

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

Electronic Application of Bluegrass Water)
Utility Operating Company, LLC for an)
Adjustment of Rates and Approval of)
Construction)

Case No. 2020-00290

**Response to
Joint Intervenors' Post Hearing Request for Information**

Applicant Bluegrass Water Utility Operating Company, LLC herewith submits its response to the Joint Intervenors' Post Hearing Request for Information. A signed, notarized verification for this Response appears on the following page. The undersigned counsel is responsible for any objection noted for a particular response.

Respectfully Submitted,

/s/ Katherine K. Yunker

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VERIFICATION

STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS)

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



MERANDA K. KEUBLER
My Commission Expires
November 13, 2022
St. Louis County
Commission #14631487

[Handwritten Signature]
Mike Duncan

Subscribed and sworn to this 27th day of May 2021, before me a Notary Public in and before said County and State.

[Handwritten Signature]
Notary Public

(SEAL)

My Commission expires: 11/13/2022

Request

1. Please provide the total number of customer complaints from Bluegrass Water customers that have been elevated for review and/or resolution by CWSR, LLC (“CSWR”) personnel for each of the following years: 2019, 2020 and 2021.
-

Response

The total number of customer complaints from Bluegrass Water customers that have been elevated for review and/or resolution by CWSR, LLC personnel are as follows:

- 2019 – 0
- 2020 – 9
- 2021 (through May 28, 2021) – 5

Request

2. Please state when Bluegrass Water anticipates filing its next application for an adjustment of base rates.
-

Response

Bluegrass Water does not currently know when it might file its next application for an adjustment of base rates. The timing of such a filing would be influenced by the outcome of the pending rate case.

Request

3. Please provide a five-year capital budget for each system now owned by Bluegrass Water covering the years 2020, 2021, 2022, 2023 and 2024.
-

Response

Please see the 3-year capital budgets broken down by system provided in Exhibit 9-A and 9-B to the original application. The application required only 3 years of capital budgets and Bluegrass Water has not prepared a budget by system or as a whole for 2023 and 2024 to provide.

Recently and since the date that the Freeman Direct Testimony was submitted as Application Exhibit 8-C, the estimated scope of the planned capital projects has changed as follows. Bluegrass will not covert the well head to a pitless unit as listed at the Center Ridge 1 and 3 water systems; instead, the well head will be placed in the well house. Among the listed construction items for Lake Columbia, the “flow equalization and pumping system” is deemed unnecessary at this time. In addition to the listed items for Persimmon Ridge, it is now planned to install a moving bed biofilm reactor on the system. As these changes are still fluid in planning, design has not been finalized nor estimate prepared.

Request

4. Please state whether the application for an adjustment of base rates identified in Request No. 2 is anticipated to include more systems than are currently owned by Bluegrass Water. If so, please provide an estimate as to:
 - a. The anticipated total number of new billing accounts; and
 - b. The anticipated total of additional utility plant in service.
-

Response

Bluegrass anticipates that future applications for an adjustment of rates will include more systems than it currently owns. At this time, Bluegrass can only project 1 additional system with certainty, as many of the systems that Bluegrass is in negotiations with are not under contract. In addition, future rate increase requests would include those systems acquired in accordance with the Commission's order in Case No. 2020-00297.

- a. In addition to billing accounts related to systems acquired in Case No. 2020-00297, Bluegrass anticipates 117 new billing accounts based on the 1 additional system under contract.
- b. As the 1 additional system under contract does not have detailed plant records, Bluegrass cannot anticipate the total of additional utility plant in service.

Request

5. Taking into account the exclusion of the systems for which authorization to acquire them was obtained in Case No. 2020-00297, please provide an updated schedule showing Bluegrass Water's calculated forecasted test year ("FTY"):
 - a. Revenue;
 - b. Revenue deficiency; and
 - c. Revenue requirement.
-

Response

Bluegrass acknowledges that the Commission has made an interlocutory decision to exclude the 2020-00297 systems from an adjustment of rates in this case and respectfully disagrees with that decision. Without waiver of its objection, Bluegrass provides the requested calculations in the separately-filed worksheet named *INTphDR05.xlsx*. Please note that the indicated residential rate for the other systems would be \$116.77 per month.

Request

6. Please provide the written criteria or policy by which bonuses are awarded to CSWR, LLC officers and employees.
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Response

There is no formalized criteria or written policy whereby bonuses are awarded to CSWR officers and employees.

Request

7. Please refer to the Company's response to AG-DR-02-012 and provide the written criteria or policy by which the discretionary component of the 401(k) contribution is awarded to a CSWR, LLC officer or employee.
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Response

There is no formalized criteria or written policy whereby the discretionary component of the Company's 401k plan is awarded to CSWR officers and employees.

Request

8. Please provide any and all documentation arising from or relating to any and all communications Bluegrass Water has had with regard to approaching existing water or wastewater providers in Kentucky to ascertain whether the provider(s) would be willing to provide O&M services for any or all of Bluegrass's systems.
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Response

Nearly all the communications Bluegrass Water had with existing water/wastewater providers in Kentucky about providing O&M service were not written, and many such communications included discussion of other topics. Please see below for a brief narrative regarding communications had with existing water/wastewater providers in Kentucky:

- Bluegrass Water discussed the option of utilizing Covered Bridge Operations and Maintenance Company for contract operations with its owner. The owner was interested, but it was determined that the firm did not have the qualifications to perform the required service for Bluegrass Water. Having said that, Midwest Water Operations Company did hire some of the Covered Bridge operators.
- Bluegrass Water discussed the option of utilizing Marshall County Environmental Service, LLC for contract operations with its owner. The owner was interested, but it was determined that the firm did not have the qualifications to perform the required service for Bluegrass Water.
- Bluegrass Water discussed the option of utilizing Bill Duncan, the prior owner of Center Ridge Water District for contract operations. Mr. Duncan was not interested, and it was determined that the operations company for such purpose did not have the qualifications to perform the required service for Bluegrass Water.

