

**WE GOCOMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF BLUEGRASS</b>	)	
<b>WATER UTILITY OPERATING COMPANY, LLC</b>	)	
<b>FOR A CERTIFICATE OF PUBLIC CONVENIENCE</b>	)	
<b>AND NECESSITY FOR THE INSTALLATION OF</b>	)	<b>CASE NO. 2022-00216</b>
<b>MONITORING EQUIPMENT AND FOR A</b>	)	
<b>CORRESPONDING LIMITED WAIVER OF DAILY</b>	)	
<b>INSPECTION REQUIREMENTS</b>	)	

**BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC’S  
RESPONSES TO COMMISSION STAFF’S SEVENTH REQUESTS FOR  
INFORMATION**

Bluegrass Water Utility Operating Company, LLC, (“Bluegrass Water” or the “Company”) by counsel, files its updated responses to the Commission Staff’s Seventh Requests for Information, issued in the above-captioned case on November 3, 2023.

**FILED: November 21, 2023**

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FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE INSTALLATION  
OF MONITORING EQUIPMENT AND FOR A CORRESPONDING LIMITED WAIVER OF DAILY  
INSPECTION REQUIREMENTS  
CASE NO. 2022-00216

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COMMISSION STAFF'S SEVENTH REQUEST FOR INFORMATION

**REQUEST NO. 7-1:** Refer to Bluegrass Water's response to Commission Staff's Sixth Request for Information (Staff's Sixth Request), Item 1(b).

a. State whether the Carriage Park, Arcadia Pines, or Marshall Ridge wastewater treatment facilities have been the subject of any county health department citations or remediation recommendations over the past five years. If so, provide a summary of those citations or remediation recommendations and any documentation provided by county health departments.

b. Explain what in-person inspection of the Carriage Park, Arcadia Pines, or Marshall Ridge wastewater treatment facilities accomplishes that a remote flow monitoring would not.

**RESPONSE:**

**(a) There are none for Carriage Park or Arcadia Pines; the Marshall Ridge wastewater treatment facility was issued Notice of Violations ("NOV") from the McCracken County Health Department and DOW/EEC in April/May of 2023, when the drain field was identified as failing. The previous ownership had planted trees within the drain field, which the Company believes was done to hide the treatment plant, and the tree roots had caused damage to the drain field causing ponding and runoff.**

**The initial violation notice from the County Health Department only provided 30 days to rectify the situation; however, the county also requires permitting to complete the project. Because it was clear the drain field would require replacement, Bluegrass repeatedly attempted to reach out to the county for clarification on the permitting/approval process. Initially, the county did not respond to any written or verbal communication. Finally,**

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however, Bluegrass Water's operator visited the office in person, and the county began to respond to communication related to the NOV.

The Company's response regarding the NOV was sent to both the county and the DOW/EEC, explaining that a new drain field would be required. Soon thereafter, design of the new facility commenced. The county explained that designs would need to be submitted to them, and it would then submit them to DOW/EEC for review prior to approving the project.

The Company has attached the initial NOVs regarding the Marshall Ridge system ("23.05.12 Marshall Ridge KY 20230411 NOV.pdf" and "23.04.11 Marshall Ridge INST\_NOV.pdf"), Bluegrass's initial response letter ("23.06.12 Marshall Ridge - NOV Correspondence LTR.pdf"), and the designs submitted to the county pending approval ("23.07.28 Marshall Ridge - Design Plan Sheets.pdf"). The plans have not yet been approved, and the Company will seek a CPCN, if appropriate, when a proposed design and estimated cost are finalized.

(b) There is currently no mechanical treatment process or electrical flow monitoring equipment present at these facilities. The presence of this equipment at these treatment facilities where no mechanical or adjustable treatment processes are present would, however, provide additional benefit in the form of flow data indicating the flow to the facility. This information would be useful for knowing when a facility is likely to be

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**overwhelmed in ways that could cause ponding in the drain fields, overflow of lagoon berms, or damage to berms. This information could be used to trigger an additional site visit from an operator to prevent environmental damage or sanitary sewage overflows (noncompliance) from occurring.**

