

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLUEGRASS	)	
WATER UTILITY OPERATING COMPANY, LLC	)	CASE NO.
FOR AN ADJUSTMENT OF SEWAGE RATES	)	2022-000432

**SCOTT COUNTY, KENTUCKY  
SUPPLEMENTAL REQUESTS FOR INFORMATION TO  
BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC**

Comes now Scott County, Kentucky (“Scott County”), by and through counsel, and, pursuant to the Kentucky Public Service Commission’s (“PSC” or “Commission”) Order dated May 19, 2023, files into the record in the instant proceeding its Supplemental Requests for Information to Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water” or “Company”) for response by Bluegrass Water in accordance with that Order and the instructions below.

- 1) In each case in which a request seeks information provided in response to a request of Commission Staff or another party, reference to the Company’s response to the appropriate request will be deemed a satisfactory response.
- 2) Please identify the Company’s witness who will be prepared to answer questions concerning the request during an evidentiary hearing.
- 3) These requests shall be deemed continuing and require further and supplemental responses if the Company receive or generate additional information within the scope of these request between the time of the response and the time of any evidentiary hearing held by the Commission.

- 4) If any request appears confusing, please request clarification directly from Counsel for Scott County.
- 5) 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.
- 6) 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.
- 7) If the Company has any objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify Counsel for Scott County as soon as possible.
- 8) For any document withheld on the basis of privilege, state the following: Date; author; addressee; indicated or blind copies; all person to whom distributed, shown, or explained; and the nature and legal basis for the privilege asserted.
- 9) In the event that any document called for has been destroyed or transferred beyond the control of the Company, 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 policy.
- 10) As the Company discovers errors in its filing and/or responses, please provide an update as soon as reasonable that identifies such errors and provide the document(s) to support any changes.

11) If the Company adds, amends, or withdraws any part of the application and the changes results in a change in a Company response to a request for information, please provide an updated response.

WHEREFORE, Scott County respectfully submits its Supplemental Requests for Information to Bluegrass Water.

Respectfully submitted,

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**NOTICE AND CERTIFICATION FOR FILING**

Undersigned counsel provides notice that the electronic version of the paper has been submitted to the Commission by uploading it using the Commission's E-Filing System on this 2<sup>nd</sup> day of June, 2023, in conformity with the Commission's April 14, 2023 Order of procedure in the instant case. Pursuant to the Commission's Orders in Case No. 2020-00085, *Electronic Emergency Docket Related to Novel Coronavirus Covid-19*, the paper, in paper medium, is not required to be filed.

/s/ David E. Spenard

**NOTICE AND CERTIFICATION CONCERNING SERVICE**

No party has been excused from the electronic filing procedures in the instant proceeding.

/s/ David E. Spenard

**SCOTT COUNTY, KENTUCKY  
SUPPLEMENTAL REQUESTS FOR INFORMATION TO  
BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC**

1. Reference: Bluegrass Water's response to Commission Staff's First Request for Information, Item 27 ("Staff 1-\_\_"). Provide a detailed description of the Long-Term Liabilities classified as "Payable to Associated Companies" with a breakdown of balances payable to each entity owed.

2. Reference: Bluegrass Water's response to Staff 1-28. The table and supporting footnote in the response indicated that Bluegrass Water calculated 737 residential equivalent units for its Delaplain commercial customer count. Provide the calculation for how this number was determined.

3. Reference: Direct Testimony of Brent Thies, page 20, lines 9-12.

a. Provide a breakdown of the total Allocated Expenses from CSWR, LLC, the allocation factors used to allocate the overhead to Bluegrass Water, and any supporting calculations.

b. Provide the calculation for the pro forma adjustment referenced in the direct testimony.

4. Reference: Bluegrass Water's response to Commission Staff's Second Request for Information, Item 23 ("Staff 2-\_\_"). State how Bluegrass Water would propose the Commission calculate recovery of a deferral related to phase-in if the Commission were to Order a phase-in rate.

5. Reference: Bluegrass Water's response to Staff 2-24. Provide the quantifiable basis to shift its rate structure to the 77.28 percent and 22.7 percent allocation as proposed by Bluegrass Water.

6. Reference: Bluegrass Water's response to Office of the Attorney General's First Request for Information, Item 132 ("OAG 1-\_\_").

a. State the date of the Delaplain property appraisal.

b. Confirm that the value of the property appraisal is for the Delaplain property as of the date of the appraisal. If this cannot be confirmed, state the applicable "as of" date corresponding to the valuation of the Delaplain property appraised.

- c. State the cost(s) of the Delaplain property, that is the subject of the property appraisal, to the person first devoting the property to public service.
- d. State the date of the River Bluffs property appraisal.
- e. Confirm that the value of the property appraisal is for the River Bluffs property as of the date of the appraisal. If this cannot be confirmed, state the applicable “as of” date corresponding to the valuation of the River Bluffs property appraised.
- f. State the cost(s) of the River Bluffs property, that is the subject of the property appraisal, to the person first devoting the property to public service.

7. Reference: Direct Testimony of Brent Thies, pages 29 and 30; also, refer to the Excel spreadsheet filed on March 25, 2021, in the post-case file in Case No. 2020-00297 entitled “KYPSC2020-00297\_PurchaseAcctg-Feb23 Acquisitions.xlsx.” For the Delaplain system, Bluegrass Water Utility Operation Company booked journal entries for Land and Land Rights (Account Number 310.000) in the amounts of \$10,464.47, \$472,557.48, and \$135,215.54, respectively. The spreadsheet states that \$10,464.47 was “per closing documentation.”

- a. Confirm the \$10,464.47 booked amount is included in the rate base calculation as part of utility plant in service in the instant case. If this can be confirmed, provide the basis for the \$10,464.47 booked amount.
- b. Confirm the \$472,557.48 and \$135,215.54 are included in the rate base calculation as part of utility plant in service. If this can be confirmed, provide an explanation for why it is appropriate for Bluegrass Water to include amounts that exceed original cost in a utility plant in service account per the Uniform System of Accounts instructions for sewer utilities.
- c. State whether there have been any adjusting or correcting journal entries concerning the amounts in Account Number 310.000 identified above since March 25, 2021. If yes, provide each adjusting or correcting entry and an explanation of the basis for the entry.
- d. State whether any of the three (3) amounts identified in parts a and b (above) have been amortized since March 25, 2021. If yes, by identified amount, provide a schedule depicting its amortization and current unamortized balance. If no, explain why not.

8. Reference: Bluegrass Water's response to Scott County's First Request for Information, Item 7 ("Scott County 1-\_\_"); Staff 2-3; also the Direct Testimony of Josiah Cox, page 11, line 20 through and including page 12, line 5. Mr. Cox testifies:

Bluegrass Water acknowledges that the rates required to cover increases in operating costs and provide its investors a fair rate of return will impact customers. However, because the expenditures and investments necessary to bring some of the worst systems into compliance are significantly greater, customer impact would be much more significant if rates in this case are set on a system-by-system basis. Therefore, Bluegrass Water proposes to mitigate the impact of the rate increases it requires by consolidating rates for all of its Kentucky systems. Under that consolidation proposal, all Bluegrass Water customers in the same tier and rate class would be charged the same statewide rate for wastewater service.

a. State, by system name/service territory, the systems within the category of "some of the worst systems," as that phrase is used by Mr. Cox in his Direct Testimony.

b. State, by system name/service territory, any system(s) considered by Mr. Cox to be within the category of "worst systems" but not within the category of "some of the worst systems," as that phrase is used by Mr. Cox in his Direct Testimony.