page 1, line 1a, plus lines 4 through 10) for the tax year and its total assets at the end of the tax year less than \$250,000? ..... If "Yes," the corporation is not required to complete Schedules L, M-1, and M-2. Instead, enter the total amount of cash distributions and the book value of property distributions (other than cash) made during the tax year ► \$ _____		
<b>14</b> Is the corporation required to file Schedule UTP (Form 1120), Uncertain Tax Position Statement? See instructions ..... If "Yes," complete and attach Schedule UTP.		
<b>15a</b> Did the corporation make any payments in 2019 that would require it to file Form(s) 1099? .....		
<b>b</b> If "Yes," did or will the corporation file required Form(s) 1099? .....		
<b>16</b> During this tax year, did the corporation have an 80%-or-more change in ownership, including a change due to redemption of its own stock? .....		
<b>17</b> During or subsequent to this tax year, but before the filing of this return, did the corporation dispose of more than 65% (by value) of its assets in a taxable, non-taxable, or tax deferred transaction? .....		
<b>18</b> Did the corporation receive assets in a section 351 transfer in which any of the transferred assets had a fair market basis or fair market value of more than \$1 million? .....		
<b>19</b> During the corporation's tax year, did the corporation make any payments that would require it to file Forms 1042 and 1042-S under chapter 3 (sections 1441 through 1464) or chapter 4 (sections 1471 through 1474) of the Code? .....		
<b>20</b> Is the corporation operating on a cooperative basis? .....		
<b>21</b> During the tax year, did the corporation pay or accrue any interest or royalty for which the deduction is not allowed under section 267A? See instructions ..... If "Yes," enter the total amount of the disallowed deductions ► \$ _____		
<b>22</b> Does the corporation have gross receipts of at least \$500 million in any of the 3 preceding tax years? (See sections 59A(e)(2) and (3)) ..... If "Yes," complete and attach Form 8991.		
<b>23</b> Did the corporation have an election under section 163(j) for any real property trade or business or any farming business in effect during the tax year? See instructions .....		
<b>24</b> Does the corporation satisfy one or more of the following? See instructions .....		
<b>a</b> The corporation owns a pass-through entity with current, or prior year carryover, excess business interest expense.		
<b>b</b> The corporation's aggregate average annual gross receipts (determined under section 448(c)) for the 3 tax years preceding the current tax year are more than \$26 million and the corporation has business interest expense.		
<b>c</b> The corporation is a tax shelter and the corporation has business interest expense. If "Yes," to any, complete and attach Form 8990.		
<b>25</b> Is the corporation attaching Form 8996 to certify as a Qualified Opportunity Fund? .....		
If "Yes," enter amount from Form 8996, line 14 ..... ► \$ _____		

Schedule L Balance Sheets per Books	Beginning of tax year		End of tax year	
	(a)	(b)	(c)	(d)
<b>Assets</b>				
1 Cash .....				
2a Trade notes and accounts receivable .....				
b Less allowance for bad debts .....				
3 Inventories .....				
4 U.S. government obligations .....				
5 Tax-exempt securities .....				
6 Other current assets (att. stmt.) .....				
7 Loans to shareholders .....				
8 Mortgage and real estate loans .....				
9 Other investments (att. stmt.) .....				
10a Buildings and other depreciable assets .....				
b Less accumulated depreciation .....				
11a Depletable assets .....				
b Less accumulated depletion .....				
12 Land (net of any amortization) .....				
13a Intangible assets (amortizable only) .....				
b Less accumulated amortization .....				
14 Other assets (att. stmt.) .....				
15 Total assets .....				
<b>Liabilities and Shareholders' Equity</b>				
16 Accounts payable .....				
17 Mortgages, notes, bonds payable in less than 1 year .....				
18 Other current liabilities (att. stmt.) .....				
19 Loans from shareholders .....				
20 Mortgages, notes, bonds payable in 1 year or more .....				
21 Other liabilities (att. stmt.) .....				
22 Capital stock: a Preferred stock .....				
b Common stock .....				
23 Additional paid-in capital .....				
24 Retained earnings - Appropriated (attach statement) .....				
25 Retained earnings - Unappropriated .....				
26 Adjustments to shareholders' equity (attach statement) .....				
27 Less cost of treasury stock .....				
28 Total liabilities and shareholders' equity .....				

**Schedule M-1 Reconciliation of Income (Loss) per Books With Income per Return**

Note: The corporation may be required to file Schedule M-3. See instructions.

1 Net income (loss) per books .....	
2 Federal income tax per books .....	
3 Excess of capital losses over capital gains .....	
4 Income subject to tax not recorded on books this year (itemize): _____	
5 Expenses recorded on books this year not deducted on this return (itemize):	
a Depreciation ..... \$ _____	
Charitable contributions ..... \$ _____	
b Travel and entertainment ... \$ _____	
c _____	
6 Add lines 1 through 5 .....	

**Schedule M-2 Analysis of Unapp**

1 Balance at beginning of year .....	
2 Net income (loss) per books .....	
3 Other increases (itemize): _____	
4 Add lines 1, 2, and 3 .....	

**SCHEDULE G  
(Form 1120)**

(Rev. December 2011)  
Department of the Treasury  
Internal Revenue Service

**Information on Certain Persons Owning the  
Corporation's Voting Stock**

OMB No. 1545-0123

▶ Attach to Form 1120.

Name  
**BLUEGRASS WATER UTILITY HOLDING COMPANY  
LLC**

Employer identification number (EIN)  
[REDACTED]

**Part I** **Certain Entities Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4a). Complete columns (i) through (v) below for any foreign or domestic corporation, partnership (including any entity treated as a partnership), trust, or tax-exempt organization that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Entity	(ii) Employer Identification Number (if any)	(iii) Type of Entity	(iv) Country of Organization	(v) Percentage Owned in Voting Stock
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**Part II** **Certain Individuals and Estates Owning the Corporation's Voting Stock.** (Form 1120, Schedule K, Question 4b). Complete columns (i) through (iv) below for any individual or estate that owns directly 20% or more, or owns, directly or indirectly, 50% or more of the total voting power of all classes of the corporation's stock entitled to vote (see instructions).

(i) Name of Individual or Estate	(ii) Identifying Number (if any)	(iii) Country of Citizenship (see instructions)	(iv) Percentage Owned in Voting Stock



Form **851**  
 (Rev. October 2016)  
 Department of the Treasury  
 Internal Revenue Service

For tax year ending \_\_\_\_\_

**Affiliations Schedule**  
 DECEMBER 31, 2019

OMB No. 1545-0123

▶ **File with each consolidated income tax return.**

▶ **Information about Form 851 and its instructions is at [www.irs.gov/form851](http://www.irs.gov/form851).**

Name of common parent corporation **BLUEGRASS WATER UTILITY HOLDING COMPANY LLC** Employer identification number [REDACTED]

Number, street, and room or suite no. If a P.O. box, see instructions.  
**1650 DES PERES RD. STE 303**  
 City or town, state, and ZIP code **DES PERES, MO 63131**

**Part I** Overpayment Credits, Estimated Tax Payments, and Tax Deposits (see instructions)

Corp. No.	Name and address of corporation	Employer identification number	Portion of overpayment credits and estimated tax payments	Portion of tax deposited with Form 7004
1	Common parent corporation .....			
2	Subsidiary corporations: <b>BLUEGRASS WATER UTILITY OPERATING</b> <b>1650 DES PERES RD. STE 303</b> <b>DES PERES, MO 63131</b>	[REDACTED]	[REDACTED]	[REDACTED]
3				
4				
5				
6				
7				
8				
9				
10				
<b>Totals</b> (Must equal amounts shown on the consolidated tax return) .....				

