

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

THE ELECTRONIC APPLICATION OF BLUEGRASS )	
WATER UTILITY OPERATING COMPANY, LLC )	Case No.
FOR AN ADJUSTMENT OF RATES AND APPROVAL )	2020-00290
OF CONSTRUCTION )	

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**Joint Intervenors’ Initial Data Requests**

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Come now The Homestead Home Owners Association, Inc. (“Homestead”), Longview Homeowners Association, Inc. (“Longview”), The Deer Run Estates Homeowners Association, Inc. (“Deer Run”), Arcadia Pines Sewer Association, Inc. (“Arcadia”), Carriage Park Neighborhood Association, Inc. (“Carriage Park”), Marshall Ridge Sewer Association, Inc. (“Marshall Ridge”) and Randview Septic Corporation (“Randview”) (collectively, “Joint Intervenors”), by counsel, pursuant to the Commission’s February 8, 2021 Amended Procedural Order, and other applicable law, and do hereby tender their Initial Data Requests to Bluegrass Water Utility Operating Company, LLC,<sup>1</sup> to be answered on or before February 26, 2021.

This 12<sup>th</sup> day of February 2021.

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<sup>1</sup> After being granted leave to intervene, the Joint Intervenors requested to enter into a confidentiality agreement with Bluegrass Water, but no draft agreement has as of yet been provided. The Joint Intervenors thank the Commission for affording an additional opportunity for discovery as they have not yet been able to review the body of information previously provided by Bluegrass Water on a confidential basis.

Respectfully submitted,



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### **CERTIFICATE OF SERVICE**

This will certify that the foregoing document was filed via the Commission's electronic filing system today. The undersigned hereby certifies that the electronic filing is a true and accurate copy of the documents being filed in paper medium; the electronic filing was transmitted to the Commission on February 12, 2021; there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; paper copies of this information will be hand-delivered to the Commission within thirty (30) days of the lifting of the present State of Emergency relating to the COVID-19 pandemic.



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*Counsel for Joint Intervenors*

# **JOINT INTERVENORS' INITIAL DATA REQUESTS**

## **I. DEFINITIONS AND INSTRUCTIONS**

1. With respect to each discovery request, all information is to be divulged that is within the knowledge, possession or control of the parties to whom it is addressed, including their agents, employees, advisors, consultants, attorneys and/or investigators.

2. Please identify the witness(es) who will be prepared to answer questions concerning each request.

3. These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

4. All answers must be separately and fully stated in writing under oath.

5. Where a data request calls for an answer in more than one part, each part should be separated in the answer so that the answer is clearly understandable.

6. For purpose of these discovery requests, the following terms shall have meanings set forth below:

- (a) As used herein, "document," "documentation" and/or "record," whether stated as the singular or the plural, means any course of binders, book, pamphlet, periodical, letter, correspondence, memoranda, including but not limited to, any memorandum or report of a meeting or telephone or other conversation, invoice, account, credit memo, debit memo, financial statement, general ledger, ledger, journal, work papers, account work papers, report, diary, telegram, record, contract, agreement, study, draft, telex, handwritten or other note, sketch, picture, photograph, plan, chart,

paper, graph, index, tape, data processing card, data processing disc, data cells or sheet, check acceptance draft, e-mail, studies, analyses, contracts, estimates, summaries, statistical statements, analytical records, reports and/or summaries of investigations, opinions or reports of consultants, opinions or reports of accountants, trade letters, comparisons, brochures, pamphlets, circulars, bulletins, notices, forecasts, electronic communication, printouts, all other data compilations from which information can be obtained (translated if necessary by defendants into usable form), any preliminary versions, drafts or revisions of any of the foregoing, and/or any other written, recorded, transcribed, punched, taped, filmed or graphic matter, however produced or reproduced and regardless of origin or location, in the possession, custody and/or control of the defendant and/or their agents, accountants, employees, representatives and/or attorneys. "Document" and "record" also mean all copies of documents by whatever means made, if the copy bears any other markings or notations not found on the original.

- (b) The terms "relating to," "referring to," "referred to," "pertaining to," "pertained to" and "relates to" means referring to, reporting, embodying, establishing, evidencing, comprising, connected with, commenting on, responding to, showing, describing, analyzing, reflecting, presenting and/or constituting and/or in any way involving.
- (c) The terms "and," "or," and "and/or" within the meaning of this document shall include each other and shall be both inclusive and disjunctive and shall

be construed to require production of all documents, as above-described, in the broadest possible fashion and manner.

- (d) The terms “Bluegrass Water” and “Company” shall mean the Bluegrass Water Utility Operating Company, LLC, and shall include, but is not limited to, each and every agent, employee, servant, advisor, consultant, insurer and/or attorney of Company. The term “you” shall be deemed to refer to Bluegrass Water and the Company.
- (e) The term “Commission” shall mean the Kentucky Public Service Commission.
- (f) The term “Joint Intervenors” shall mean the parties identified above as Joint Intervenors and shall include each of their employees, agents, officers, directors and representatives.
- (g) To “identify” shall mean:
  - (1) With respect to a document, to state its date, its author, its type (for example, letter, memorandum, chart, photograph, sound reproduction, etc.), its subject matter, its present location, and the name of its present custodian. The document may be produced in lieu of supplying the foregoing information. For each document which contains information as privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.

