

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

Electronic Application of Bluegrass Water)
Utility Operating Company, LLC for an) Case No. 2020-00290
Adjustment of Rates and Approval of)
Construction)

**Supplement to Application re
Notice to Case No. 2020-00028 Systems' Customers**

Bluegrass Water Utility Operating Company, LLC ("Bluegrass") files this supplement to its Application requesting a general increase in water and sewage rates and a certificate (or certificates of construction. By this Supplement, Bluegrass updates the Application to include paragraphs (§§ 16.1 and 16.2) and exhibits (3.1 and 3.2) to reflect that it:

- (a) has closed on the transactions to acquire four wastewater treatment systems and revised its tariff to include rates for the Arcadia Pines, Carriage Park, Marshall Ridge, and Randview Septic systems at the levels charged by the systems' former, non-utility service providers, as approved by the final Order in Case No. 2020-00028, entered June 19, 2020; and
- (b) has provided notice in compliance with the requirements in 807 KAR 5:001 § 17 to its new customers.

These steps comply with the mandates stated on page 7 of the Commission's Order entered October 30, 2020, in this case. Bluegrass does intend for the Application to serve as a request to adjust the rates of these systems for which it obtained purchase approval in Case No. 2020-00028 and submits that the Application should be deemed filed as of November 19, 2020.

Supplement to the Application

16.1 On November 19, 2020, Bluegrass closed on the acquisition of the four systems approved by the 6/19/20 final Order in Case No. 2020-00028. See the Notice of 11/19/20 Acquisition Date — Assets of Arcadia Pines, Carriage Park, Marshall Ridge, and Randview Septic, filed in Case No. 2020-00028 and attached as Exhibit 3.1. Later on the same day, Bluegrass filed the approved rate sheet for each acquired system as revisions to its PSC Ky. No. 1 Tariff (sewer).

16.2 On November 19, 2020, Bluegrass mailed to each existing customer of the four acquired 2020-00028 systems a written notice of the request for adjusted rates — containing the information and text required by § 17(4) — pursuant § 17(2)(b)(3). A copy of the notice mailed to Bluegrass customers is Exhibit 3.2 hereto. Within 45 days of the filing of the Application, in accordance with § 17(3)(a), Bluegrass will file with the Commission proof of the notice mailing.

Respectfully submitted,

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COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

Electronic Proposed Acquisition by Bluegrass)
Water Utility Operating Company, LLC of)
Wastewater System Facilities and Subsequent) No. 2020-00028
Tariffed Service to Users Presently Served by)
Those Facilities)

Notice of 11/19/20 Acquisition Date —
Assets of Arcadia Pines, Carriage Park, Marshall Ridge, and Randview Septic

In compliance with the Order entered June 19, 2020 (“the 6/19/20 Order”), ordering ¶ 4, Bluegrass Water Utility Operating Company, LLC hereby notifies the Commission in writing of the occurrence date of the asset acquisitions approved in the 6/19/20 Order. On November 19, 2020, the acquisition transactions closed with respect to the assets of:

- Arcadia Pines Sewer Association, Inc.
- Carriage Park Neighborhood Association, Inc.
- Marshall Ridge Sewer Association, Inc.
- Randview Septic Corporation

Respectfully submitted,

/s/ Katherine K. Yunker

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November 19, 2020

Dear Bluegrass Customer:

We're writing to you about the wastewater services in your community.

Bluegrass Water Utility Operating Company, LLC (Bluegrass Water) has asked the Kentucky Public Service Commission (Commission) to acquire the system that serves your community. The Commission case number for that application is 2020-00028.

On September 30, 2020, Bluegrass Water submitted to the Commission a request for a general adjustment of rates charged for service. The request seeks to increase annual sewer operating revenues by \$2,177,052 (Case # 2020-00290). Since last year, Bluegrass Water has invested nearly \$2.5 million in urgently needed improvements in the Kentucky communities it serves to ensure access to clean, safe and reliable drinking water and wastewater systems. Over the next 18 months, Bluegrass Water intends to invest approximately \$5 million more in its Kentucky systems to ensure they are able to provide safe and reliable service. Increased costs attributable to these and other improvements make it necessary to seek a rate increase at this time.

As of November 19, 2020, Bluegrass Water Utility Operating Company, Inc. (Bluegrass Water), a Central States Water Resources (CSWR) company, is your new sewer services provider. We are committed to bringing you safe, reliable sewer services today, and every day, 365 days a year.