**Part II** Principal Business Activity, Voting Stock Information, Etc. (see instructions)

Corp. No.	Principal business activity (PBA)	PBA Code No.	Did the subsidiary make any nondividend distributions?		Stock holdings at beginning of year			
			Yes	No	Number of shares	Percent of voting power	Percent of value	Owned by corporation no.
1	Common parent corporation <b>WATER TREATMENT</b>	[REDACTED]						
2	Subsidiary corporations: <b>WATER TREATMENT PLAN</b>	[REDACTED]				%	%	
3						%	%	
4						%	%	
5						%	%	
6						%	%	
7						%	%	
8						%	%	
9						%	%	
10						%	%	

Form 851 (Rev. 10-2016)

Page 2

Part III		Changes in Stock Holdings During the Tax Year					
Corp. No.	Name of corporation	Shareholder of Corporation No.	Date of transaction	(a) Changes		(b) Shares held after changes described in column (a)	
				Number of shares acquired	Number of shares disposed of	Percent of voting power	Percent of value
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%
						%	%

(c) If any transaction listed above caused a transfer of a share of subsidiary stock (defined to include dispositions and deconsolidations), did the share's basis exceed its value at the time of the transfer? See instructions .....

(d) Did any share of subsidiary stock become worthless within the meaning of section 165 (taking into account the provisions of Regulations section 1.1502-80(c)) during the taxable year? See instructions .....

(e) If the equitable owners of any capital stock shown above were other than the holders of record, provide details of the changes.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

(f) If additional stock was issued, or if any stock was retired during the year, list the dates and amounts of these transactions.

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Form 851 (Rev. 10-2016)

**Part IV** Additional Stock Information (see instructions)

**1** During the tax year, did the corporation have more than one class of stock outstanding? ..... [redacted]  
If "Yes," enter the name of the corporation and list and describe each class of stock.

Corp. No.	Name of corporation	Class of stock

**2** During the tax year, was there any member of the consolidated group that reaffiliated within 60 months of disaffiliation? ..... [redacted]  
If "Yes," enter the name of the corporation(s) and explain circumstances.

Corp. No.	Name of corporation	Explanation

**3** During the tax year, was there any arrangement in existence by which one or more persons that were not members of the affiliated group could acquire any stock, or acquire any voting power without acquiring stock, in the corporation, other than a de minimis amount, from the corporation or another member of the affiliated group? ..... [redacted]  
If "Yes," enter the name of the corporation and see the instructions for the percentages to enter in columns (a), (b), and (c).

Corp. No.	Name of corporation	(a) Percent of value	(b) Percent of outstanding voting stock	(c) Percent of voting power

Corp. No.	(d) Provide a description of any arrangement.

Form **4562**

**Depreciation and Amortization**  
(Including Information on Listed Property) OTHER

OMB No. 1545-0172

**2019**  
Attachment  
Sequence No. **179**

Department of the Treasury  
Internal Revenue Service (99)

▶ Attach to your tax return.  
▶ Go to [www.irs.gov/Form4562](http://www.irs.gov/Form4562) for instructions and the latest information.

Name(s) shown on return

Business or activity to which this form relates

Identifying number

**BLUEGRASS WATER UTILITY HOLDING COMPANY  
LLC**

**OTHER DEPRECIATION**

**Part I Election To Expense Certain Property Under Section 179** Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation	3	
4	Reduction in limitation. Subtract line 3 from line 2. If zero or less, enter -0-	4	
5	Dollar limitation for tax year. Subtract line 4 from line 1. If zero or less, enter -0-. If married filing separately, see instructions	5	
6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost
7	Listed property. Enter the amount from line 29	7	
8	Total elected cost of section 179 property. Add amounts in column (c), lines 6 and 7	8	
9	Tentative deduction. Enter the smaller of line 5 or line 8	9	
10	Carryover of disallowed deduction from line 13 of your 2018 Form 4562	10	
11	Business income limitation. Enter the smaller of business income (not less than zero) or line 5	11	
12	Section 179 expense deduction. Add lines 9 and 10, but don't enter more than line 11	12	
13	Carryover of disallowed deduction to 2020. Add lines 9 and 10, less line 12	13	

Note: Don't use Part II or Part III below for listed property. Instead, use Part V.

**Part II Special Depreciation Allowance and Other Depreciation (Don't include listed property.)**

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

**Part III MACRS Depreciation (Don't include listed property. See instructions.)**

**Section A**

17	MACRS deductions for assets placed in service in tax years beginning before 2019	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		<input type="checkbox"/>

**Section B - Assets Placed in Service During 2019 Tax Year Using the General Depreciation System**

	(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only - see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a	3-year property						
b	5-year property						
c	7-year property						
d	10-year property						
e	15-year property						
f	20-year property						
g	25-year property			25 yrs.		S/L	
h	Residential rental property	/		27.5 yrs.	MM	S/L	
		/		27.5 yrs.	MM	S/L	
i	Nonresidential real property	/		39 yrs.	MM	S/L	
		/			MM	S/L	

**Section C - Assets Placed in Service During 2019 Tax Year Using the Alternative Depreciation System**

20a	Class life					S/L	
b	12-year			12 yrs.		S/L	
c	30-year	/		30 yrs.	MM	S/L	
d	40-year	/		40 yrs.	MM	S/L	

**Part IV Summary (See instructions.)**

21	Listed property. Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21. Enter here and on the appropriate lines of your return. Partnerships and S corporations - see instr.	22	
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

**Part V Listed Property** (Include automobiles, certain other vehicles, certain aircraft, and property used for entertainment, recreation, or amusement.)

**Note:** For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete only 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

**Section A - Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)**

**24a** Do you have evidence to support the business/investment use claimed?  Yes  No **24b** If "Yes," is the evidence written?  Yes  No

(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation deduction	(i) Elected section 179 cost
<b>25</b> Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use							<b>25</b>	
<b>26</b> Property used more than 50% in a qualified business use:								
		%						
		%						
		%						
<b>27</b> Property used 50% or less in a qualified business use:								
		%				S/L -		
		%				S/L -		
		%				S/L -		
<b>28</b> Add amounts in column (h), lines 25 through 27. Enter here and on line 21, page 1							<b>28</b>	
<b>29</b> Add amounts in column (i), line 26. Enter here and on line 7, page 1								<b>29</b>

**Section B - Information on Use of Vehicles**

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person. If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles.