- (2) With regard to a natural person, to state his or her full name, last known employer or business affiliation, title and last known home address.
- (3) With regard to a person other than a natural person, state the title of that person, any trade name, or corporate name or partnership name used by that person, and the principal business address of that person.
- (h) To “produce” or to “identify and produce,” shall mean that Company shall produce each document or other requested tangible thing. For each tangible thing which Company contends is privileged or otherwise excludable from discovery, there shall be included a statement as to the basis for such claim of privilege or other grounds for exclusion.
- (i) The terms “Party or Parties” shall mean any organization, person, corporation, entity, etc., which intervened in the above-captioned proceeding and shall further include the Commission Staff.

## **II. REQUESTS FOR INFORMATION**

1. Refer to the Commission’s June 19, 2020 Order in Case No. 2020-00028. Explain why Bluegrass Water did not keep its commitment to wait until it had acquired a full year’s worth of data from owning and operating the systems before filing a rate case.

2. Please explain why this case should not be dismissed without prejudice as being unripe with regard to the facilities that Bluegrass Water did not own or operate as of the date of the filing of its application.

3. If Bluegrass Water and Bluegrass Water Holding Company, LLC have a single balance sheet and consolidated financial statements, please state whether Bluegrass Water Holding Company, LLC is also subject to the Commission's jurisdiction.

4. Please identify whether, since the filing of the application, there have been any changes with regard to the current capitalization ratio for either:

- a. Bluegrass Water; or
- b. Bluegrass Water Holding Company, LLC; and
- c. If the answer to (a) or (b) above is "yes," please state the updated capitalization ratio.

5. When does Bluegrass Water expect to achieve a capitalization ratio of 50% equity and 50% debt?

6. Does Bluegrass Water believe that a lower equity percentage would be reasonable? Please explain your answer.

7. Please describe in detail Bluegrass Water's efforts to secure debt financing to date, including:

- a. The number of lenders contacted;
- b. Any correspondence regarding potential loan terms or debt covenants; and
- c. The amount of debt sought by Bluegrass Water.

8. Please describe if, and to what extent, Bluegrass has access to capital through any of its corporate parents or affiliates or through any entity having common ownership.

9. Refer to Bluegrass Water's January 13, 2021 Response to the Motion for Leave to Intervene filed by Arcadia Pines, Carriage Park, Marshall Ridge and Randview. Please identify, with particularity, the "information requested by Bluegrass Water during the due diligence phase

of closing on the systems” that was unable to be provided with regard to each of the foregoing systems.

10. Refer to Bluegrass Water’s Response to Staff-DR-01-004.
  - a. Please explain the specific process that Bluegrass Water undertook, or will take, for bidding each of the capital projects set forth in its request for a certificate of public convenience and necessity.
  - b. Did Bluegrass Water bid, or intend to bid, each project individually or combine any of its projects into combined bidding packages?
11. Refer to Bluegrass Water’s Response to Staff-DR-01-010. Please provide copies of:
  - a. The preliminary memorandum prepared with regard to each system whose rates Bluegrass Water proposes to increase.
  - b. The post-closing memorandum prepared for each system which Bluegrass Water now owns. Please supplement this response as closings take place on additional systems.
12. Please provide an updated capital expenditure plan based upon Bluegrass’s Water’s most recent analysis of each system.
13. Refer to Bluegrass Water’s Response to Staff-DR-01-014. Please identify whether Midwest Water Operations, LLC is a corporate parent, subsidiary or affiliate of:
  - a. CSWR, LLC;
  - b. Central States Water Resources, Inc.;
  - c. U.S. Water Resources, LLC; or



- d. any corporate parent, subsidiary or affiliate of CSWR, LLC, Central States Water Resources, Inc. or U.S. Water Resources, LLC.

14. Please identify whether there is any common ownership between Midwest Water Operations, LLC and:

- a. CWSR, LLC;
- b. Central States Water Resources, Inc.;
- c. U.S. Water Resources, LLC; or
- d. any corporate parent, subsidiary or affiliate of CSWR, LLC, Central States Water Resources, Inc. or U.S. Water Resources, LLC.

15. Refer to Bluegrass Water’s Response to Staff-DR-01-014. Please provide cost justification for the “Additional Fee Charge for Services Outside of Basic Scope of Services” provision of the agreement with Midwest Water Operations, LLC.

16. Refer to Bluegrass Water’s Response to AG-DR-01-023. Please provide a copy of the “Exhibit A” referenced in each Agreed Order attached to your response.

17. If not previously provided, please provide a copy of all citations, notices of violation or other similar document from the Kentucky Division of Water that has been issued within the past three years to each of the systems owned by Bluegrass Water or for which Commission approval has been granted to acquire said systems.

18. Please provide copies of any economic analysis performed by Bluegrass Water that considers whether it might be cheaper for some customers to install a septic system rather than pay the proposed rates.

19. Please describe any and all communications that Bluegrass Water has had with local governments regarding the feasibility of connecting any of its systems to existing municipal wastewater systems.

20. Please identify all alternatives that Bluegrass Water considered for each of the projects for which a certificate of public convenience and necessity.

21. Please confirm that the Homestead neighborhood and the Longview neighborhood are served by the same system.

22. Please refer to the testimony of Mr. Josiah Cox, page 1. Please identify the precise nature of the economies of scale and cost savings that directly flow to Bluegrass Water's customers as a result of being a conglomerate serving more than 40,000 customers.