**Otherwise, in the case of these facilities with simplistic treatment processes and minimal permit requirements, the remote monitoring offers little additional information. An in-person visit to these sites allows operators to visually verify plant condition, verify that no leaks are occurring through the berms or in the collection system, verify that the drain field is operating properly, and verify that adequate freeboard exists on the lagoon. (Lack of freeboard could indicate the drain field piping is clogged or otherwise overwhelmed.) While remote monitoring with flow data would allow operators to know when these issues are more likely to arise, and therefore allow them to respond accordingly, visual inspections would still be required to confirm or evaluate potential conditions identified in the data. Should the daily site visit waiver be granted, the remote monitoring of flow data would help to guide when site visits are most important at these sites rather than wholesale replacing the need to visit.**

**Witness: Jake Freeman**

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**REQUEST NO. 7-2:** Refer to Bluegrass Water's response to Staff's Sixth Request, Item

4.

a. State Bluegrass Water's basis for selecting three days per week of in-person inspections.

b. Without remote monitoring equipment, state the minimum number of in-person inspections per week, month, or year necessary to assure safe and adequate operation of the Carriage Park, Arcadia Pines, or Marshall Ridge wastewater treatment facilities and compliance with commission rules. State the basis for this assertion. Provide an estimate of O&M expense reduction from current levels based on this minimum number of in-person inspections.

c. With remote monitoring equipment, state the minimum number of inspections per week, month, or year necessary to assure safe and adequate operation of the Carriage Park, Arcadia Pines, or Marshall Ridge wastewater treatment facilities and compliance with commission rules. State the basis for this assertion. Provide an estimate of O&M expense reduction from current levels based on this minimum number of in person inspections.

**RESPONSE:**

**(a) Bluegrass Water coordinated with its third-party operations partners to assess the operation and inspection needs at each facility in conjunction with the information made available with remote monitoring capabilities and determined that three visits per week, on non-consecutive days, with additional visits as necessary (triggered by data from the remote monitoring equipment or customer requests), would be adequate for safe and reliable operations of the facilities. As noted in the referenced Response to PSC 6-4, as well as the**

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**Company's Response to PSC 1-29, the Company intends to perform inspections on a schedule that would attempt to minimize the amount of time any plant would go without an in-person inspection. However, Bluegrass Water requests that the Commission preserve some operational flexibility for the Company to determine the specific days on which those in-person inspections may occur. Preserving that operational flexibility allows the operations staff to optimize their routes based upon changing system needs without sacrificing integrity of service or customer responsiveness. For example, if the High Tide system were to trigger an alarm that requires a site visit by an operator, the operator could – in addition to responding to the alarm – perform the scheduled preventative maintenance duties and standard plant process checks while already at the plant without having to schedule another in-person visit immediately thereafter.**

**(b) The Commission's existing sewage inspection regulation (807 KAR 5:071 Section 7(4)) prescribes inspection requirements for sewage treatment facilities in order "to assure safe and adequate operation of its facilities and compliance with commission rules." *Id.* That regulation prescribes that "the sewage utility shall make inspections of collecting sewers and manholes on a scheduled basis at intervals not to exceed one (1) year, unless conditions warrant more frequent inspections and shall make inspections of all mechanical equipment on a daily basis." *Id.* In light of the Company's recent confirmation that no mechanical equipment is in use at the Carriage Park, Arcadia Pines, and Marshall Ridge**

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wastewater treatment facilities, *see Resp. to PSC 6-1(a)*, Bluegrass Water believes that its inspection obligations for those three specific systems should not be daily in nature. To the extent that a waiver is required, the Company seeks a limited daily waiver permitting inspections three-times-per-week, which would be consistent with the limited waiver granted for the Company's other systems.

The financial savings from such a waiver would accrue to the benefit of the Company and its customers alike. Assuming confirmation of three-times-per-week inspection requirements for these systems, the Company estimates an O&M expense reduction from current levels of \$9,128 monthly to approximately \$6,979, which represents a decrease of \$2,149 per month. (These figures are cumulative inspection cost totals for the three subject systems.)