	(a) Vehicle		(b) Vehicle		(c) Vehicle		(d) Vehicle		(e) Vehicle		(f) Vehicle	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>30</b> Total business/investment miles driven during the year (don't include commuting miles)												
<b>31</b> Total commuting miles driven during the year												
<b>32</b> Total other personal (noncommuting) miles driven												
<b>33</b> Total miles driven during the year. Add lines 30 through 32												
<b>34</b> Was the vehicle available for personal use during off-duty hours?												
<b>35</b> Was the vehicle used primarily by a more than 5% owner or related person?												
<b>36</b> Is another vehicle available for personal use?												

**Section C - Questions for Employers Who Provide Vehicles for Use by Their Employees**

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who aren't more than 5% owners or related persons.

	Yes	No
<b>37</b> Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?		
<b>38</b> Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
<b>39</b> Do you treat all use of vehicles by employees as personal use?		
<b>40</b> Do you provide more than five vehicles to your employees, obtain information from your employees about the use of the vehicles, and retain the information received?		
<b>41</b> Do you meet the requirements concerning qualified automobile demonstration use?		

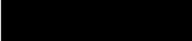
**Note:** If your answer to 37, 38, 39, 40, or 41 is "Yes," don't complete Section B for the covered vehicles.

**Part VI Amortization**

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
<b>42</b> Amortization of costs that begins during your 2019 tax year:					
<b>43</b> Amortization of costs that began before your 2019 tax year					<b>43</b>
<b>44 Total.</b> Add amounts in column (f). See the instructions for where to report					<b>44</b>

Section 1.263(a)-1(f) De Minimis Safe Harbor Election

Bluegrass Water Utility Holding Company  
LLC  
1650 Des Peres Rd., Ste. 303  
Des Peres, MO 63131

Employer Identification Number: 

For the Year Ending December 31, 2019

Bluegrass Water Utility Holding Company LLC is making the de  
minimis safe harbor election under Reg. Sec. 1.263(a)-1(f).

INCOME AND DEDUCTIONS

	CONSOLIDATED AMOUNTS	ADJUSTMENTS	ELIMINATIONS	COMBINED AMOUNTS	BLUEGRASS WATER UTILITY HOLDING	BLUEGRASS WATER UTILITY OPERATING
Gross receipts or sales						
Less returns and allowances						
Net Sales						
<b>Cost of goods sold:</b>						
Inventory at beginning of year						
Purchases						
Cost of labor						
Additional section 263A costs						
Other costs						
Inventory end of year						
Cost of goods sold						
<b>Gross profit</b>						
Dividends						
Interest						
Gross rents						
Gross royalties						
Capital gain net income						
Net gain or (loss) Form 4797						
Other income						
<b>Total Income</b>						
<b>Deductions</b>						
Compensation of officers						
Salaries and wages						
Repairs						
Bad debts						
Rents						
Taxes		STMT 3				
Interest						
Charitable Contributions						
Depreciation not claimed elsewhere						
Depletion						
Advertising						
Pension, profit-sharing, etc., plans						
Employee benefit programs						
Other deductions		STMT 4				
<b>Total Deductions</b>						
Taxable income before NOL and special deductions						
Net operating loss deduction						
Special deductions						
<b>Taxable Income</b>						

BLUEGRASS WATER UTILITY HOLDING COMPANY

ALLOCATION OF CURRENT CONSOLIDATED NET  
OPERATING LOSS TO MEMBER CORPORATIONS

STATEMENT 2

<u>CURRENT CONSOLIDATED NOL</u>	X	<u>MEMBER'S CURRENT NOL</u>	/	<u>TOTAL OF ALL MEMBERS WITH NOL</u>	=	<u>NOL ALLOCATED TO THIS COMPANY</u>
12/31/19		BLUEGRASS WATER UTILITY OPERATING				





BLUEGRASS WATER UTILITY HOLDING COMPANY



TAXES

STATEMENT 3

CONSOLIDATED AMOUNTS	BLUEGRASS WATER UTILITY HOLDING	BLUEGRASS WATER UTILITY OPERATING
PROPERTY TAX		
TOTAL TAXES		

OTHER DEDUCTIONS

STATEMENT 4

CONSOLIDATED AMOUNTS	BLUEGRASS WATER UTILITY HOLDING	BLUEGRASS WATER UTILITY OPERATING
CUSTOMER ACCOUNT EXPENSES		
INSURANCE		
MISCELLANEOUS EXPENSES		
OUTSIDE SERVICES		
REGULATORY EXPENSES		
SEWER TREATMENT & DISPOSAL EXPENSE		
WATER PUMP EXPENSE		
TOTAL OTHER DEDUCTIONS		

BEGINNING BALANCE SHEET

	CONSOLIDATED AMOUNTS	ADJUSTMENTS	ELIMINATIONS	COMBINED AMOUNTS	BLUEGRASS WATER UTILITY HOLDING	BLUEGRASS WATER UTILITY OPERATING
<b>Assets</b>						
Cash						
Trade notes and accounts receivable						
Less allowance for bad debts						
Inventories						
U.S. government obligations						
Tax-exempt securities						
Other current assets						
Loans to stockholders						
Mortgage and real estate loans						
Other investments						
Buildings and other depreciable assets						
Less accumulated depreciation						
Depletable assets						
Less accumulated depletion						
Land (net of any amortization)						
Intangible assets (amortizable only)						
Less accumulated amortization						
Other assets						
<b>Total Assets</b>						
<b>Liabilities and Stockholders' Equity</b>						
Accounts payable						
Mortgages, notes, bonds payable in less than 1 year						
Other current liabilities						
Loans from stockholders						
Mortgages, notes, bonds payable in 1 year or more						
Other liabilities						
Capital stock: <b>a</b> Preferred stock						
<b>b</b> Common stock						
Additional paid-in capital						
Retained earnings - Appropriated						
Retained earnings - Unappropriated						
Adjustments to shareholders' equity						
Less cost of treasury stock						
<b>Total Liabilities and Stockholders' Equity</b>						

ENDING BALANCE SHEET AND SCHEDULE M-2

	CONSOLIDATED AMOUNTS	ADJUSTMENTS	ELIMINATIONS	COMBINED AMOUNTS	BLUEGRASS WATER UTILITY HOLDING	BLUEGRASS WATER UTILITY OPERATING
<b>Assets</b>						
Cash						
Trade notes and accounts receivable						
Less allowance for bad debts						
Inventories						
U.S. government obligations						
Tax-exempt securities						
Other current assets <b>STATEMENT 5</b>						
Loans to stockholders						
Mortgage and real estate loans						
Other investments						
Buildings and other depreciable assets						
Less accumulated depreciation						
Depletable assets						
Less accumulated depletion						
Land (net of any amortization)						
Intangible assets (amortizable only)						
Less accumulated amortization						
Other assets						
<b>Total Assets</b>						
<b>Liabilities and Stockholders' Equity</b>						
Accounts payable						
Short term mortgages, notes, and bonds						
Other current liabilities <b>STATEMENT 6</b>						
Loans from stockholders						
Long term mortgages, notes, and bonds						
Other liabilities						
Capital stock: <b>a</b> Preferred stock						
<b>b</b> Common stock						
Additional paid-in capital						
Retained earnings - Appropriated						
Retained earnings - Unappropriated						
Adjustments to shareholders' equity						
Less cost of treasury stock						
<b>Total Liabilities and Stockholders' Equity</b>						
<b>Schedule M-2</b>						
Balance at beginning of year						
Net income per books						
Other increases						
<b>Total Increases</b>						
Distributions: Cash						
Stock						
Property						
Other decreases						
<b>Total Decreases</b>						
<b>Balance at End of Year</b>						

