

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of

Electronic Application of Bluegrass Water Utility)
Operating Company, LLC for Certificates of) Case No. 2022-00046
Convenience and Necessity for Projects at the)
Persimmon Ridge Site)

Application for Certificates of Convenience and Necessity

Bluegrass Water Utility Operating Company, LLC (“Bluegrass”) files this application, requesting certificates of convenience and necessity pursuant to KRS 278.020(1) for projects at its Persimmon Ridge service site in Shelby County. Public convenience and necessity require the proposed improvement projects. To assist the Commission and its staff in locating information required by various regulations, Bluegrass attaches hereto an Index listing the requirements and the principal place(s) in this Application where it is addressed. The facts on which the Application is based are contained in the spreadsheets, and other information accompanying this Application and in the following statements:

I. Applicant

1. Bluegrass Water Utility Operating Company, LLC is the full name of the applicant. Bluegrass is a limited liability company, organized on March 21, 2019, under the laws of Kentucky. It is in good standing with the Kentucky Secretary of State.

2. Bluegrass’s mailing address is 1650 Des Peres Road, Suite 303, St. Louis, Missouri 63131, and the electronic mail addresses to be used for Bluegrass for purposes of this proceeding are regulatory@cswrgroup.com and rmitten@cswrgroup.com.

3. Bluegrass is a manager-managed company. Its manager is Central States Water Resources, Inc (“Central States”), which is a corporation organized and existing under the laws of the State of Missouri. The member-parent of Bluegrass and of utility operating and holding LLCs in other states is CSWR, LLC. A two-page organization chart for CSWR as of January 1, 2022, showing its affiliations and relationships, including to Bluegrass and Central States, is submitted herewith as Exhibit A.

4. The financial exhibit described in 807 KAR 5:001 § 12 and required by 807 KAR 5:071 § 3(1)(e) is submitted herewith as redacted Exhibit B.¹

5. In fulfillment of conditions in the final orders in Case Nos. 2019-00104, 2019-00360, and 2020-00297 to ensure continuity of sewer service, Bluegrass has obtained and filed with the Commission an Amended and Restated Guaranty from CSWR, LLC in favor of the Commission and providing for two months of Bluegrass’s obligation to its third-party contractors for services to all the sites of its sewer system, including for the Persimmon Ridge service area. A copy of the Amended and Restated Guaranty is submitted herewith as Exhibit C.

6. Among the areas of the Commonwealth provided sewer service by Bluegrass is Persimmon Ridge in Shelby County. A map of the service area and location of the site facilities is submitted herewith as Exhibit D. The Persimmon Ridge treatment facilities consist of a two-cell aerated lagoon system with chlorine disinfection. The first cell is fully aerated while the second cell is partially aerated. The second cell also has a baffle spanning the lagoon cell to create a non-aerated or anaerobic zone that can help reduce solids in the effluent. From the anaerobic zone, the lagoon effluent has liquid chlorine added for disinfection prior to the contact

¹ The redacted exhibit is publicly filed herewith; an unredacted and highlighted version has been provided under seal with a concurrently filed Motion for Confidential Treatment.

chamber. Collection is by a gravity sewer system that includes five pump stations. A survey of the existing treatment facilities is submitted herewith as Exhibit E.

II. Project Proposed for Persimmon Ridge Site

7. Bluegrass proposes one project for the Persimmon Ridge site: installation of an MBBR attached growth treatment system. The overall estimated direct cost of the project is attached hereto as Exhibit F.

8. Bluegrass is in the process of applying to the Kentucky Department for Natural Resources and Environmental Protection, Division of Water Quality (“DoW”), for a construction permit encompassing the proposed project. Bluegrass anticipates this filing will be within the next thirty days; Bluegrass will submit a copy of the DoW application once filed.

9. The only nearby facility to Persimmon Ridge is the sewer system at the Kentucky Correctional Institution for Women (“KCI”) at 1.4 miles away. Connection of Persimmon Ridge to this system would require approximately 3.5 miles of mains and would require multiple lift stations. KCI is already functioning at full capacity and would require significant expansion to connect the Persimmon Ridge system, at much higher cost likely in excess of \$1 million in upgrades.

A. Project: MMBR Treatment

10. The project for which Bluegrass seeks a certificate is the installation of a moving bed biofilm reactor (“MBBR”) treatment system. An MBBR treatment system will enhance the facility’s ability to remove nutrients and lower ammonia levels. MBBRs dramatically improve aeration treatment by providing significantly more surface area for biofilm to form on, thereby concentrating the amount of biological treatment that can occur. This proposed improvement is

required for public convenience and necessity because the wastewater treatment facility is not currently capable of consistently complying with permitted limits, especially in winter months.

11. Costs of construction for the proposed MBBR treatment system are as estimated to be as follows:

Construction Project	Estimate	Subtotal
Two-Stage Sidestream MBBR Construction w/Airlifts, Blowers, Diffusers, Sieves, Controls (2, 8x8x8 Tanks)	\$175,000	\$175,000
Lagoon Penetrations for MBBR Suction and Discharge	\$20,000	\$20,000
MBBR Suction and Discharge Yard Piping (200' of 6")	\$15,000	\$15,000
Air Piping to Chlorine Contact Tank (300' of 1.75-2.0")	\$10,500	\$10,500
Airlift	\$7,500	\$7,500
Miscellaneous Electrical Distribution	\$25,000	\$25,000
TOTAL	\$253,000	\$253,000

III. Financing and Effects of the Projects

12. These projects will be financed with equity financing provided by Bluegrass’s parent company, CSWR, LLC. Bluegrass anticipates that it will submit an application for debt financing to the Commission in first quarter of 2022, which — if approved — would provide an alternative source of funds for this project.

13. Bluegrass maintains that the above-listed project is required for public convenience and necessity, and that its implementation avoids wasteful duplication in making improvements necessary to keep the Persimmon Ridge service area in compliance with environmental regulations. The project would not constitute a new extension, facility, or equipment in any additional area beyond the existing plant; therefore, the survey map and service area map attached as Exhibits D and E adequately represent the boundaries of the project. Furthermore the proposed improvements do not compete with any other utilities, corporations, or persons, as no other sewer providers provide this service in the Woodland Acres service area. See Exhibit D.

14. Bluegrass anticipates no change to current operating costs due to proposed improvements. However, these proposed improvements could support a reduction in per-plant third-party charges over time. Bluegrass also does not anticipate any change to number or class of customers served due to proposed improvements at this time. A redacted copy of Bluegrass's 2020 tax returns was provided in the Woodland Acres certificate application in Ky. PSC Case No. 2022-00015, Application Exhibit H.

IV. Conclusion

WHEREFORE, Applicant Bluegrass Water Utility Operating Company, LLC respectfully requests that the Commission issue a final order regarding this Application, granting:

- (1) a KRS 278.020(1) certificate of convenience and necessity for the MBBR Treatment project; and,
- (2) all other relief to which Applicant may be entitled.

