

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUESTS

The intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), makes the following Data Requests to Bluegrass Water Utility Operating Company, LLC (hereinafter “Bluegrass” or “company”) to be answered by February 26, 2021 and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the companies receive or generate additional information within the scope of these requests between the time of the response

and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies

or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills

and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission

Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

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Respectfully submitted,

DANIEL J. CAMERON
ATTORNEY GENERAL



J. MICHAEL WEST
LAWRENCE W. COOK
ANGELA M. GOAD
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601
PHONE: (502) 696-5433
FAX: (502) 564-2698
Michael.West@ky.gov
Larry.Cook@ky.gov
Angela.Goad@ky.gov
John.Horne@ky.gov

Certificate of Service and Filing

Pursuant to the Commission's Orders dated March 16, 2020 and March 24, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that, on February 12th, 2021, an electronic copy of the forgoing was served by e-mail to the following. A physical copy of the filing will be submitted to the Commission once the State of Emergency has ceased.

Katherine K. Yunker
kyunker@mcbayerfirm.com

Kathryn A. Eckert
keckert@mcbayerfirm.com

this 12th day of February, 2021.



Assistant Attorney General

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COMPANY, LLC FOR AN ADJUSTMENT OF RATES AND APPROVAL OF
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Data Requests

1. Refer to Bluegrass' response to AG 1-1(n), and provide all updated information that Bluegrass has obtained as to potential neighborhood growth.
2. Refer to Bluegrass' response to AG 1-15. Bluegrass stated that "[w]hile some of the systems require more urgent investments in upgrades and improvements, less distressed systems will require those same investments in the future. Whatever short-term support may flow between systems initially, the situation will reverse over time."
 - a. Provide all studies, analyses, and documentation that support this assertion.
 - b. Further elaborate on how the subsidies between the systems will reverse over time.
3. See Response to AG 1-29. Regarding the assertion that "[R]ates are not set 'in perpetuity,'" identify the limit on the duration of the rates approved in this case but for a rate adjustment request initiated by the Company in the future.
4. Refer to Bluegrass' response to AG 1-30.
 - a. Explain in detail why Midwest Water Operations, LLC charges a higher monthly charge for plant facilities acquired in 2019 than the plants acquired in 2020.
 - b. Has Bluegrass attempted to negotiate with Midwest Water Operations, LLC to reduce the monthly charge for plant facilities acquired in 2019? Explain the answer in detail.
5. Refer to Bluegrass' response to AG 1-32, wherein the company acknowledges that the proposed rates are a significant increase over current rates. If Bluegrass receives the requested rate increase, explain whether the company expects for uncollectible bills to rise due to unaffordability of the service.
 - a. If Bluegrass has performed any studies and/or analyses regarding either: (i) the elasticities of demand resulting from any potential approval of the requested rate increase; and/or (ii) the impact that receiving the requested rate increase will have on the amount of uncollectible expense, provide copies of same.

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- b. Confirm that Bluegrass' uncollectible expense is socialized among the ratebase.
6. Refer to Bluegrass's response to AG 1-33, in which the company admits that approximately \$2,000,000 of capital expenditures have been included in rate base in the pending case even though those systems have not been acquired as of the original filing date of the rate case.
 - a. If Bluegrass has acquired the noted systems then provide the date of acquisition.
 - b. If Bluegrass has not acquired the systems explain in detail why not.
 - c. If Bluegrass has not acquired the systems, explain in detail why the associated \$2,000,000 in capital expenditures should be included in the pending rate case.
7. Refer to Bluegrass' response to AG 1-42. The company states that at the time the systems were acquired there was approximately \$1,500,000 in accumulated depreciation balance.
 - a. Explain in detail how the accumulated depreciation balance has been used since Bluegrass purchased the systems.
 - b. Provide the most current accumulated depreciation balance for each system.
8. Refer to Bluegrass' response to AG 1-47.
 - a. Confirm that Bluegrass complies with KRS 278.2207, which requires services and products provided to the utility by an affiliate to be priced no greater than market cost or in compliance with the utility's existing cost allocation methodology. If this cannot be confirmed, explain in detail why not.
 - b. Explain how Bluegrass determines that the services and products provided by an affiliate are priced no greater than market cost.
9. Refer to Bluegrass' response to AG 1-48. Explain why Bluegrass does not have a cost allocation manual yet, and identify a target date as to when one will be completed.

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10. Identify all employees of CSWR, LLC who receive an auto allowance and provide a justification for the allowance, including the amount of the allowance.
11. Provide a detailed statement of the health insurance benefits available to each CSWR, LLC employee and identify any contribution the employee must make toward premiums.
12. Provide CSWR, LLC's policy regarding 401(k) contributions paid by CSWR, LLC for the benefit of each employee and provide the justification for the amount of the contribution paid by the company for each employee.
13. Provide a detailed statement and description of all Life/AD&D/STD Insurance Premiums paid on behalf of each employee of CSWR, LLC and a summary of the terms of the policies including but not limited to coverage amounts.
14. Confirm that a lead-lag analysis could demonstrate that cash working capital could be set to an amount less than that provided by the 1/8 method. If you cannot confirm this, discuss why.
15. Confirm that a lead-lag analysis could demonstrate that cash working capital could be set at an amount below \$0. If you cannot confirm this, discuss why.
16. Describe in detail the basis for the determination of "average service life" for each of the NARUC Acct. Nos. found at BGUOC2020RateCase-RateBase_(Sewer).xlsx and BGUOC2020RateCase-RateBase_(Water).xlsx at tabs Dep. – BY B3.1 for both the base and forecasted years.
17. Is CSWR, LLC or any of its affiliates a member of any industry advocacy associations or other groups?
 - a. If so, list each of those entities, detail the amount spent by CSWR, LLC or the affiliate to belong to that group(s), and confirm whether those funds are including in rate base.
 - b. Does CSWR, LLC, Bluegrass, or any other affiliate pay dues to any such organization? If so, provide the annual amount that the industry advocacy association spends on lobbying.