---

SCHEDULE L OTHER CURRENT ASSETS STATEMENT 5

---

CONSOLIDATED AMOUNTS	BLUEGRASS WATER UTILITY HOLDING	BLUEGRASS WATER UTILITY OPERATING
DEPOSITS	[REDACTED]	[REDACTED]
TOTAL OTHER CURRENT ASSETS	[REDACTED]	

---

SCHEDULE L CURRENT LIABILITIES STATEMENT 6

---

CONSOLIDATED AMOUNTS	BLUEGRASS WATER UTILITY HOLDING	BLUEGRASS WATER UTILITY OPERATING
ACCRUED EXPENSES DUE TO AFFILIATE	[REDACTED]	[REDACTED]
TOTAL OTHER CURRENT LIABILITIES	[REDACTED]	

SCHEDULE M-1

	CONSOLIDATED AMOUNTS	ADJUSTMENTS	ELIMINATIONS	COMBINED AMOUNTS	BLUEGRASS WATER UTILITY HOLDING	BLUEGRASS WATER UTILITY OPERATING
<b>Schedule M-1</b>						
Net income per books						
Federal income tax						
Excess of capital losses over capital gains						
Income subject to tax not recorded on books this year (itemize):						
Expenses recorded on books this year not deducted in this return (itemize):						
Depreciation						
Contribution carryover						
Travel and entertainment						
Other						
<b>Total Increases</b>						
Income recorded on books this year not included in this return (itemize):						
Tax-exempt interest						
Other						
Deductions in this tax return not charged against book income this year (itemize):						
Depreciation						
Contribution carryover						
Other						
<b>Total Decreases</b>						
<b>Taxable Income</b>						

# PAYMENT VOUCHER

953981 10-07-19

★ Please cut along the dotted line. ★

23  
TRAN CODE

**720V ELECTRONIC FILING**

**2019**

KY Corporation / LLET Account No.

Taxable Year Ending (MMYY)

Dollars

Cents

[REDACTED]

1219

FEIN

[REDACTED]

Form Type:  720  720S  720U  725EZ  725  765

- 1. Corporation Income Tax
- 2. Income Interest and Penalty
- 3. LLET
- 4. LLET Interest and Penalty
- 5. Total



BLUEGRASS WATER UTILITY HOLDING COMPANY  
1650 DES PERES RD., STE. 303  
DES PERES, MO 63131

41A720S120002

Contact Name and Telephone Number  
JOSIAH COX 3147364743



**Kentucky Corporation or Pass-through Entity Tax Return  
Declaration For Electronic Filing**

**2019**

**RETAIN FOR YOUR RECORDS DO NOT MAIL THIS FORM**

► See instructions.

Submission ID#

Name of Entity <b>BLUEGRASS WATER UTILITY HOLDING COMPANY LLC</b>	Federal Identification Number <b>[REDACTED]</b>	Kentucky Corporation/LLET Account Number <b>[REDACTED]</b>
Address (Number, Street, and Room or Suite No.) <b>1650 DES PERES RD., STE. 303</b>	City, State, and ZIP Code <b>DES PERES, MO 63131</b>	

**PART I - Check the box for the tax return being electronically filed:**  720  720S  720U  725  725-EZ  765  765-GP

**Section A - Tax return information for form 720**

1	Kentucky taxable net income	Part III, line 20
2	Total tax due	Part I, line 16 and Part II, line 15
3	Interest	Total of Interest in Tax Payment Summary
4	Penalty	Total of Penalty in Tax Payment Summary
5	Subtotal	Add lines 2 through 4
6	Tax due	Total Payment in Tax Payment Summary

**Section B - Tax return information for form 720S**

1	Kentucky ordinary income (loss)	Part III, line 10
2	Total tax due	Part I, line 15 and Part II, line 11
3	Interest	Total of Interest in Tax Payment Summary
4	Penalty	Total of Penalty in Tax Payment Summary
5	Subtotal	Add lines 2 through 4
6	Tax due	Total Payment in Tax Payment Summary

**Section C - Tax return information for form 720U**

1	Kentucky taxable net income	Schedule U5, Section D, line 7
2	Total tax due	Page 1, Part I, line 2 and Part II, line 2
3	Interest	Total of Interest in Tax Payment Summary
4	Penalty	Total of Penalty in Tax Payment Summary
5	Subtotal	Add lines 2 through 4
6	Tax due	Total Payment in Tax Payment Summary

**Section D - Tax return information for form 725 or 725-EZ (See instructions)**

1	Total net distributable income	725, Part I, line 11
2	Total tax due	725, Part II, line 14 or 725-EZ, Part II, line 1
3	Interest	Total of Interest in Tax Payment Summary
4	Penalty	Total of Penalty in Tax Payment Summary
5	Subtotal	Add lines 2 through 4
6	Tax due	Total Payment in Tax Payment Summary

**Section E - Tax return information for form 765**

1	Kentucky ordinary income (loss)	Part I, line 10
2	Total tax due	Part II, line 14
3	Interest	Total of Interest in Tax Payment Summary
4	Penalty	Total of Penalty in Tax Payment Summary
5	Subtotal	Add lines 2 through 4
6	Tax due	Total Payment in Tax Payment Summary

**Section F - Tax return information for form 765-GP**

1	Federal ordinary income (loss)	Part I, line 1
2	Kentucky ordinary income (loss)	Part I, line 11

	LLET	Corporate Income
1		
2		
3		
4		
5		
6		



**PART II - Direct Debit of Tax Amount Due (See Instructions)**

Not available for form 765-GP

The first two numbers of the RTN must be  
01 through 12 or 21 through 32.

- 1 Routing transit number (RTN) \_\_\_\_\_
- 2 Depositor account number (DAN) \_\_\_\_\_
- 3 Type of account:  Savings  Checking
- 4 Debit amount \_\_\_\_\_
- 5 In order to comply with electronic banking regulations, please answer the following question.

(a) Direct Debit - Will these funds come from an account located outside of the United States? Yes  No

**PART III - Declaration of Authorized Representative of Entity (Sign only after Parts I and II are completed.)**

I authorize the Kentucky Department of Revenue and its designated Financial Agent to initiate an ACH electronic funds withdrawal entry to the financial institution account indicated in Part II for payment of the state taxes owed on this return. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment.

If this is a balance due return, I understand that if the Department of Revenue does not receive the full and timely payment of the tax liability, the entity will remain liable for the tax liability and all applicable interest and penalties.

