

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

ELECTRONIC APPLICATION OF BLUEGRASS)	
WATER UTILITY OPERATING COMPANY, LLC)	Case No. 2023-00432
FOR ADJUSTMENT OF SEWAGE RATES)	

**BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC’S
SUPPLEMENTAL RESPONSES TO OFFICE OF THE ATTORNEY GENERAL’S
FIRST REQUEST FOR INFORMATION**

Bluegrass Water Utility Operating Company, LLC, (“Bluegrass Water” or the “Company”) by counsel, files its supplemental responses to the Office of the Attorney General’s First Request for Information, issued in the above-captioned case on April 28, 2023.

FILED: May 26, 2023

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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REQUEST NO. 1-6: For CSWR and Bluegrass, provide calculations demonstrating that any charitable, lobbying/political, advertising, dues or membership fees paid to trade groups or law firms, and business development costs have been removed.

a. For each item of dues or membership fees included above the line, explain whether any portion of the dues / fees are utilized to pay for any of the following expenditures, and if so, provide complete details:

- i. Legislative advocacy;
- ii. Regulatory advocacy;
- iii. Public relations;
- iv. Influencing federal or Kentucky legislation or regulations;
- v. Legislative policy research;
- vi. Regulatory policy research
- vii. Any media advertising campaigns backing the Company's or the Dues Requiring Organization's advocacy positions;
- viii. Contributions from any Dues Requiring Organizations to third-party organizations and contractors including any of the expenditures identified in the subparts to this question, above.

b. For each item of dues or membership fees included above the line:

- i. Provide any and all documents in the Company's possession that depict how each Dues Requiring Organization spends the dues it collects from the Company.
- ii. Provide a detailed description of the services each Dues Requiring Organization provides to the Company.
- iii. Provide a complete copy of invoices received from each Dues Requiring Organization applicable to the test year.

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c. If any affiliate of the Company pays dues to one or more Dues Requiring Organizations, and a jurisdictional portion of those dues are charged back to the Company, explain whether the dues are being recovered in rates, the amounts thereof, and precisely where they can be found in the application.

ORIGINAL RESPONSE: Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information outside the scope of this rate case or information about expenses that are not included in its rate base. Bluegrass Water also objects to the term “regulatory advocacy” as vague and unclear. Moreover, its legal expenses in this rate case are recoverable. Ultimately, utilities like Bluegrass Water “may demand, collect, and receive fair, just and reasonable rates for the services rendered or to be rendered by it to any person.” KRS 278.030(1).

Subject to and without waiver of the foregoing objections, please see the Direct Testimony of Brent Thies, Application Exhibit 10 at page 15, line 14.

SUPPLEMENTAL RESPONSE: Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information outside the scope of this rate case or information about expenses that are not included in its rate base. Bluegrass Water also objects to the term “regulatory advocacy” as vague and unclear. Moreover, its legal expenses in this rate case are recoverable. Ultimately, utilities like Bluegrass Water “may demand, collect, and receive fair, just and reasonable rates for the services rendered or to be rendered by it to any person.” KRS 278.030(1).

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Subject to and without waiver of the foregoing objections, please see the Direct Testimony of Brent Thies, Application Exhibit 10 at page 15, line 14. Furthermore, as part of calculating its revenue requirement, Bluegrass Water did an analysis of the overhead costs allocated to it by CSWR, LLC. As explained in the Cost Allocation Manual (Exhibit PSC 1-1), the overhead costs allocated to Bluegrass Water represent a pro rata share of the total expense. For that reason, this analysis included a review of all expense items on the books of CSWR, LLC and noted certain categories of expense for the purpose of excluding them from the total overhead expense pool available for allocation. Please see CONFIDENTIAL Exhibit OAG 1-6 for information detailing the line items that were excluded from the overhead expense allocated to Bluegrass Water during the test period.

Witness: Brent Thies

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REQUEST NO. 1-46: Regarding business development expense, provide the following:

a. Identify all business development costs that have been excluded from the pending application and explain how such costs were determined. Identify each employee, including their department, and any outside contractors whose costs were excluded from this filing.

b. Identify the accounts and amounts charged to business development expense annually for calendar years 2020 through 2022 and monthly for the period January, 2023 through March, 2023.

c. For any employee whose costs are identified and charged to Business Development Expense during 2022, provide the employee's job description and all job descriptions for those employees whom the "Business Development" employee reports to.

d. Confirm that no costs allocated through the Massachusetts formula are assigned to the business development function. If this is not confirmed, identify the amount of such common costs assigned to the Business Development function by month for the period January, 2020 through March, 2023.

ORIGINAL RESPONSE: Bluegrass Water objects to this request as overly burdensome and not seeking information related to this proceeding. Subject to and without waiver of the foregoing objections, Bluegrass Water does not currently recover any business development expense through its rates, and Bluegrass Water does not seek to recover any business development expense in this proceeding. As to subparagraph (d), as was explained

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in the Direct Testimony of Brent Thies, Bluegrass Water no longer uses the Massachusetts formula.

SUPPLEMENTAL RESPONSE: Bluegrass Water objects to this request as overly burdensome and not seeking information related to this proceeding. Subject to and without waiver of the foregoing objections, Bluegrass Water does not currently recover any business development expense through its rates, and Bluegrass Water does not seek to recover any business development expense in this proceeding. As to subparagraph (d), as was explained in the Direct Testimony of Brent Thies, Bluegrass Water no longer uses the Massachusetts formula. Please also see Bluegrass Water's Supplemental Response to OAG 1-6 and CONFIDENTIAL Exhibit OAG 1-6.

Witness: Brent Thies

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As to Objections,

/s/ Edward T. Depp

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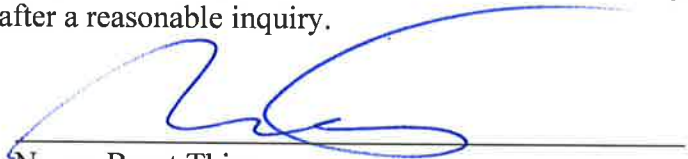
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Operating Company, LLC*

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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 25th day of MAY, 2023.

My commission expires: OCT 16th, 2026



Notary Public