Please take notice of the following information about the proposed rate adjustment that is described below and presented *on the enclosed table*:

The table compares current rates for communities served by Bluegrass Water to the increased rates the company is requesting and shows the proposed increases as both a percentage and a dollar amount. The Commission, the state agency that regulates all utility services in Kentucky, will rule on this request and may order rates to be charged that differ from the proposed rates found in this notice. The average customer usage is unknown and the average bill in each service area relates directly to the current rates per month shown in the enclosed sheet. The date the proposed rates were filed with the Commission was September 30, 2020, with a proposed effective date of October 30, 2020. On October 30, 2020, the Commission suspended the proposed rates for six months while it reviews the application. As a result, the proposed rates will not go into effect before May 1, 2021.

By prior arrangement, you may examine Bluegrass Water's application at the offices of McBrayer PLLC, 201 East Main Street, Suite 900, Lexington, Kentucky. Please contact Bluegrass Water at 1-866-752-8982 to arrange to examine the application. Bluegrass Water's application also may be examined at the Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Commission's website at <http://psc.ky.gov>. Comments regarding the rate application (case # 2020-00290) or timely requests for intervention (that establish the grounds for the request, including the status and interest of the requester) may be submitted to the Commission through its website or by mail to:

Public Service Commission, Post Office Box 615, Frankfort, Kentucky 40602

If the Commission does not receive a written request for intervention establishing the grounds for the request (including the status and interest of the party) within thirty (30) days of the initial mailing of this notice, it may take final action on the application.

Josiah Cox

President

Bluegrass Water Utility Operating Company, LLC.



Rate Comparison Table

Type of Charge	Service Area	Present Rates (per month)	Proposed Rates (per month)	Change Requested	
				\$	%
Total Monthly Sewer – Single Residential per unit					
	Airview Estates	\$41.36	\$96.14	\$54.78	132.4%
	Brocklyn Subdivision- Single Unit	\$40.00	\$96.14	\$56.14	140.4%
	Fox Run Estates	\$55.85	\$96.14	\$40.29	72.1%
	Great Oaks Subdivision	\$28.84	\$96.14	\$67.30	233.4%
	Golden Acres Subdivision	\$39.57	\$96.14	\$56.57	143.0%
	Kingswood Development	\$38.84	\$96.14	\$57.30	147.5%
	Lake Columbia Estates	\$50.32	\$96.14	\$45.82	91.1%
	Longview and Homestead Subdivisions	\$30.00	\$96.14	\$66.14	220.5%
	Persimmon Ridge Subdivision	\$35.00	\$96.14	\$61.14	174.7%
	City of River Bluff and environs	\$58.16	\$96.14	\$37.98	65.3%
	Timberland Subdivision	\$34.71	\$96.14	\$61.43	177.0%
	Arcadia Pines Subdivision	\$25.00	\$96.14	\$71.14	284.6%
	Carriage Park Subdivision	\$16.00	\$96.14	\$80.14	500.9%
	Marshall Ridge Subdivision	\$15.00	\$96.14	\$81.14	540.9%
	Randview Subdivision	\$25.00	\$96.14	\$71.14	284.6%
	I-75 & Delaplain Road interchange area (Scott County)	\$12.50	\$96.14	\$83.64	669.1%
	Herrington Haven and Woodland Estates	\$49.66	\$96.14	\$46.48	93.6%
	Springcrest Sewer (Jessamine County)	\$27.43	\$96.14	\$68.71	250.5%
	Woodland Acres	\$19.47	\$96.14	\$76.67	393.8%
Total Monthly Sewer – Multi Residential per unit					
	Brocklyn Subdivision – Multi Unit	\$30.40	\$72.11	\$41.71	137.2%
	Randview Subdivision — Duplex	\$25.00	\$72.11	\$47.11	188.4%
Total Monthly Sewer Bill – Commercial (Flat)					
	Persimmon Ridge Subdivision	\$35.00 per residential equivalent of 12,000 gallons	\$240.36	\$205.36	234.7%
	Randview Subdivision	\$25 per residential equivalent	\$240.36	\$215.36	861.4%
Total Monthly Sewer – Industrial/Commercial (Metered)					
	I-75 & Delaplain Road interchange area (Scott County)	\$8.89 per 1000 gal	\$25.65 per 1000 gal	\$16.76 per 1000 gal	188.5%
Total Monthly Water Bill - Residential					
	Center Ridge	\$22.79	\$105.84	\$83.05	364.4%