I, the undersigned, declare under the penalties of perjury, that I am an officer of the corporation, partner or member of the limited liability pass-through entity, or partner of the general partnership and that I have examined a copy of the corporation's, limited liability pass-through entity's, or general partnership's electronic tax return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. I further declare that the amounts in Part I are the amounts shown on the copy of the Form 720, 720S, 720U, 725, 725-EZ, 765, or 765-GP electronic tax return.

Signature of Authorized Representative \_\_\_\_\_ Date \_\_\_\_\_

Type or Print the Name and Title of the Authorized Representative Signing this Document JOSIAH COX PRESIDENT

**PART IV - Declaration and Signature of Electronic Return Originator (ERO) and Paid Preparer**

I, the undersigned, declare that I have reviewed the tax return and that the entries on Part I are true, correct, and complete. If I am only the ERO, I am not responsible for reviewing the tax return and only declare that this tax return accurately reflects the data on the tax return. The corporate officer of the corporation, partner or member of the limited liability pass-through entity, or partner of the general partnership will have signed this form before I submit the tax return. I will give the corporate officer of the corporation, partner or member of the limited liability pass-through entity, or partner of the general partnership all forms, including accompanying schedules and statements, filed with the Kentucky Department of Revenue. If I am also the paid preparer, I declare under the penalties of perjury that I have examined this tax return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Check  if also a paid preparer.

ERO's signature *Ralph Cronaw III* Date 09/25/20 I.D. Number of ERO ██████████

Firm's name (or your name if self-employed) MUELLER PROST, LC FEIN ██████████  
7733 FORSYTH BLVD., SUITE 1200  
Address ST. LOUIS, MO ZIP Code ██████████

I, the undersigned, declare under the penalties of perjury that I have examined this tax return, including all accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete.

Preparer's signature *Ralph Cronaw III* Date 09/25/20 I.D. Number of Preparer \_\_\_\_\_

Firm's name (or your name if self-employed) \_\_\_\_\_ FEIN \_\_\_\_\_  
Address \_\_\_\_\_ ZIP Code \_\_\_\_\_



**KENTUCKY CORPORATION  
INCOME TAX AND LLET RETURN**

**2019**

▶ See instructions. Taxable period beginning **MAR 21**, 2019, and ending **DEC 31** 2019

<b>A</b> LLET Exemption Code Enter Code _____  <b>B</b> Income Tax Exemption Code Enter Code _____ <input type="checkbox"/> <b>Elective consolidated Attach Form 722</b>	<b>D</b> Federal Identification Number [Redacted] Name of Corporation <b>BLUEGRASS WATER UTILITY HOLDING COMPANY</b> Number and Street <b>1650 DES PERES RD., STE. 303</b> City <b>DES PERES</b> State <b>MO</b> ZIP Code <b>63131</b> Telephone Number <b>3147364743</b>	<b>E</b> Kentucky Corporation/LLET Account Number (Required) [Redacted]	Taxable Year Ending <b>12 / 19</b>  State and Date of Incorporation <b>KY 03/21/2019</b>  Principal Business Activity in KY <b>WATER TREATMENT</b>
<b>C</b> Check if applicable: <input type="checkbox"/> Amended return <input type="checkbox"/> Amended return-RAR  Provide explanation of changes in Part V-Explanation of Amended Return Changes.	<b>F</b> Name of Common Parent <b>BLUEGRASS WATER UTILITY HOLDING</b> Kentucky Corporation/LLET Account Number <b>C 841949</b> <b>G</b> Check if applicable: <input checked="" type="checkbox"/> Initial return <input checked="" type="checkbox"/> Short-period return (Complete Part IV) <input type="checkbox"/> Change of accounting period <input type="checkbox"/> Final return (Complete Part IV)	<b>H</b> Provider 3-Factor Apportionment Code [Redacted]	NAICS Code Number in KY (See www.census.gov) [Redacted]

PART I - LLET COMPUTATION			PART II - INCOME TAX COMPUTATION		
1	Schedule L, Section D, line 1 (Page 4) ...	1	1	Income tax (see instructions) .....	1
2	Tax credit recapture .....	2	2	Tax credit recapture .....	2
3	<b>Total</b> (add lines 1 and 2) .....	3	3	Tax installment on LIFO recapture .....	3
4	Nonrefundable LLET credit from Kentucky Schedule(s) K-1 .....	4	4	<b>Total</b> (add lines 1 through 3) .....	4
5	Nonrefundable tax credits (attach Schedule TCS) .....	5	5	Nonrefundable LLET credit from the Corporation LLET Credit Worksheet(s) (see instructions) .....	5
6	<b>LLET liability</b> (greater of line 3 less lines 4 and 5 or \$175 minimum) .....	6	6	Nonrefundable LLET credit (Part I, line 6 less \$175) .....	6
7	Withholding tax (Form PTE-WH) .....	7	7	Nonrefundable tax credits (attach Schedule TCS) .....	7
8	Estimated tax payments .....	8	8	<b>Net income tax liability</b> (line 4 less lines 5 through 7, but not less than zero) ...	8
9	Certified rehabilitation tax credit .....	9	9	Estimated tax payments .....	9
10	Film industry tax credit .....	10	10	Extension payment .....	10
11	Extension payment .....	11	11	Prior year's tax credit .....	11
12	Prior year's tax credit .....	12	12	LLET overpayment from Part I, line 18	12
13	Income tax overpayment from Part II, line 17 .....	13	13	Corporation income tax paid on original return ...	13
14	LLET paid on original return .....	14	14	Corporation income tax overpayment on original return .....	14
15	LLET overpayment on original return .....	15	14	<b>Income tax due</b> (lines 8 and 14 less lines 9 through 13) .....	15
16	<b>LLET due</b> (lines 6 and 15 less lines 7 through 14) .....	16	15	<b>Income tax overpayment</b> (lines 9 through 13 less lines 8 and 14) .....	16
17	<b>LLET overpayment</b> (lines 7 through 14 less lines 6 and 15) .....	17	16	Credited to 2019 LLET .....	17
18	Credited to 2019 income tax .....	18	17	Credited to 2019 interest .....	18
19	Credited to 2019 interest .....	19	18	Credited to 2019 penalty .....	19
20	Credited to 2019 penalty .....	20	19	Credited to 2020 LLET .....	20
21	Credited to 2020 LLET .....	21	20	Credited to 2020 corporation income tax ...	20
22	<b>Amount to be refunded</b> .....	22	21	<b>Amount to be refunded</b> .....	21

TAX PAYMENT SUMMARY		OFFICIAL USE ONLY	
<b>LLET</b>	<b>INCOME</b>	<b>P</b>	
1 LLET due (Part I, Line 16) \$ [Redacted]	1 Income tax due (Part II, Line 15) \$ [Redacted]	<b>W</b>	
2 Interest \$ [Redacted]	2 Interest \$ [Redacted]	<b>2</b>	
3 Penalty \$ [Redacted]	3 Penalty \$ [Redacted]	<b>0</b>	
4 Subtotal \$ [Redacted]	4 Subtotal \$ [Redacted]	<b>4</b>	
<b>TOTAL PAYMENT</b> (Add Subtotals) ▶ \$ [Redacted]		<b>V</b>	
		<b>A</b>	
		<b>L</b>	
		<b>#</b>	