Respectfully submitted,

/s/ Kathryn A. Eckert

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Counsel for Applicant

EXHIBITS

- A Organization Chart of CSWR, LLC as of January 1, 2022
- B Financial Exhibit for 12-months ending December 31, 2021, per 807 KAR 5:001 § 12 (redacted)
- C Amended and Restated Guaranty, dated as of April 16, 2021

- D Persimmon Ridge Map
- E ALTA/NSPS Land Title Survey, Persimmon Ridge service area
- F Persimmon Ridge Project Capital Estimates

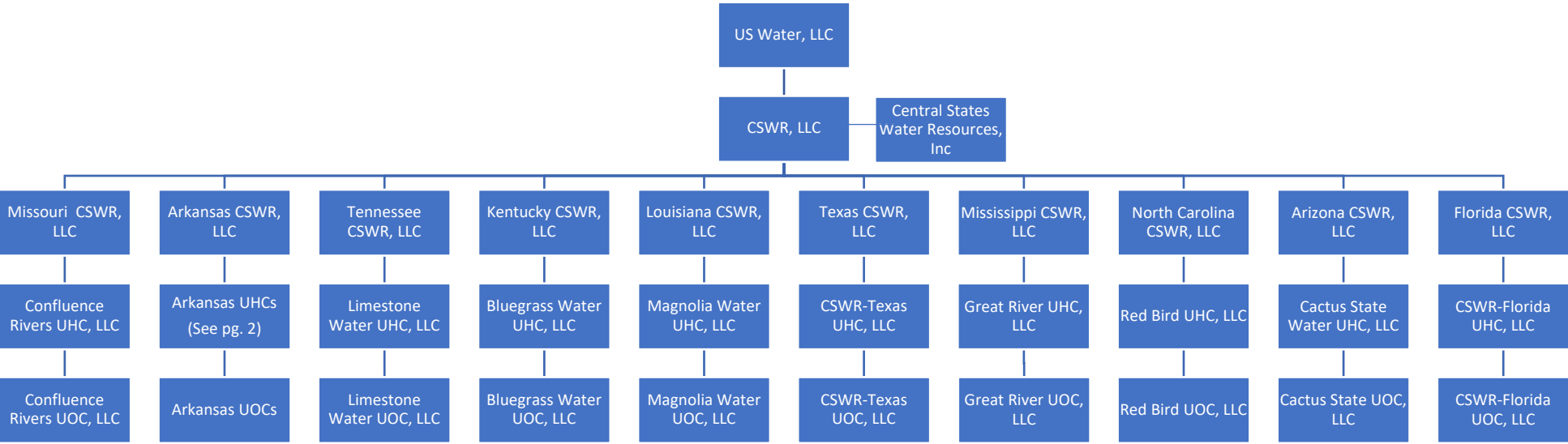
807 KAR 5:001	Description	Filing
§14 (1)	Full name, mailing address, and e-mail address of applicant. // Facts on which the application is based, with a request for the order, authorization, permission, or certificate desired and a reference to the particular law requiring or providing for the information.	Application ¶¶ 1-2 // Application <i>passim</i>
(2)	If applicant is a corporation, identify state in incorporated and date of incorporation, attest that currently in good standing in the state in which incorporated, and, if it is not a Kentucky corporation, state if authorized to transact business in Kentucky.	N/A
(3)	If applicant is a limited liability company, identify state where organized and date of organization, attest applicant is in good standing in state where organized, and, if not a Kentucky limited liability company, state if authorized to transact business in Kentucky.	Application ¶ 1
(4)	If applicant is a limited partnership, <ul style="list-style-type: none"> • annex certified copy of limited partnership agreement and all amendments, if any, or • make written statement attesting that partnership agreement and all amendments have been filed with PSC in a prior proceeding, with case number of prior proceeding. 	N/A
§12 (1) (a)	For a utility that had \$5,000,000 or more in gross annual revenue in the immediate past calendar year, cover operations for a twelve (12) month period ending not more than ninety (90) days prior to the date the application is filed; or	N/A
(b)	For a utility that had less than \$5,000,000 in gross annual revenue in the immediate past calendar year, the exhibit shall cover operations <u>either</u> for a twelve (12) month period, the period ending not more than ninety (90) days prior to the date the application is filed <u>or</u> for the twelve (12) month period contained in the utility's most recent annual report on file with the commission, and contain a statement that: <ol style="list-style-type: none"> 1. Material changes have not occurred since the end of that twelve (12) month period; or 2. Identifies all material changes that have occurred since the end of that twelve (12) month period. 	App. Exh. B
(2) (a)	The amount and kinds of stock authorized;	App. Exh. B
(b)	The amount and kinds of stock issued and outstanding;	App. Exh. B
(c)	Terms of preference of preferred stock, cumulative or participating, or on dividends or assets or otherwise;	App. Exh. B
(d)	A brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee or trustee, amount of indebtedness authorized to be secured, and the amount of indebtedness actually secured, together with sinking fund provisions, if applicable;	App. Exh. B
(e)	The amount of bonds authorized, and amount issued, giving the name of the public utility that issued the same, describing each class separately and giving the date of issue, face value, rate of interest, date of maturity, and how secured, together with amount of interest paid during the last fiscal year;	App. Exh. B

807 KAR 5:001	Description	Filing
§12 (2) (f)	Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid during the last fiscal year;	App. Exh. B
(g)	Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of a portion of the indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid during the last fiscal year;	App. Exh. B
(h)	The rate and amount of dividends paid during the five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year; and	App. Exh. B
(i)	A detailed income statement and balance sheet.	App. Exh. B
§15 (2)	Compliance with 807 KAR 5:001 § 14, and submission of:	
(2) (a)	The facts relied upon to show that the proposed construction or extension is or will be required by public convenience or necessity:	Application ¶¶ 9-10, 13 // Application <i>passim</i>
(b)	Copies of franchises or permits, if any, from the proper public authority for the proposed construction or extension, if not previously filed with the commission;	Application ¶ 8
(c)	A full description of the proposed location, route, or routes of the proposed construction or extension, including a description of the manner of the construction and the names of all public utilities, corporations, or persons with whom the proposed construction or extension is likely to compete;	Application ¶¶ 6, 9, 13 // App. Exh. D, E
(d)(1)	Maps to suitable scale showing the location or route of the proposed construction or extension, as well as the location to scale of like facilities owned by others located anywhere within the map area with adequate identification as to the ownership of the other facilities; and	App. Exh. D, E
(d)(2)	Plans and specifications and drawings of the proposed plant, equipment, and facilities;	Application ¶ 13 // App. Exh. D, E
(e)	The manner in detail in which the applicant proposes to finance the proposed construction or extension; and	Application ¶ 12
(f)	An estimated annual cost of operation after the proposed facilities are placed into service.	Application ¶ 14

