

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

In the Matter of:

**ELECTRONIC APPLICATION OF BLUEGRASS)
WATER UTILITY OPERATING COMPANY, LLC)
FOR ADJUSTMENT OF SEWAGE RATES) **CASE NO. 2022-00432****

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

Bluegrass Water Utility Operating Company, LLC, (“Bluegrass Water” or the “Company”) by counsel, files its responses to the Office of the Attorney General’s Supplemental Request for Information, issued in the above-captioned case on June 1, 2023.

FILED: June 16, 2023

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-1: Regarding all open dockets as of March 31, 2023, at state utility regulatory commissions involving wastewater or water utilities owned by CSWR, provide the following information for each:

- a. Identify the applicable state regulatory agency,
- b. The Docket or Case Number,
- c. A brief description of the nature of the docket.
- d. Identify the employees of CSWR who've provided testimony in the docket.

RESPONSE: Bluegrass Water objects to this request as overly broad, unduly burdensome, and not proportional to the needs of this case because it seeks information for all open dockets without regard to subject matter or relevance to this proceeding. Bluegrass Water further objects to this request as seeking information contained within the public record. Subject to and without waiver of the foregoing objections, Bluegrass Water provides the following information for all open rate proceedings involving wastewater or water utilities owned by CSWR as of May 31, 2023:

Great River Utility Operating Company: Mississippi Public Service Commission Docket Nos. 2022-UN-86 and 2022-UN-87. CSWR employees who presented testimony are Josiah Cox, Todd Thomas, Jacob Freeman, Brent Thies, and Mike Duncan.

Confluence Rivers Utility Operating Company: Missouri Public Service Commission Docket No. WR-2023-0006 and SR-2023-0007. CSWR employees who presented testimony are Josiah Cox, Todd Thomas, Jacob Freeman, and Brent Thies.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

CSWR-Texas Utility Operating Company: Texas Public Utility Commission Docket

**No. 54565. CSWR employees who presented testimony are Josiah Cox, Todd Thomas, Jacob
Freeman, Brent Thies and Mike Duncan.**

Witness: Aaron Silas

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-2: Refer to the response to PSC 2-21. Provide data in the format
provided in response to PSC 2-21 for the period 7/1/22 through 4/30/23.

RESPONSE: Please see Exhibit OAG 2-2.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-3: Provide all due diligence performed prior to entering into an operating agreement with Midwest Water Operations LLC. This response should include any bid information from other vendors as well as internal memos outlining the various options to acquire such services from other vendors with conclusions on why Midwest Water was the preferable option.

RESPONSE: Please see **CONFIDENTIAL Exhibit OAG 2-3 for bid information. No formal scoring was completed.**

Witness: Todd Thomas

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-4: Regarding the proposal to implement a 10% late fee as set forth on page 36 of Mr. Thies' testimony, provide cost support justifying this proposal.

RESPONSE: As relates to the 10% proposed fee, there is not specific cost support to attempt to quantify the financial impact of customers not paying their bills in a timely fashion. Much like a cash working capital analysis, the Company sought to avoid the expense of trying to exactly determine the cost to the Company of late payment. Instead, as reflected at pages 37-38 of Mr. Thies' testimony, the proposed 10% late fee simply mirrors that previously approved by the Commission with regard to Herrington Haven, Woodland Estates, Springcrest Sewer, and other Kentucky water and sewer companies.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-5: Provide a specific description of the types of revenue recorded in
accounts 532, Revenue-Sewer Other and 536 Revenue-Sewer Other.

RESPONSE: "Account 532 Revenue-Sewer Other" is late fee revenue, and "Account
536 Revenue-Sewer Other" is NSF (Non-Sufficient Funds) fee revenue.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-7: Refer to the attachment supplied in response to OAG 1-66. The pro-forma late fee revenue is based upon the amount of active 30 days past due balances. However, according to the proposed tariff as well as the testimony of Mr. Thies, the late fee would be assessed to any balance that is past due, rather than 30 days past due. Please amend the attachment 1-66 to calculate pro-forma late penalty fees to all balances past due to which the late payment fee would apply. For purposes of this response, exclude those past due balances which are associated with systems already subject to the 10% late payment fee.

RESPONSE: Please see Exhibit OAG 2-7.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-8: Refer to the attachment supplied in response to OAG 1-66. The response suggests that there were 9 returned checks. Please confirm the accuracy of this response in light of an annualized number of bills of approximately 41,652 (3,471 monthly customers multiplied by 12). If this returned check count is accurate, describe why the Company believes it is cost effective to implement such a charge given the rarity of returned checks.