**PART III - TAXABLE INCOME COMPUTATION**

1 Federal taxable income (Form 1120, line 28) .....	1		12 Dividend income (See line 5) .....	12	
<b>ADDITIONS:</b>			13 Federal work opportunity credit .....	13	
2 Interest income (state and local obligations) .....	2		14 Depreciation adjustment .....	14	
3 State taxes based on net/gross income .....	3		15 Other (attach Schedule O-720) .....	15	
4 Depreciation adjustment .....	4		16 Revenue Agent Report (RAR) .....	16	
5 Deductions attributable to nontaxable income .....	5		17 <b>Net income</b> (line 10 less lines 11 through 16) .....	17	
6 Related party expenses (attach Schedule RPC) .....	6		18 <b>Taxable net income</b> (see instructions) .....	18	
7 Dividend paid deduction (REIT) .....	7		19 Net operating loss deduction (NOLD) .....	19	
8 Other (attach Schedule O-720) .....	8		20 <b>Taxable net income</b> after NOLD (line 18 less line 19) .....	20	
9 Revenue Agent Report (RAR) .....	9				
10 <b>Total</b> (add lines 1 through 9) .....	10				
<b>SUBTRACTIONS:</b>					
11 Interest income (U.S. obligations) .....	11				

**PART IV - EXPLANATION OF FINAL RETURN AND/OR SHORT-PERIOD RETURN**

- |   |  |
|---|--|
| <input type="checkbox"/> Ceased operations in Kentucky  | <input type="checkbox"/> Change in filing status |
| <input type="checkbox"/> Change of ownership            | <input type="checkbox"/> Merger                  |
| <input type="checkbox"/> Successor to previous business | <input type="checkbox"/> Other _____             |

**PART V - EXPLANATION OF AMENDED RETURN CHANGES**

**OFFICER INFORMATION**

Attach a schedule listing the name, home address, and Social Security number of the vice president, secretary, and treasurer.

Has the attached officer information changed from the last return filed?  Yes  No

President's Name JOSIAH COX President's Home Address 1650 DES PERES RD., STE. 303  
 President's Social Security Number [REDACTED] DES PERES, MO 63131  
 Date Became President 03/21/2019

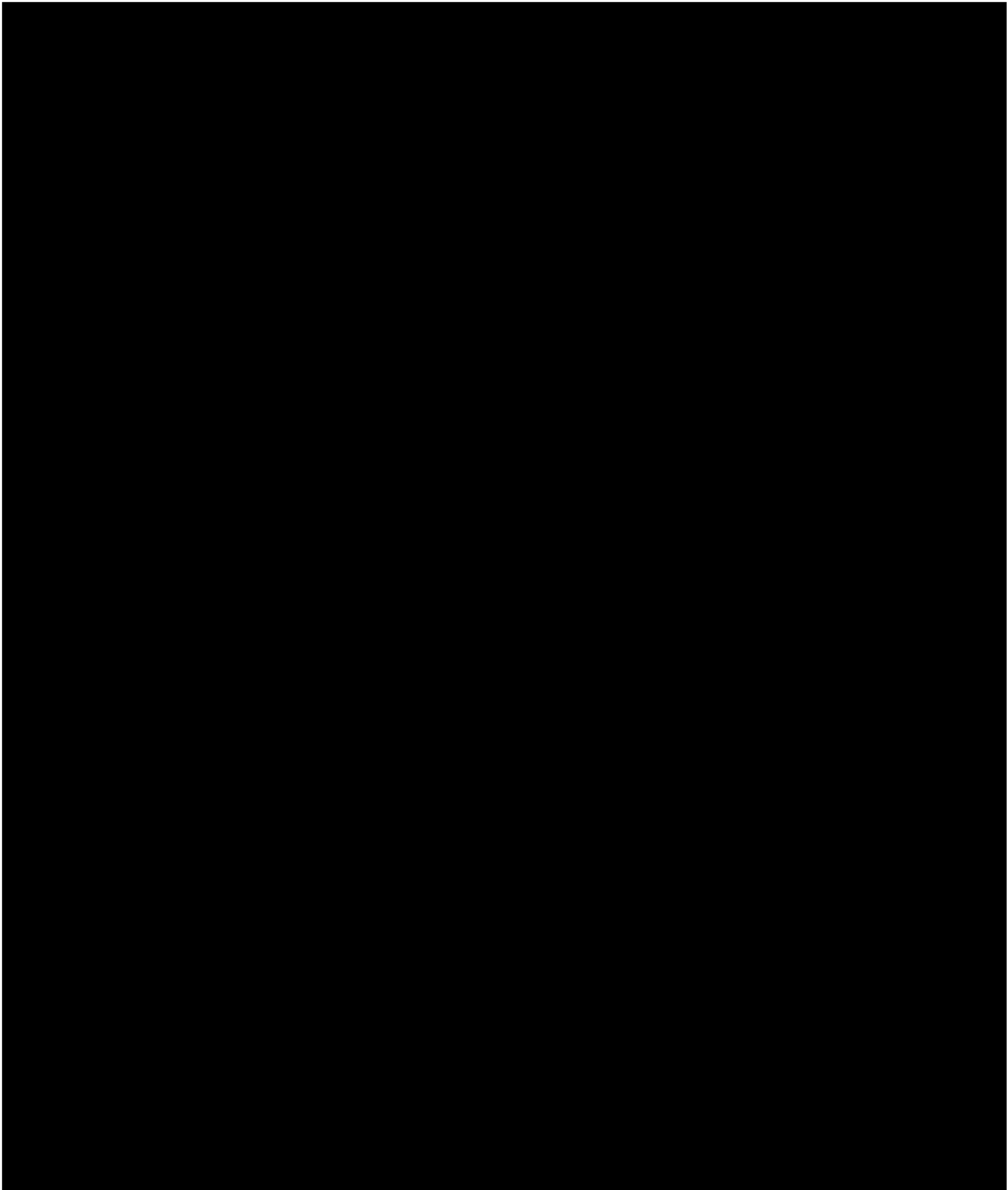
Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

<b>Sign Here</b>	Signature of Officer	Date
	Name of Officer <b>JOSIAH COX</b>	Title <b>PRESIDENT</b>
<b>Paid Preparer Use</b>	Signature of Preparer <b>RALPH E. CRANCER III</b>	Date <b>09/25/2020</b>
	Name of Preparer or Firm <b>MUELLER PROST, LC</b>	ID Number <b>[REDACTED]</b>
	Email and/or Telephone No. <b>(314) 862-2070</b>	May the DOR discuss this return with this preparer? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

<b>Enclose</b>	Include federal Form 1120 with all supporting schedules and statements.	<b>Refund or No Payment</b>	<b>Kentucky Department of Revenue</b> P. O. Box 856905 Louisville, KY 40285-6905
<b>Payment</b>	Check Payable: <b>Kentucky State Treasurer</b> E-Pay Options: <b>www.revenue.ky.gov</b>	<b>With Payment</b>	<b>Kentucky Department of Revenue</b> P. O. Box 856910 Louisville, KY 40285-6910



**SCHEDULE Q - KENTUCKY CORPORATION/LLET QUESTIONNAIRE**





**SCHEDULE L - LIMITED LIABILITY ENTITY TAX COMPUTATION**

Check this box and complete Schedule L-C, Limited Liability Entity Tax-Continuation Sheet, if the corporation or limited liability pass-through entity filing this tax return is a partner or member of a limited liability pass-through entity or general partnership doing business in Kentucky. Enter the total amounts from Schedule L-C in Section A of this schedule.