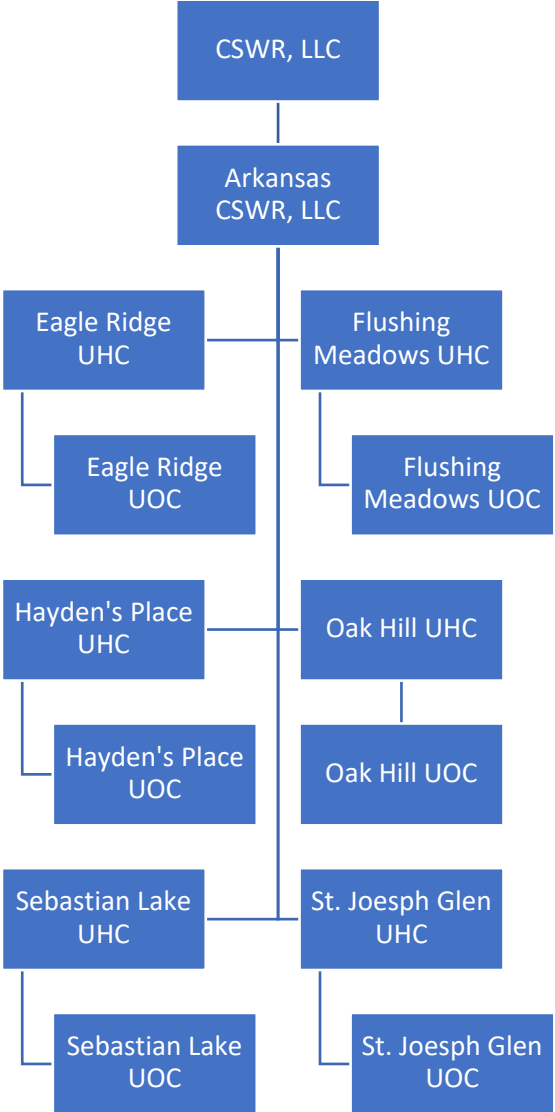
807 KAR 5:071	Description	Filings
§3 (1) (a)	A copy of a valid third-party beneficiary agreement guaranteeing the continued operation of the sewage treatment facilities or other evidence of financial integrity such as will insure the continuity of sewage service.	Application ¶ 5 // App. Exh. C
(b)	Copy of a preliminary approval issued by the Division of Water Quality of the Ky. Dept. for Natural Resources and Environmental Protection approving the plans and specifications of the proposed construction.	Application ¶ 8

807 KAR 5:071	Description	Filings
(c)	A detailed map of the sewage treatment facilities showing location of plant, effluent discharge, collection mains, manholes, and utility service area.	App. Exh. D, E
§3 (1) (d)	A detailed estimated cost of construction, including all capitalized costs (construction, engineering, legal, administrative, etc.).	Application ¶ 11 // App. Exh. F
(e)	Financial exhibit described in 807 KAR 5:001 §12	App. Exh. B
(f)	The manner in detail in which it is proposed to finance the new construction, specifically stating the amount to be invested, recouped through lot sales, or of contributions (to be) received, etc.	Application ¶ 12
(g)	Estimated cost of operation after the proposed facilities are completed.	Application ¶ 14
(h)	Estimate of the total number of customers to be served by the proposed sewage treatment facilities (initially and ultimately), the class of customers served, and the average monthly water consumption for each class of customer.	Application ¶ 14
(j)	(only if rate adjustment is sought) A detailed depreciation schedule of all treatment plant, property and facilities, both existing and proposed, listing all major components of “package” treatment plants separately.	N/A
(k)	(only if rate adjustment is sought) The proposed rates to be charged for each class of customers and an estimate of the annual revenues derived from the customers using the proposed rate schedules.	N/A
(l)	A full and complete explanation of corporate or business relationships between the applicant and a parent or brother-sister corporation, subsidiary(ies), a development corporation(s), or any other party or business, to afford PSC a full and complete understanding of the situation.	Application ¶ 3 // App. Exh. A

Central States Water Resources Corporate Entity Organizational Chart



Arkansas CSWR Organizational Chart Detail



Financial Exhibit

(807 KAR 5:001 §12; 807 KAR 5:071 §§ 3(1)(e), 3(2))

This Exhibit covers the 12-month period ending November 30, 2021, which is not more than 90 days prior to the date the Application is filed.

- a) *The amount and kinds of stock authorized:* None. Bluegrass is a limited-liability company, which is a non-stock entity.
- b) *The amount and kinds of stock issued and outstanding:* None. Bluegrass is a limited-liability company, which is a non-stock entity.
- c) *Terms of preference of preferred stock, cumulative or participating, or on dividends or assets or otherwise:* Not Applicable. Bluegrass has no stock (preferred or otherwise) authorized, issued, or outstanding.
- d) *A brief description of each mortgage on property of applicant, giving date of execution, name of mortgagor, name of mortgagee or trustee, amount of indebtedness authorized to be secured, and the amount of indebtedness actually secured, together with sinking fund provisions, if applicable:* There is no mortgage on any Bluegrass property.
- e) *The amount of bonds authorized and amount issued, giving the name of the public utility that issued the same, describing each class separately and giving the date of issue, face value, rate of interest, date of maturity, and how secured, together with amount of interest paid during the last fiscal year:* None. Bluegrass has not been authorized to issue any bonds and no bonds have issued.

- f) *Each note outstanding, giving date of issue, amount, date of maturity, rate of interest, in whose favor, together with amount of interest paid during the last fiscal year:* Not Applicable. Bluegrass has not issued any notes and has no notes outstanding.
- g) *Other indebtedness, giving same by classes and describing security, if any, with a brief statement of the devolution or assumption of a portion of the indebtedness upon or by person or corporation if the original liability has been transferred, together with amount of interest paid during the last fiscal year:* Not Applicable. Bluegrass has no indebtedness, no indebtedness has been assumed by or devolved upon Bluegrass, and Bluegrass has not paid interest during its last fiscal year (ended December 31, 2020).
- h) *The rate and amount of dividends paid during the five (5) previous fiscal years, and the amount of capital stock on which dividends were paid each year:* None. Bluegrass is a non-stock entity, has not paid any dividend(s), and was organized on March 21, 2019.
- i) *A detailed income statement and balance sheet:* An Income Statement for Bluegrass for the 12-month period ending November 30, 2021, and a Balance Sheet for Bluegrass as of November 30, 2021 are provided on the following page(s).

Income Statement
unaudited

Bluegrass Water Utility Operating Company, LLC
12 Months Ending November 30, 2021

Revenues			
Operating Revenues			
Total Revenues			

Expenses

Operations & Maintenance
General & Administrative
Depreciation & Amortization

Totals Expenses

Operating Income

Net Income



Balance Sheet
unaudited

Current Assets

Cash

Accounts Receivable

Other Current Assets

Total Current Assets

Property, Plant & Equipment

Preliminary Survey & Investigation Charges

Other Long-Term Assets

Total Misc Long-Term Assets

Total Assets

Liabilities & Equity

Current Liabilities

Accounts Payable

Other Current Liabilities

Total Current Liabilities

Long-Term Liabilities

Payable to Associated Companies

CIAC

Other Long-Term Liabilities

Total Long-Term Liabilities

Capitalization

Paid-In Capital

Retained Earnings

Net Income

Total Liabilities & Capitalization



Amended and Restated Guaranty

This Amended and Restated Guaranty, dated as of April 16, 2021, is provided by CSWR, LLC, a Missouri limited-liability company (“the Guarantor”), in favor of the Kentucky Public Service Commission (“the Commission”), relating to obligations of Bluegrass Water Utility Operating Company, LLC (“the Utility”). This Amended and Restated Guaranty replaces the guaranty instrument dated as of July 23, 2020 (“the 7/23/20 Guaranty”) filed in Commission Cases Nos. 2019-00104 and 2019-00360 on July 24, 2020.

PRELIMINARY STATEMENTS

A. The Utility is a limited liability company organized and existing under the laws of the Commonwealth of Kentucky. It is a class B sewer utility, PSC ID# 9004000, subject to regulation by the Commission. The Guarantor is the indirect sole owner of the Utility. The Utility is a manager-managed company; its manager is Central States Water Resources, Inc. (“Central States”), a Missouri corporation. Central States and the Guarantor are affiliated entities.