RESPONSE: Confirmed. The Company's bank charges Bluegrass Water \$16 per returned check. Bluegrass Water then suggests passing a portion of this fee on to the customer whose check was returned through a \$15 returned check fee. Bluegrass Water believes implementation of the charge is cost effective because the benefits of being able to recover a portion of the fee charged by Bluegrass Water's bank will significantly outweigh the minimal costs associated with implementing this fee. Bluegrass Water further believes implementing the charge will best result in "fair, just and reasonable" rates because it is unfair to customers who do not cause the returned check fee to be incurred to bear a portion of that fee through rates.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-9: Does CSWR incur hourly charges for mowing? If so, provide the justification for incurring such costs in light of the contractual terms contained in the operating contract supplied in Confidential Exhibit 22.¹

RESPONSE: The contract provided in Confidential Exhibit 22 includes mowing and trimming of plant and right of way areas in the basic scope of services provided by Midwest on page 12. (Please note that Midwest has since been acquired by Clearwater Solutions and the rights and obligations of the Midwest contract have since been assigned and assumed by Clearwater). Any mowing that is considered outside of the basic scope is billed at \$70/hour as outlined on page 3 of that contract.

Witness: Todd Thomas

¹ While Exhibit 22 is subject to a pending confidentiality motion, the highlighted portion of the request merely refers to the Exhibit number. Consequently, while the Company appreciates the Attorney General's abundance of caution, the Company has removed highlighting from the data request.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-10: Refer to the Attachment to OAG discovery request 1-105. Please
provide the May 2022 invoices from Bluegrass' vendor Nitor and Muni Link, respectively.

RESPONSE: Please see Exhibit OAG 2-10.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-11: See response to OAG 1-107. Identify the Starnik costs reflected on the books of Bluegrass, split between those direct charged, jointly allocated and those allocated using the three-part allocator, by month for the period January, 2020 through December 31, 2022.

RESPONSE: Please see Exhibit OAG 2-11. The Jointly Billed and Allocated costs are first booked to the prepay account and then expensed throughout the year on the books of Bluegrass Water. The three factor allocation expenses are booked in accordance with the CAM and the OHA Workpapers provided as Exhibit OAG 1-43.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-12: Regarding the legal expenditures reflected in tab BT-12 of Exhibit
PSC 2-17, provide the following:

- a. The monthly costs incurred to date by Dinsmore & Shohl LLP for services performed associated with this rate filing.
- b. A copy of the firm's invoice for April, 2022.
- c. Support for the total expenses reflected for D&S reflected in Exhibit BT-12.

RESPONSE: Bluegrass Water objects to the extent that this request seeks information subject to the attorney-client or attorney work product privileges. Subject to and without waiving these objections, the Company states as follows.

(a) Please see Exhibit OAG 2-12. In preparing Exhibit OAG 2-12, Bluegrass Water realized the "To Date Expenses" of Dinsmore & Shohl LLP in BT-12 contained an error. The total amount as of the filing of BT-12 was \$80,140.19.

(b) Dinsmore & Shohl LLP did not provide any services for this proceeding in April 2022. As a result, no invoice for April 2022 exists.

(c) Please see attachment Exhibit OAG 2-12.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-13: Regarding the Depreciation Study costs identified in tab BT-12
found within Exhibit PSC 2-17, provide the costs of Gannet Fleming through April 30, 2023.

RESPONSE: Please see Exhibit OAG 2-13.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-14: Regarding the response to OAG 1-117, provide the following:

- a. Identify the monthly accrual made each month for the period January 1, 2021 through April 30, 2023.
- b. Quantify the amounts of annual 'write-offs' referenced in this response for the years 2020 - 2022, further identified by system.
- c. For each account written off during the 2020 - 2022 period, indicate whether such customer or address later returned to the system as a customer and/or connection.

RESPONSE: (a) Please see Exhibit OAG 2-14(a). The Company began recording revenue accruals October 2022 as a month end close improvement process.

(b) Please see Exhibit OAG 2-14(b).

(c) Accounts are written off after they have been inactive for a period of time. The connection/service address may return to the system after an account is inactive, when a new account at that connection/service address is activated.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-15: Refer to the response to OAG 1-120. The insurance costs assigned to Bluegrass decreased significantly in January 2023. With respect to this reduced level of expense provide the following:

- a. Provide a copy of all insurance invoices or cost support for December 2022 and January 2023's accounting entries, including the basis by which costs were assigned to Bluegrass.
- b. Provide a comprehensive explanation of why insurance costs decreased in January, 2023.

RESPONSE: (a) **Please see Exhibit OAG 2-15, which is provided in two subparts.**

(b) **Faced with a large renewal increase, Bluegrass sought to refine and specify the asset values that were insured. Please see the Exhibit OAG 2-15 (Part 2 of 2) for updated insured values.**

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-16: Refer to the attachment provided in response to OAG 1-130 and
respond to the following:

- a. Provide a comprehensive explanation of the source used to develop the values reflected as Operating Expense adjustments.
- b. Provide a copy of the excel file supporting the response to PSC 1-32.