**SECTION A - Computation of Gross Receipts and Gross Profits**

		Column A Kentucky	Column B Total
1 (a) Gross receipts less returns and allowances .....	1(a)		
(b) Kentucky statutory gross receipts reductions (see instructions) .....	(b)		
2 Adjusted gross receipts (line 1(a) less line 1(b)) .....	2		
3 (a) Cost of goods sold (attach Schedule COGS) .....	3(a)		
(b) Kentucky statutory cost of goods sold reductions (see instructions) .....	(b)		
4 Adjusted cost of goods sold (line 3(a) less line 3(b)) .....	4		
5 Gross profits (line 2 less line 4) .....	5		

**STOP** If Section A, Column B, Line 2 or 5 is \$3,000,000 or less,  
**STOP** and enter \$175 in Section D, line 1 below.

**SECTION B - Computation of Gross Receipts LLET**

1 If gross receipts from all sources (Column B, line 2) are greater than \$3,000,000, but less than \$6,000,000, enter the following: (Column A, line 2 x 0.00095) - $\left[ \frac{\$2,850 \times (\$6,000,000 - \text{Column A, line 2})}{\$3,000,000} \right]$ but in no case shall the result be less than zero .....	1		
2 If gross receipts from all sources (Column B, line 2) are \$6,000,000 or greater, enter the following: Column A, line 2 x 0.00095 .....	2		
3 Enter the amount from line 1 or line 2 .....	3		

**SECTION C - Computation of Gross Profits LLET**

1 If gross profits from all sources (Column B, line 5) are greater than \$3,000,000, but less than \$6,000,000, enter the following: (Column A, line 5 x 0.0075) - $\left[ \frac{\$22,500 \times (\$6,000,000 - \text{Column A, line 5})}{\$3,000,000} \right]$ but in no case shall the result be less than zero .....	1		
2 If gross profits from all sources (Column B, line 5) are \$6,000,000 or greater, enter the following: Column A, line 5 x 0.0075 .....	2		
3 Enter the amount from line 1 or line 2 .....	3		

**SECTION D - Computation of LLET**

1 Enter the lesser of Section B, line 3 or Section C, line 3 here and on Page 1, Part I, line 1. If less than \$175, enter the minimum of \$175 here and on Page 1, Part I, line 1 .....	1		
--	---	--	--

**FORM 722**  
Commonwealth of Kentucky  
Department of Revenue



**ELECTION TO FILE CONSOLIDATED  
KENTUCKY CORPORATION INCOME AND  
LIMITED LIABILITY ENTITY TAX RETURN**

**2019**

Name of Affiliated Group (Common Parent Corporation and Subsidiaries - e.g., ABC, Inc. and Subsidiaries) <b>BLUEGRASS WATER UTILITY HOLDING COMPANY</b>			Common Parent's Corporation/LLET Acct. No. _____
Number and Street <b>1650 DES PERES RD. STE 303</b>			Federal Identification Number _____
City <b>DES PERES</b>	State <b>MO</b>	ZIP Code <b>63131</b>	Telephone Number <b>3147364743</b>

This election is effective for taxable years beginning **03/19** and ending **03/23**

The above named affiliated group hereby elects to file a consolidated Kentucky corporation income and limited liability entity tax (LLET) return. All members of the affiliated group understand and consent to the following as conditions of this election:

- This election is binding and irrevocable for a period beginning with the first month of the first taxable year for which the election is made and ending with the conclusion of the taxable year in which the 48th consecutive month expires.
- The affiliated group will be treated for all purposes as a single corporation.
- Each member of the affiliated group is jointly and severally liable for the income tax liability computed on the consolidated return.
- For each taxable year for which this election is in effect, the consolidated return must include all corporations which are members of the affiliated group as defined by Section 1504(a) of the Internal Revenue Code and related regulations for that year, except any corporation which is exempt from Kentucky corporate income tax in accordance with KRS 141.040.

Under the penalties of perjury, I declare that the common parent corporation named above has authorized me to sign this form on behalf of all members of the affiliated group, that I have examined this form and the information contained herein, and to the best of my knowledge and belief, it is true, correct, and complete. This Form must be executed by one of the following officers of the common parent corporation: the president, vice president, secretary, treasurer, assistant secretary, assistant treasurer, or chief accounting officer.

<b>Sign Here</b>	Signature of Officer	Date
	Name of Officer	Title

**Instructions Regarding This Election**

- Effective for taxable years beginning on or after January 1, 2019, KRS 141.201 provides that an affiliated group may elect to file a consolidated return which includes all members of the federal affiliated group. This election may be executed whether or not a federal consolidated return is actually filed.
- The election must be made by the common parent corporation on behalf of all members of the affiliated group.
- The initial election must be made on this form and submitted to the Department of Revenue attached to the return on or before the due date of the return, including extensions, for the first taxable year for which the election is made.

**NOTE:** Attachment of this form to an *untimely-filed* return will not constitute a valid election.

- This form must be attached to the return for each year for which the election is effective.
- This form is required to be submitted for each new 48-month election period.
- Form 722 is not required to be submitted before timely filing the return; however, the form may be submitted early to the following address: Kentucky Department of Revenue, Corporate Section, P. O. Box 1074, Station 68, Frankfort, Kentucky 40602-1074.



**KENTUCKY AFFILIATIONS  
AND PAYMENT SCHEDULE**

**2019**

List the parent corporation and all subsidiaries.

- ▶ See instructions.
- ▶ Attach to the elective consolidated income tax return (Form 720).