(c) The installation of remote monitoring equipment at the Carriage Park, Arcadia Pines, and Marshall Ridge systems helps provide additional and improved monitoring capabilities that will help ensure the "safe and adequate operation" of those facilities "in compliance with commission rules," consistent with the obligations of 807 KAR 5:071 Section 7(4). As noted in the Response to subpart (b), above, the Company believes that its inspection obligations for those three specific systems should not be daily in nature. Thus, to the extent that a waiver is required, the Company seeks a limited daily waiver

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**permitting inspections three-times-per-week, which would be consistent with the limited waiver granted for the Company's other systems.**

**Clearly, the absence of mechanical equipment in use at these three facilities reduces the risk of a mechanical failure that could endanger the safe and adequate operation of these facilities. Nevertheless, and as further described in more detail in the Company's Response to PSC 6-1(c), the remote monitoring equipment brings added benefits to these systems in the form of additional reliability resulting from continuous flow monitoring capabilities which facilitates the ability to respond proactively to potential issues rather than reactively to issues that might not have been otherwise noticed by a periodic in-person inspection. *See also* Bluegrass Water's Supp. Resp. to PSC 5-1(a) (noting that flow monitoring will help identify aberrational flow issues to that "plant or service issues can be avoided or mitigated.").**

**In light of the foregoing, and assuming confirmation of three-times-per-week inspection requirements for these systems, the Company estimates an O&M expense reduction commensurate with that identified in subpart (b), above, plus a small offset to account for the estimated monthly O&M expenses associated with the remote monitoring equipment, as identified in the Company's Response to PSC 6-2.**

**Witnesses: Todd Thomas  
Brent Thies**

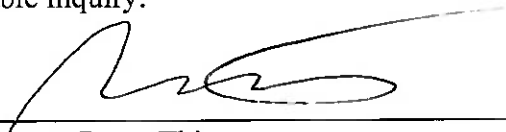


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**VERIFICATION**

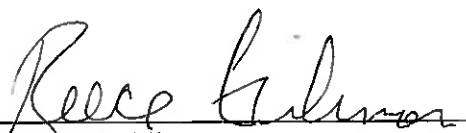
I, Brent Thies, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

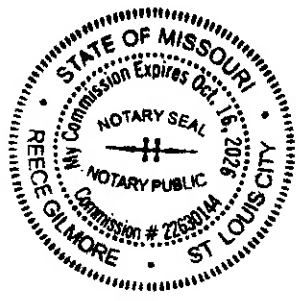
  
Name: Brent Thies  
Title: Vice President and Corporate Controller  
Bluegrass Water Utility Operating Company, LLC

STATE OF MISSOURI )  
 ) ss:  
COUNTY OF ST. LOUIS )

SUBSCRIBED AND SWORN TO before me on this the 21 day of ~~NOVEMBER~~ 2023.

My commission expires: OCT 16, 2024

  
Notary Public

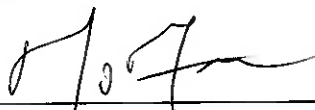


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**VERIFICATION**

I, Jake Freeman, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.



Name: Jake Freeman  
Title: Director of Engineering  
Bluegrass Water Utility Operating Company, LLC

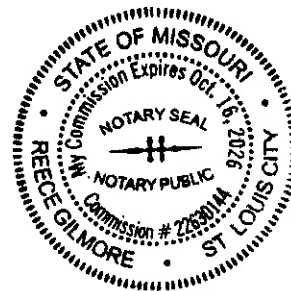
STATE OF MISSOURI )  
 ) ss:  
COUNTY OF ST. LOUIS )

SUBSCRIBED AND SWORN TO before me on this the 20 day of ~~NOVEMBER~~ 2023.

My commission expires: OCT 16 2022 2026



Notary Public

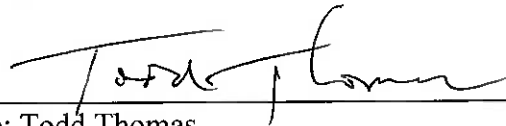


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**VERIFICATION**

I, Todd Thomas, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.




Name: Todd Thomas  
Title: Senior Vice President  
Bluegrass Water Utility Operating Company, LLC

STATE OF MISSOURI )  
 ) ss:  
COUNTY OF ST. LOUIS )

SUBSCRIBED AND SWORN TO before me on this the 26 day of ~~NOVEMBER~~ 2023.

My commission expires: OCT 16, 2026

  
Notary Public