B. By Order entered August 14, 2019, in Case No. 2019-00104 (“the 8/14/19 Order”), the Commission approved the proposed acquisition of sewer utility assets by the Utility, subject to acceptance of conditions set forth in the Appendix. In an 8/30/19 filing, the conditions were acknowledged and accepted by the Utility and its affiliates, including the Guarantor, and each agreed to be bound by the conditions set forth in the Appendix.

C. By Order entered February 17, 2020, in Case No. 2019-00360 (“the 2/17/20 Order”), the Commission approved the proposed acquisition of sewer utility assets (among other assets) by the Utility, subject to acceptance of conditions set forth in the Appendix. In a 3/6/20 filing, the conditions were acknowledged and accepted by the Utility and its affiliates, including the Guarantor, and each agreed to be bound by the conditions set forth in the Appendix.

D. Condition #5 of both the 8/14/19 Order Appendix and the 2/17/20 Order Appendix requires posting “a guaranteed financial instrument that is the equivalent of two-months of the cost of [the Utility’s] third-party contractors” (“the Guarantee Condition”). Both Orders further state that the Guarantee Condition will be “terminated by further order of the Commission, upon confirmation that Bluegrass Water’s condition is sufficiently strong to ensure the continued provision of sewer service” on the acquired systems.

E. On July 24, 2020, the 7/23/20 Guaranty was filed in compliance with the 8/14/19 Order and the 2/17/20 Order in the respective Commission cases.

F. By Order entered January 14, 2020, in Case No. 2020-00297 (“the 1/14/20 Order”), the Commission approved the proposed acquisition of sewer utility assets (among other assets) by the Utility, subject to conditions set forth in ordering paragraphs 2-15. Condition #9 imposes the Guarantee Condition, and the 1/14/20 Order specifies that “this condition should apply to all of the systems owned and operated by Bluegrass Water, including those systems Bluegrass Water was approved to purchase in Case No. 2020-00028 and herein.”

G. With the addition of the systems approved to be acquired in Case Nos. 2020-00028 and 2020-00297, the equivalent of two-months of the cost of the Utility’s third-party contractors exceeds the maximum aggregate liability of the 7/23/20 Guaranty, requiring the Guarantor to enter into this Amended and Restated Guaranty (“this Guaranty”) with an increased maximum.

H. The Guarantor indirectly owns equity interests in the Utility and will benefit from the Utility’s fulfillment of the Guarantee Condition, which it has acknowledged and accepted and to which it has agreed to be bound, and from the Commission’s approval of such acquisitions that may be proposed in the future. Such benefits have been determined by the Guarantor to be sufficient such that the execution, delivery, and performance of this Guaranty is necessary or convenient to the conduct of its business.

NOW, THEREFORE, for good and valuable consideration, receipt whereof is hereby acknowledged, and in fulfillment of the Guarantee Conditions, the Guarantor hereby makes the following representations and warranties to the Commission and hereby covenants and agrees in favor of the Commission as follows:

Guaranty

1. The Guarantor hereby guarantees to the Commission the full and prompt payment and performance when due of two months of the obligation of the Utility to its third-party contractors relating to the Utility’s sewer systems subject to the Guarantee Condition.

2. As of the date of this instrument, (a) the Systems owned and operated by the Utility and subject to the Guarantee Condition are those listed on Exhibit A hereto, and (b) the names and addresses of the Utility’s third-party contractors, the elements of the monthly costs therefor,

and calculation of the total two-months' costs encompassed in the Guarantee Condition are set out in Exhibit B hereto.

3. The maximum aggregate liability ("MAL") of the Guarantor hereunder shall be One Hundred, Seventy-Five Thousand, and no/100 Dollars (\$ 175,000.00). If additions or other changes to the Utility's obligations related to the Guarantee Conditions cause the total two months' costs to be more than the stated MAL, the Guarantor will enter into a replacement guaranty agreement with a MAL amount that exceeds the total two months' costs.

4. Subject to the MAL set out in ¶ 3 above: (a) if the Utility acquires additional sewer systems subject to the Guarantee Condition, then any increase to the total two-months' costs to be encompassed in the Guarantee Condition will automatically be included in this Guaranty upon the Utility's closing the acquisition of the subject system, and (b) any addition or change to the third-party contractors, the elements of the monthly costs therefor, or the total two months' costs will automatically be included in this Guaranty.

5. This Guaranty shall terminate one (1) year after the date of the 7/23/20 Guaranty; provided, however, that the occurrence of a termination date shall not affect the liability of the Guarantor with respect to obligations created or incurred prior to such date and any late fees, interest, or penalties accruing with respect to such pre-termination obligations. Furthermore, to the extent that the Commission has not completely terminated Guarantee Conditions for the Utility, this Guaranty shall automatically renew for up to five (5) successive one-year periods, unless sixty (60) days prior to the scheduled expiration date for the initial term or any renewal term, the Utility or the Guarantor notifies the Commission in writing that this Guaranty will not be renewed and whether the Guarantor will provide a replacement guaranty agreement that fulfills any remaining Guarantee Condition for the Utility.

6. Any demand for payment on this Guaranty will be by Order entered by the Commission ("Payment Order") giving directions about the payment to be made (*e.g.*, whether full or partial payment and whether to a third-party service provider, the Commission, or some other person, agency, or entity), finding that one or more of the following circumstances have been presented to or come to the attention of the Commission, and concluding that the ordered payment on this Guaranty is necessary to ensure the continuity of sewer service to customers of Bluegrass Water:

a. the filing of a petition for bankruptcy of the Utility (involuntary or voluntary) or the Utility's voluntary assignment (or proposal thereof) for the benefit of creditors pursuant to KRS ch. 379;

b. the Commission has received a statement under oath or affirmation from a third party that it is performing its obligations under a contract with the Utility for service to or for one or more of the Systems (specifically identified in the statement), and that the Utility is in default of its payment obligations to the third party under that contract or has notified the third party that it will be unable to make timely payment under that contract in the future; or

c. the Commission has sought, and the Utility has not provided, adequate assurance that the Utility can maintain continuity of sewer service to its customers on one or more of the Systems.

7. The Guarantor will make the payment(s) as directed in a Payment Order within three (3) business days of actual notice of the Payment Order or by any deadline(s) specified in the Payment Order, whichever is later. The Guarantor may request rehearing or modification of the Payment Order by the Commission or seek court review of the Payment Order, but hereby expressly (a) agrees that it will nonetheless make the payment(s) as directed in the Payment Order by the applicable deadline(s) and (b) acknowledges that a failure to do so will constitute a breach of this Guaranty Agreement despite any otherwise applicable right not to pay or defense to payment during the pendency of any rehearing/modification request, court review, or period during which such rehearing, modification, or review may be sought.

8. With the exception of its right to notice of a Payment Order (see ¶7 above), Guarantor expressly waives, to the fullest extent permitted by applicable law, each and every notice to which it would otherwise be entitled under principles of guaranty or suretyship law.

Representations, Warranties, and Reports

9. Concurrently with the filing of the 7/23/20 Guaranty, the Guarantor submitted to the Commission its audited consolidated financial statements for the 2019 calendar year (with a request for confidential treatment). An audited consolidated financial statement for the 2020 calendar year was submitted to the Commission (with a request for confidential treatment) in Case No. 2020-00290 on March 22, 2021. For so long as any Guarantee Conditions remain for the Utility and are met in whole or part by a guaranty from the Guarantor, the Guarantor will submit

to the Commission its audited financial statement for each subsequent calendar year on or before April 15 of the succeeding calendar year.