- Bluegrass Water discussed the option of utilizing Paducah McCracken County Joint Sewer Agency to perform contract operations, but the JSA was not interested. Having said that, Midwest Water Operations Company did hire some of the JSA's operators.
- The transferring owner of Delaplain provided the information for an employee, Matt Chancellor, who was hired by Midwest Water Operations Company.
- Bluegrass Water discussed the option of utilizing Crone Environmental Services Company for contract operations with its owner. The owner was not interested in providing contract operations.
- The owner of Persimmon Ridge provided the information for one its employees, Kathy Carey, who was hired by Midwest Water Operations Company.

Request

9. Please identify which systems now owned by Bluegrass Water currently have another wastewater service provider located within one mile of Bluegrass Water's facilities.
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Response

Bluegrass has confirmed that Airview, Brocklyn, Fox Run, Delaplain, Woodland Acres and Randview are known to have another system within 1 mile.

Request

10. Please provide an updated schedule showing CSWR, LLC overhead allocations to Bluegrass Water with all business development expenses excluded, including, without limitation, the office space, workers compensation insurance, IT expense, etc. attributed to the business development function.
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Response

Please see the separately-filed worksheet named to refer to this post-hearing data request (filed under seal and with a request for confidential treatment) for the requested information. Please note that for the expenses identified in the data request (*e.g.*, office space, worker's compensation insurance, IT expense, etc.), the only expense not already excluded is worker's compensation insurance. IT expenses, including depreciation of computer equipment, home office expenses and software expenses, are included in the office and travel component of BD expense and are thus already excluded. No employees classified exclusively in the BD category have permanent office space at CSWR's corporate office. CSWR's worker's compensation cost rate for BD employee salaries is .55 per \$100 of salary expense and that expense has been included with the BD expenses in the referenced worksheet. Compare with the response to INT ph DR 11.

Request

11. Please provide an updated schedule showing the calculation of the “Massachusetts Formula” for CSWR, LLC for the period ending March 31, 2021.

Response

Please see the separately-filed worksheet named to refer to this post-hearing data request (filed under seal and with a request for confidential treatment) for the requested information.

Request

12. Please provide a schedule showing each system now owned by Bluegrass Water:
- a) the original rate base associated with the system as of the date of its acquisition;
 - b) the actual rate base associated with the system as of March 31, 2021; and
 - c) the estimated rate base associated with the system as of the end of the forecasted test year.
-

Response

- a) Please see the separately-provided schedule with filename *INTphDR12a.xlsx* for the original rate base associated with each system as of the date of its acquisition.
- b) Bluegrass Water does not have this information updated as of March 31, 2021; please refer to Bluegrass Water's response to PSC ph DR 01 for the actual rate base as of December 31, 2020.
- c) Please refer to Bluegrass Water's response to PSC ph DR 01.

Request

13. Please provide an itemization of all work provided by Elasticity, LLC directly to Bluegrass Water during the base period and, if the work resulted in the creation or production of a tangible product (i.e. brochure, letter, etc.) or digital asset (i.e. a Facebook post), please provide a copy of same.

Response

The following table itemizes all work provided by Elasticity, LLC directly to Bluegrass Water during the base period (CY 2020):

Content Type	January 2020	February 2020	March 2020	April 2020	May 2020	June 2020
Printed Materials			Updated Brochure			Letterhead
Misc. Work Product	1 Updated Website Copy	1 Brochure Copy				
Customer Emails	0	0	1	3	2	1
Facebook Posts	9	4	7	12	13	16
Twitter Posts	8	5	10	13	15	14
Videos						
Public Relations						
Website	2.5	3.5	2	2	4.5	4

Content Type	July 2020	August 2020	September 2020	October 2020	November 2020	December 2020
Printed Materials	Contractor Cards				Customer Envelopes	
Misc. Work Product	1 Video Shot List		1 Video Shot Spreadsheet	1 RFP	1 RFQ	1 Talking Points Set
Customer Emails	1	1	1	1	1	1
Facebook Posts	11	9	7	4	7	8
Twitter Posts	12	12	8	16	7	10
Videos	Raw video shoot		1 "Before" Video Reel			
Public Relations				2 Responses to Reporter	1 Media Training Feedback	
Website	1	1	0.5	0.5	0	0

Tangible products as a result of this work by Elasticity, LLC are provided separately as follows:

- Four (4) PDF files compiling the products by each calendar quarter with a filename beginning *INTph13attachment-Elasticity* and then indicating which quarter;
- An Excel workbook with filename *bluegrass video_edits_0928.xlsx*; and
- A video file, *Bluegrass Water UOC_Before Reel.mp4*, of a size and format that cannot be filed electronically in the case; a copy of the file has been filed with the Commission and served on counsel for the other parties following the protocols for non-electronic filing cases or for materials that cannot be electronically file.

Request

14. Please provide all analysis and reports documenting either CSWR, LLC or Bluegrass Water's conclusion that hiring contractors to perform O&M tasks is less expensive than hiring employees.
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Response

Please see the spreadsheet provided in response to PSC ph 06 (filed separately under seal and with a request for confidential treatment) for detail regarding Bluegrass Water's conclusion that hiring contractors to perform O&M tasks is less expensive than hiring employees.

Request

15. Please provide a copy of all communications with the Kentucky Division of Water regarding the negotiation of Agreed Orders for each system currently owned by Bluegrass Water.
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Response

Please see Bluegrass Water's response to 2 PSC 03 for written communications regarding the negotiation of the Agreed Orders for systems currently owned by Bluegrass Water.