Corp. No.	Name of Parent Corporation	Federal Identification Number	Kentucky Corporation/LLET Account Number	Parent Corporation Tax Payments			Subsidiary(ies) Tax Payments			Stock Ownership Information	
				Prior Year Credit	Estimated Payment(s)	Extension Payment	Prior Year Credit	Estimated Payment(s)	Extension Payment	Percent of Value	Percent of Voting Power
1	BLUEGRASS WATER UTILITY H	[REDACTED]	[REDACTED]								
2	BLUEGRASS WATER UTI	38-4117502	[REDACTED]						%	%	
3									%	%	
4									%	%	
5									%	%	
6									%	%	
7									%	%	
8									%	%	
9									%	%	
10									%	%	

<b>Kentucky Consolidated Adjusted Federal Income</b>			
Name <b>BLUEGRASS WATER UTILITY HOLDING COMPANY</b>		Federal Employer Identification Number [REDACTED]	
	Combined Amounts	Consolidated Adjustments/ Eliminations	Consolidated Amounts
1. Federal taxable income (Schedule CR or Schedule CR-C, line 28) ...			
(a) Intercompany eliminations .....			
<b>Additions</b>			
2. Interest income (state and local obligations) .....			
3. State taxes based on net/gross income .....			
4. Depreciation adjustment .....			
5. Deductions attributable to nontaxable income .....			
6. Related party expenses .....			
7. Dividend paid deduction (REIT) .....			
8. DPA deduction .....			
9. Other additions, excluding contribution adjustment .....			
Federal contributions allowed .....			
<b>10. Total</b> (lines 1 through 9) .....			
<b>Subtractions</b>			
11. Interest from U.S. obligations .....			
12. Dividend income .....			
13. Federal work opportunity credit .....			
14. Depreciation adjustment .....			
15. Other subtractions, excluding contribution adjustment .....			
Kentucky contributions Allowed .....			
<b>16. Net income</b> (line 10 less lines 11 through 15) .....			
17. Less nonbusiness income net of related expenses .....			
Business income sub total .....			
Income apportioned to Kentucky .....			
18. Add Kentucky nonbusiness income net related expenses .....			
<b>19. Kentucky net income</b> .....			

Computation of Kentucky Adjustments and Carryover Amounts

1. Net operating loss deduction .....			
2. Net operating loss carryover .....			
3. Contribution carryover .....			
4. Capital loss carryover .....			





**KENTUCKY  
CONSOLIDATED RETURN SCHEDULE  
(Attach All Applicable Schedules)**

**2019**

Name of Corporation **BLUEGRASS WATER UTILITY HOLDING COMPANY LLC** Federal Identification Number [REDACTED] Kentucky Corporation/LLET Account Number [REDACTED]

	Consolidated Totals	Intercompany Eliminations	Parent	Name	Name
				<b>BLUEGRASS WATER UTILITY OPERATING</b>	
				FEIN [REDACTED]	FEIN _____
				KY Corp./LLET Acct. No. [REDACTED]	KY Corp./LLET Acct. No. _____

1 Federal taxable income (Schedule CR, line 27) .....	1				
<b>Additions</b>					
2 Interest income (state and local obligations) .....	2				
3 State taxes based on net/gross income .....	3				
4 Depreciation adjustment .....	4				
5 Deductions attributable to nontaxable income .....	5				
6 Related party expenses .....	6				
7 Dividend paid deduction (REIT) .....	7				
8 Other (attach schedule) .....	8				
9 Revenue Agent Report (RAR) .....	9				
10 <b>Total</b> (add lines 1 through 9) .....	10				
<b>Subtractions</b>					
11 Interest income (U.S. obligations) .....	11				
12 Dividend income .....	12				
13 Federal work opportunity credit .....	13				
14 Depreciation adjustment .....	14				
15 Other (attach schedule) .....	15				
16 Revenue Agent Report (RAR) .....	16				
17 <b>Net income</b> (line 10 less lines 11 through 16) .....	17				
18 Net non-apportionable income .....	18				
19 Kentucky net non-apportionable income .....	19				



PRO FORMA FEDERAL  
CONSOLIDATED RETURN SCHEDULE  
(Attach All Applicable Schedules)

2019

Name of Corporation **BLUEGRASS WATER UTILITY HOLDING COMPANY LLC** Federal Identification Number [REDACTED] Kentucky Corporation/LLET Account Number [REDACTED]

	Consolidated Totals	Intercompany Eliminations	Parent	Name	Name
				BLUEGRASS WATER UTILITY OPERATING	
				FEIN [REDACTED]	FEIN [REDACTED]
				KY Corp./LLET Acct. No. [REDACTED]	KY Corp./LLET Acct. No. [REDACTED]

1 (a) Gross receipts or sales	1(a)				
(b) Less returns and allowances	1(b)				
(c) Balance	1(c)				
2 Cost of goods sold	2				
3 Gross profit	3				
4 Dividends	4				
5 Interest	5				
6 Gross rents	6				
7 Gross royalties	7				
8 Capital gain net income	8				
9 Net gain or (loss) from Form 4797	9				
10 Other income	10				
11 <b>Total income</b>	11				
12 Compensation of officers	12				
13 Salaries and wages	13				
14 Repairs and maintenance	14				
15 Bad debts	15				
16 Rents	16				
17 Taxes and licenses	17				
18 Interest	18				
19 Charitable contributions	19				
20 Depreciation from Form 4562 not claimed on Schedule A or elsewhere on return	20				
21 Depletion	21				
22 Advertising	22				
23 Pension, profit-sharing, etc., plans	23				
24 Employee benefit programs	24				
25 Other deductions	25				
26 <b>Total deductions</b>	26				
27 Taxable income before NOL deduction and special deductions	27				



**NET OPERATING LOSS SCHEDULE**

**2019**

- ▶ See instructions.
- ▶ Attach to Form 720.

Name of Corporation  BLUEGRASS WATER UTILITY HOLDING C	Federal Identification Number  [REDACTED]	Kentucky Corporation/LLET Account Number  [REDACTED]
--	---	--

Section A - Net Operating Loss Deduction	Prior Year NOL	
	A	B

Name	Kentucky Corporation/LLET Account Number	Pre-2018 NOL Carryforward	Post-2017 NOL Carryforward
<b>1 Corporation Filing Return</b> BLUEGRASS WATER UTILIT			
<b>2 Subsidiaries (if applicable)</b>			
a BLUEGRASS WATER UTILIT			
b			
c			
d			
e			
f			
g			
h			
i			
3 Adjustments (Intercompany eliminations and others) .....			
4 Totals (sum each respective column) .....			
5 Enter the taxable net income from Form 720, Part III, line 18 .....		5	
6 Enter the lesser of line 5 or Column A, line 4. This is the pre-2018 NOLD .....		6	
7 Line 5 less line 6. This is the taxable income remaining after pre-2018 NOLD .....		7	
8 Multiply line 5 by 80%. This is the maximum allowable post-2017 NOLD .....		8	
9 If line 8 is greater than line 7, enter the lesser of line 7 or Column B, line 4. If line 7 is greater than line 8, enter the lesser of line 8 or Column B, line 4. This is the post-2017 NOLD .....		9	
10 Add lines 6 and 9. This is the <b>total NOLD</b> . Enter here and on Form 720, Part III, line 19 .....		10	

**Section B - NOL Carryforward**

1 Enter the amount from Section A, Column A, line 4 (enter as a positive) .....	1
2 Enter the amount from Section A, line 6 (enter as a positive) .....	2
3 Subtract line 2 from line 1. This is the <b>pre-2018 NOL carryforward</b> to 2020 .....	3
4 Enter the amount from Section A, Column B, line 4 (enter as a positive) .....	4
5 Enter the amount from Section A, line 9 (enter as a positive) .....	5
6 Subtract line 5 from line 4. This is the <b>post-2017 NOL carryforward</b> to 2020 .....	6