10. The Guarantor represents that its current Total Assets amount exceeds \$ 50 million. The Guarantor warrants that it will keep its Total Assets at a level that equals or exceeds the MAL amount for the duration of this Guaranty. The Guarantor will notify the Commission in writing within 30 days of any period of at least seven (7) days in which the Total Assets are below the promised level and include in the notice a statement of when the Total Assets again met or exceeded the promised level.

11. The Guarantor hereby represents and warrants that: (a) it is duly organized and validly existing in good standing under the laws of the jurisdiction of its organization; (b) it has the power and authority to execute, deliver, and carry out the terms and provisions of this Guaranty and has taken all necessary action to authorize the execution, delivery, and performance of this Guaranty; and (c) it has duly executed and delivered this Guaranty and this Guaranty constitutes the legal, valid, and binding agreement of the Guarantor enforceable in accordance with its terms.

Miscellaneous

12. Notice to the Guarantor under this instrument shall be in writing delivered to the Guarantor via USPS Registered Mail Restricted Delivery addressed to:

CSWR, LLC
1650 Des Peres Road; Suite 303
St. Louis, MO 63131

Delivery to the Guarantor by the method and at the address specified shall constitute actual notice to the Guarantor.

13. This Guaranty shall in all respects be governed by, and construed and enforced in accordance with, the laws (including, without limitation, the conflicts of laws rules) of the Commonwealth of Kentucky.

14. The Guarantor irrevocably consents to the nonexclusive jurisdiction of the Franklin County, Kentucky, Circuit Court in connection with any action or proceeding brought to enforce this Guaranty and waives any objection to the bringing of any such action or proceeding in such court based upon lack of personal or subject matter jurisdiction or improper venue. The

SYSTEMS

As of April 1, 2021, sewer systems owned and operated by Bluegrass Water Utility Operating Company, LLC (PSC ID# 9004000) and subject to the Guarantee Condition are as follows:

System Name	County	Acquisition Approval in
Kingswood	Bullitt	2019-00104
Lake Columbia	Bullitt	2019-00104
Woodland Acres	Bullitt	2020-00297
Fox Run	Franklin	2019-00104
Herrington-Woodland	Garrard	2020-00297
Randview	Graves	2020-00028
Airview	Hardin	2019-00104
Equestrian Woods	Jessamine	2020-00297
Brocklyn	Madison	2019-00104
Golden Acres	Marshall	2019-00104
Arcadia Pines	McCracken	2020-00028
Carriage Park	McCracken	2020-00028
Great Oaks	McCracken	2019-00104
Marshall Ridge	McCracken	2020-00028
Timberland	McCracken	2019-00360
River Bluffs	Oldham	2019-00360
Delaplain	Scott	2020-00297
LH Treatment	Scott	2019-00104
Persimmon Ridge	Shelby	2019-00104

THIRD-PARTY CONTRACTOR COSTS

As of April 1, 2021, the names and addresses of the third-party contractors of the Bluegrass Water Utility Operating Company, LLC, the elements of the monthly costs therefor, and calculation of the current total of two-months' costs are set out below.

Third-Party Contractors

Midwest Water Operations, LLC
 1351 Jefferson Street, Suite 301
 Washington, MO 63090

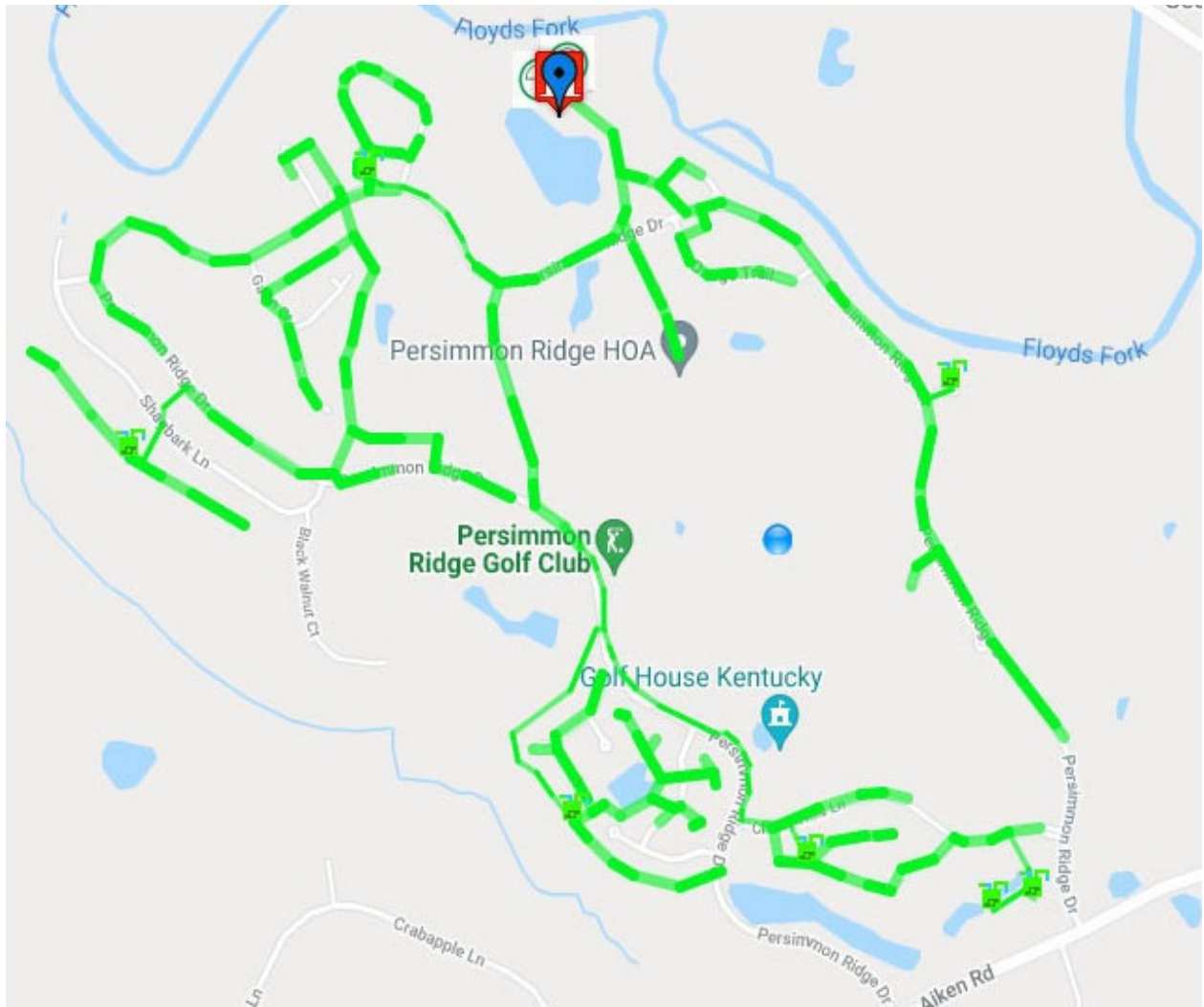
Nitor Billing Services, LLC
 100 Chesterfield Business Pkwy, Ste. 256
 Chesterfield, MO 63005

Contract per-month Costs

Contractor	Service	Charge Basis
Midwest Water Operations, LLC	operation and maintenance	\$3652 per system per month <i>(average)</i>
Nitor Billing Services, LLC	billing and other customer services	\$2.50 per customer per month <i>(average)</i>

Two-Months' Cost Total

Service	Per-Month Calculation	2 Months' Total
O&M	19 systems x \$3652/mo. = \$69,388 / month	\$138,776.00
Billing/ other Customer Service	2316 customers x \$2.50/mo. = \$5790 / month	\$11,580.00
	TOTAL	\$150,356.00



ADJACENT OWNER INFORMATION

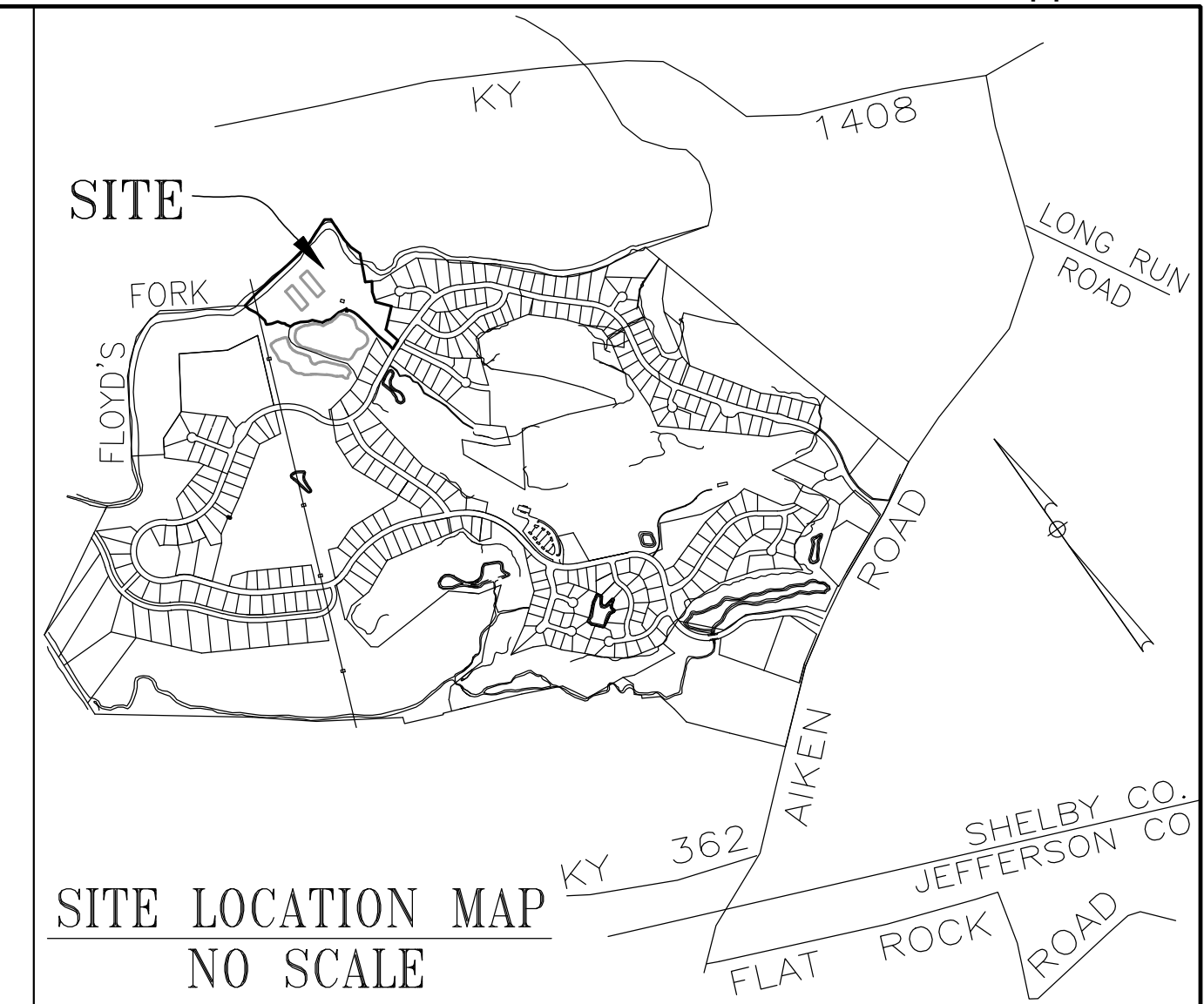
Lot 116 = Persimmon Ridge Development, Inc. - 72 Persimmon Ridge Drive, Louisville, KY 40245 - D.B. 251, PG. 402 & D.B. 261, PG. 463
 Lot 117 = Joyce K. Wilding Trust - 257 Persimmon Ridge Drive, Louisville, KY 40245 - D.B. 428, PG. 490
 Lot 118 = Dean and Carol Oestreich - 259 Persimmon Ridge Drive, Louisville, KY 40245 - D.B. 547, PG. 59
 Lot 123 = James E. Jr. and Elaine P. Bryan - 263 Persimmon Ridge Drive, Louisville, KY 40245 - D.B. 377, PG. 296
 Lot 124 = Leland R. II and Carrie K. Howard - 265 Persimmon Ridge Drive, Louisville, KY 40245 - D.B. 540, PG. 151
 Lot 127 = Larry Joe and Alice Earline Wence - 25 Eagle Trace Court, Louisville, KY 40245 - D.B. 341, PG. 283
 Lot 128 = Franklin and Tonya Gullede - 24 Eagle Trace Court, Louisville, KY 40245 - D.B. 559, PG. 74
 Lot 11 = Marcia J. Kern & David E. Leach - 253 Persimmon Ridge Drive, Louisville, KY 40245 - D.B. 585, PG. 561



UTILITY WARNING
 THE UNDERGROUND UTILITIES SHOWN ON THIS DOCUMENT HAVE NOT BEEN PRECISELY LOCATED BY EXCAVATION METHODS. SUB-SURFACE UTILITIES HAVE BEEN MAPPED FROM APPARENT SURFACE FEATURES AND INFORMATION FROM EXISTING PUBLIC RECORD DRAWINGS. FEATURES NOT IDENTIFIABLE UPON THE GROUND OR WITHIN CLOSE PROXIMITY OF THE PUBLIC UTILITY OF RECORD ARE NOT TO BE CONSIDERED ACCURATE FOR CONSTRUCTION PURPOSES, EVEN THOUGH THEIR POSITIONS MAY BE SCALED CLOSELY UPON THE MAP. THE SURVEYOR MAKES NO GUARANTEE THAT THE UNDERGROUND UTILITIES SHOWN COMPRISE ALL SUCH UTILITIES IN THE AREA, EITHER IN SERVICE OR ABANDONED. (KENTUCKY 811 - 1-860 266 0811)

GENERAL NOTES:

1. THE REFERENCE MERIDIAN USED ON THIS PLAT TO DETERMINE THE DIRECTIONS OF SURVEY LINES WAS BASED ON THE SOUTHERN PROPERTY LINE OF LOT 119 OF THE AMENDED SUBDIVISION PLAT OF PERSIMMON RIDGE SUB. PHASE 2 OF RECORD IN PLAT CABINET 4, SLIDE 20 AND BEING S 62°11'51" W, AS SHOWN.
2. A PORTION OF THIS LOT IS LOCATED WITHIN A 100 YEAR SPECIAL FLOOD HAZARD AREA, ZONE A, PER FLOOD INSURANCE RATE MAP (FIRM) NUMBER 21211 0025 C EFFECTIVE DATE SEPTEMBER 2, 2009.
3. THIS SURVEY WAS PREPARED USING TITLE COMMITMENT NO. 22425-7, DATED APRIL 9, 2019 AT 7:00 AM, REVISED SEPTEMBER 13, 2019.
4. THE SUBJECT PROPERTY HAS ACCESS TO PERSIMMON RIDGE DRIVE WHICH IS A PUBLIC RIGHT-OF-WAY MAINTAINED BY THE SHELBY COUNTY ROAD DEPARTMENT.
5. THE SUBJECT PROPERTY IS AFFECTED BY THE RIGHTS AND EASEMENTS PER DEED BOOK 648, PAGE 556 & DEED BOOK 648, PAGE 560.
6. LOT 119 "A" SHOWN HEREON IS THE SAME PROPERTY CONVEYED TO P.R. WASTEWATER MANAGEMENT, INC. BY DEED BOOK 329, PAGE 553 AND BY DEED BOOK 648, PAGE 560. LESS AND EXCEPT THAT CERTAIN PROPERTY DESCRIBED IN DEED BOOK 648, PAGE 556 AND BY DEED OF CORRECTION THERETO PER DEED BOOK 654, PAGE 613, ALL AS RECORDED IN THE OFFICE OF THE CLERK OF SHELBY COUNTY, KENTUCKY.



PROPERTY DESCRIPTION:

BEING ALL OF LOT NO. 119A AS SHOWN ON THE AMENDED PLAT OF PERSIMMON RIDGE PHASE II, OF RECORD IN PLAT CABINET 9, SLIDE 231, IN THE SHELBY COUNTY CLERK'S OFFICE.

TITLE NOTES: Schedule B, Part II exception items

- PER ITEMS OF FIRST AMERICAN TITLE INSURANCE COMPANY, COMMITMENT NO. 22425-7, DATED APRIL 9, 2019 AT 7:00 AM, REVISED SEPTEMBER 13, 2019. THIS PROPERTY IS SUBJECT TO:
8. DECLARATION OF COVENANTS, CONDITIONS, RESTRICTIONS AND RESERVATIONS OF EASEMENTS FOR PERSIMMON RIDGE HOMEOWNERS ASSOCIATION, INC. OF RECORD IN DEED BOOK 260, PAGE 497, IN THE SHELBY COUNTY CLERK'S OFFICE. (AFFECTS SUBJECT PROPERTY)
 9. NOTES, CONDITIONS, RESTRICTIONS, SETBACK LINES, EASEMENTS AND OTHER MATTERS APPEARING ON THE AMENDED PLAT OF PERSIMMON RIDGE SUBDIVISION, PHASE 2, OF RECORD IN PLAT CABINET 9, SLIDE 231, IN THE SHELBY COUNTY CLERK'S OFFICE. (AFFECTS SUBJECT PROPERTY)
 10. SUBJECT TO EASEMENTS, CONDITIONS AND RESTRICTIONS SET FORTH IN THAT CERTAIN GENERAL WARRANTY DEED DATED MARCH 29, 2019 FROM PERSIMMON RIDGE DEVELOPMENT, INC. (FKA PERSIMMON RIDGE GOLF COURSE, INC.), A KENTUCKY CORPORATION, TO P. R. WASTEWATER MANAGEMENT, INC., A KENTUCKY CORPORATION, RECORDED ON APRIL 1, 2019 IN DEED BOOK 648, PAGE 556, AS CORRECTED IN DEED OF CORRECTION DATED SEPTEMBER 9, 2019, RECORDED IN DEED BOOK 654, PAGE 613 ON SEPTEMBER 9, 2019 IN THE SHELBY COUNTY CLERK'S OFFICE. (AFFECTS SUBJECT PROPERTY)
 11. SUBJECT TO EASEMENTS, CONDITIONS AND RESTRICTIONS SET FORTH IN THAT CERTAIN GENERAL WARRANTY DEED DATED MARCH 29, 2019 FROM P. R. WASTEWATER MANAGEMENT, INC., A KENTUCKY CORPORATION, TO PERSIMMON RIDGE DEVELOPMENT, INC. (FKA PERSIMMON RIDGE GOLF COURSE, INC.), A KENTUCKY CORPORATION, RECORDED ON APRIL 1, 2019 IN DEED BOOK 648, PAGE 556, AS CORRECTED IN DEED OF CORRECTION DATED SEPTEMBER 9, 2019, RECORDED IN DEED BOOK 654, PAGE 613 ON SEPTEMBER 9, 2019 IN THE SHELBY COUNTY CLERK'S OFFICE. (AFFECTS SUBJECT PROPERTY)

LAND SURVEYOR'S CERTIFICATION:

I, THE UNDERSIGNED, BEING A LICENSED PROFESSIONAL LAND SURVEYOR REGISTERED IN THE COMMONWEALTH OF KENTUCKY, HEREBY CERTIFY TO: (i) BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC (ii) MCBRAYER PLLC (iii) FIRST AMERICAN TITLE INSURANCE COMPANY THE FOLLOWING:

THIS MAP OR PLAT AND THE SURVEY ON WHICH IT IS BASED WERE MADE IN ACCORDANCE WITH THE 2016 MINIMUM STANDARD DETAIL REQUIREMENTS FOR ALTA/NSPS LAND TITLE SURVEYS, JOINTLY ESTABLISHED AND ADOPTED BY ALTA AND NSPS, AND INCLUDES ITEMS 1, 3, 4, 5, & 8 OF TABLE A THEREOF. THE FIELDWORK WAS COMPLETED ON MARCH 18, 2019.

I FURTHER CERTIFY THAT THE SURVEYS DEPICTED BY THIS PLAT WAS PERFORMED UNDER MY SUPERVISION IN ACCORDANCE WITH THE SURVEY STANDARDS ESTABLISHED BY 201 KAR 18:150 FOR AN URBAN SURVEY. THE UNADJUSTED CLOSURE FOR THIS SURVEY WAS 1:36152. THIS SURVEY WAS PERFORMED USING THE METHOD OF RANDOM TRAVERSE WITH SIDESHOTS AND HAS BEEN ADJUSTED FOR CLOSURE.

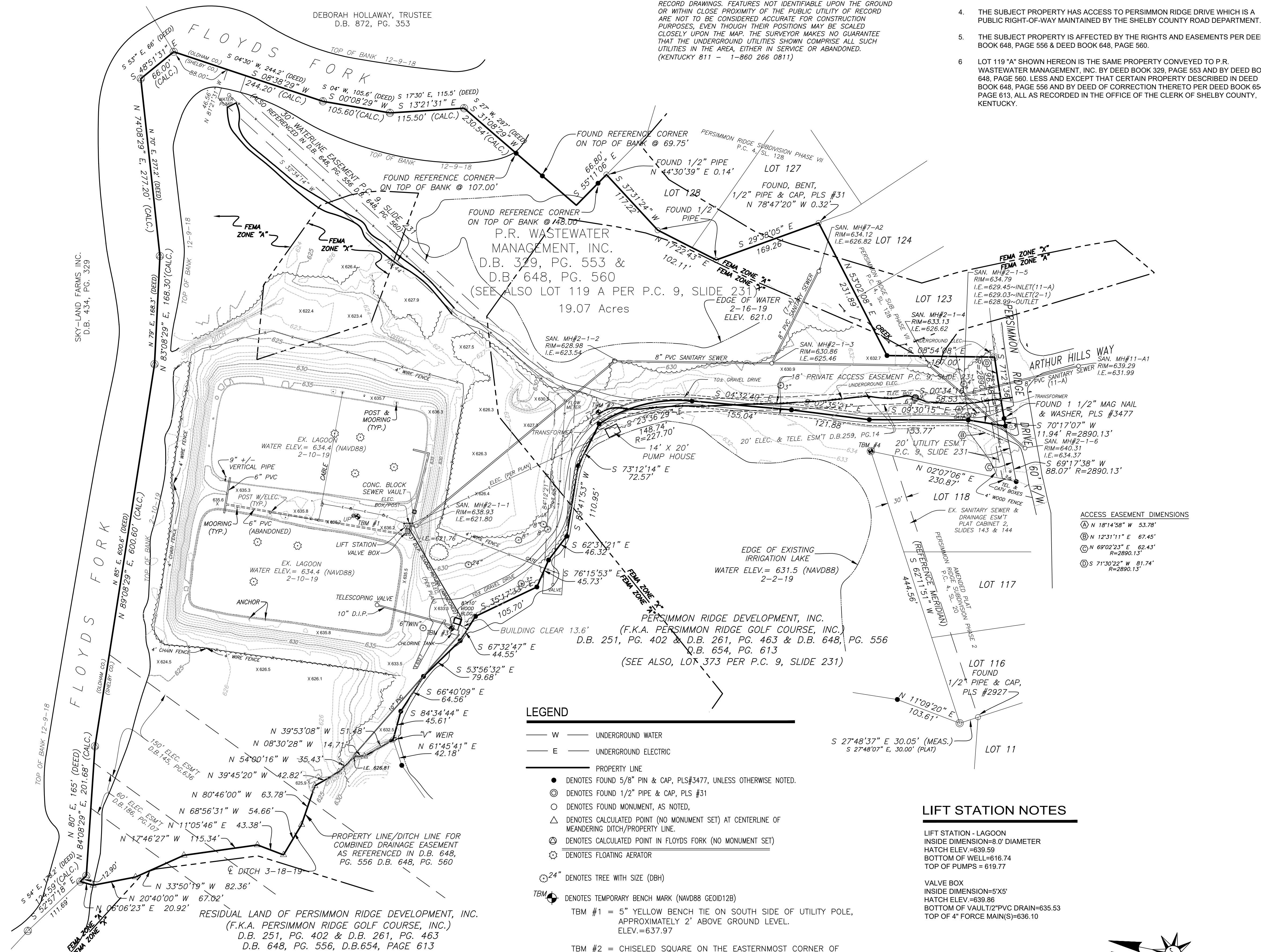
LAND SURVEYOR *Brian Bewley* PLS # 3477 DATE 9-16-2019



ALTA/NSPS LAND TITLE SURVEY

OWNER
 P.R. WASTEWATER MANAGEMENT, INC.
 72 PERSIMMON RIDGE DRIVE
 LOUISVILLE, KY 40245
 D.B. 329, PG. 553 & D.B. 648, PG. 560
 (SEE ALSO P.C. 9, SLIDE 231)

SCALE: 1" = 80' DATE: 5-1-2019



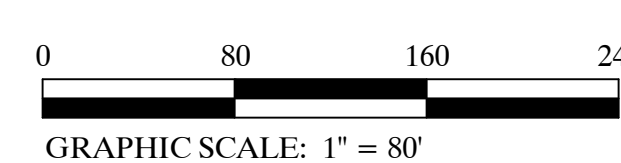
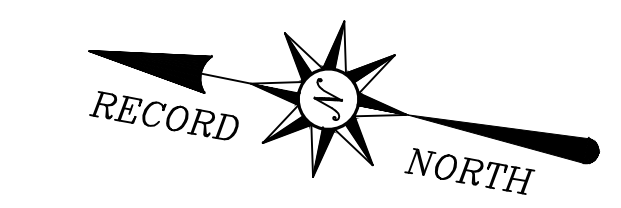
LEGEND

- W UNDERGROUND WATER
- E UNDERGROUND ELECTRIC
- PROPERTY LINE
- DENOTES FOUND 5/8" PIN & CAP, PLS#3477, UNLESS OTHERWISE NOTED.
- ⊙ DENOTES FOUND 1/2" PIPE & CAP, PLS #31
- DENOTES FOUND MONUMENT, AS NOTED.
- △ DENOTES CALCULATED POINT (NO MONUMENT SET) AT CENTERLINE OF MEANDERING DITCH/PROPERTY LINE.
- ⊕ DENOTES CALCULATED POINT IN FLOYD'S FORK (NO MONUMENT SET)
- ⊗ DENOTES FLOATING AERATOR
- ⊙24" DENOTES TREE WITH SIZE (DBH)
- TBM DENOTES TEMPORARY BENCH MARK (NAVD88 GEOID12B)
- TBM #1 = 5" YELLOW BENCH TIE ON SOUTH SIDE OF UTILITY POLE, APPROXIMATELY 2' ABOVE GROUND LEVEL. ELEV.=637.97
- TBM #2 = CHISELED SQUARE ON THE EASTERNMOST CORNER OF TRANSFORMER PAD. ELEV.=632.07
- TBM #3 = NORTHEAST CORNER OF STEEL FRAME OF FILTER BOX. ELEV. 634.91
- TBM #4 = TOP OF 1/2" PIN & CAP, PLS #31 AT THE NORTHEAST CORNER OF LOT 118 PERSIMMON RIDGE PHASE 2. ELEV.=634.76

LIFT STATION NOTES

LIFT STATION - LAGOON
 INSIDE DIMENSION=8'0" DIAMETER
 HATCH ELEV.=639.59
 BOTTOM OF WELL=616.74
 TOP OF PUMPS = 619.77

VALVE BOX
 INSIDE DIMENSION=5'x5'
 HATCH ELEV.=639.86
 BOTTOM OF VAULT/2" PVC DRAIN=635.53
 TOP OF 4" FORCE MAIN(S)=636.10



CPCN Filing Capital Estimate – Persimmon Ridge

Construction Project	NARUC Category	Estimate	Subtotal
KPDES Permit Compliance Upgrades			
Two-Stage Sidestream MBBR Construction w/Airlifts, Blowers, Diffusers, Sieves, Controls (2, 8x8x8 Tanks)	Sewer - Treatment and Disposal	\$175,000	\$175,000
Lagoon Penetrations for MBBR Suction and Discharge		\$20,000	\$20,000
MBBR Suction and Discharge Yard Piping (200' of 6")		\$15,000	\$15,000
Air Piping to Chlorine Contact Tank (300' of 1.75-2.0")		\$10,500	\$10,500
Airlift		\$7,500	\$7,500
Miscellaneous Electrical Distribution		\$25,000	\$25,000
TOTAL Capital Estimate for CPCN Filing		\$ 253,000	\$ 253,000