RESPONSE: (a) **The source of the Operating Expense adjustments for Randview is the test year actual expenses. The sources of the Operating Expense adjustments for Site Waiver/CPCN is a calculation for annual subscription costs and the annual reduction in operating contract costs per the analysis provided in Case No. 2022-00216.**

(b) **Please see Exhibit OAG 2-16.**

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-17: Refer to Exhibit PSC 2-17. Provide a breakdown of the components of 2023 Long-Term Liabilities as shown of \$11,298,783.² This response should clearly identify each account and account title that makes up this balance.

RESPONSE: Please see Exhibit OAG 2-17.

Witness: Brent Thies

² While a portion of Exhibit PSC 2-17 is subject to a pending confidentiality motion, the information contained within the request is not subject to that motion and the information is already contained within the public record. Consequently, while the Company appreciates the Attorney General's abundance of caution, the Company has removed highlighting from the data request.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-18: Refer to the Trial Balance provided as attachment to PSC request 1-3 as of June 30, 2022, and respond to the following concerning Contributions in Aid of Construction, account 272-000-04-012:

- a. Activity in this account for the twelve months ended June 30, 2022, reflects net debit activity of \$36,516. Please reconcile this amount with the CIAC Amortization amount of \$24,960 reflected in the attachment to PSC Request 2-17, specifically on tab "Exhibit 26", row 51.
- b. Identify any adjustments made by Bluegrass to the balance of Accumulated Contributions in Aid of Construction – Amortization at the time of, or subsequent to any acquisition of a Kentucky wastewater system during the period January 2020 through April 30, 2023. If such an adjustment was made, provide the amount of the adjustment to the contra-liability account as well as the supporting calculation and the rationale for the adjusting entry. This response would include any such adjustments made to record the acquisition of a new system on the books of Bluegrass.
- c. Provide the underlying calculations for the CIAC Amortization reflected in this case of \$24,960, including the basis for the amortization period utilized.

RESPONSE: (a) & (b) Please see Exhibit OAG 2-18 for the reconciliation. The difference is due to PSC Request 1-3 including both water and sewer amounts. Please see the "CIAC Schedule" tab for additions made through April 30, 2023; which reflects that no adjustments have been made.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

(c) **Please see Exhibit OAG 2-18. Bluegrass uses a 30-year amortization period for
CIAC to approximate the average depreciation rate of all assets.**

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-21: Refer to the annualization adjustment identified in the workpapers provided in OAG 1-113 and provide the following:

- a. Identify the amount of internal labor charged accounts 701, 703, 705 and 711 as found within the Darlington Creek Details tab within the attachment to OAG 1-113. Provide the name of the employee(s) whose time is charged to these accounts.
- b. For each employee identified above provide the level of base compensation charged to Bluegrass by month for the period July 2021 through June 2022.

RESPONSE: No internal labor is charged to accounts 701, 703, 705 and 711; it is all contract labor.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-23: Please specify how the Company defines Business Development activities for purposes of determining the appropriate level of costs to exclude from the revenue requirement.

RESPONSE: The Company defines business development activities as the expenses of an employee whose primary purpose is the sourcing of new systems. Also included in business development expense is a portion of executive salary and expense associated with the supervision of those employees.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-24: For the period January through March 2023, provide the percentage
of customer payments made online.

RESPONSE: 63.8% of customer payments were made online, representing 56.8% of
the total dollar amount collected.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-25: With respect to the response to OAG 1-53 (Confidential), respond
to the following:

- a. Confirm that the percentage of compensation identified as "Indirect Allocated" reflects the portion of costs subject to the three-factor allocation of Utility Plant in Service, Customer Connections and Direct Labor and that further the resulting allocated costs are not designated as Business Development Expense.
- b. Confirm that all labor costs considered Business Development costs are removed prior to determining the Indirect Allocated percentage reflected in Attachment OAG 1-53.
- c. Please confirm that none of Josiah Cox's compensation is designated as Business Development expense.
- d. Confirm that no CSWR labor is 'Jointly Billed' as that term is used in the attachment to PSC 1-1. If this is not confirmed, identify the percentage of Jointly Billed Labor charged to Kentucky for each employee identified in OAG 1-53 and indicate whether such jointly billed labor costs are reflected in the KY% column.
- e. Please confirm that the data in the KY% column reflects the percentage of each employees' direct labor charges assigned to Kentucky.³

RESPONSE: (a) **Confirmed.**

³ While Exhibit OAG 1-53 is subject to a pending confidentiality motion, the highlighted portion of the request generically refers to the Exhibit. Consequently, while the Company appreciates the Attorney General's abundance of caution, the Company has removed highlighting from the data request.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

(b) Confirmed.

**(c) A portion of Josiah Cox's compensation expense is designated as Business
Development.**

**(d) Confirmed. Costs are billed to Bluegrass based on the percentage of time
worked as reflected in employee timesheets. This percentage is reflected in the KY% column
of OAG 1-53.**

(e) Confirmed.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-27: Refer to the Attachment OAG 1-43, part 6 of 8. The Direct Labor charges attributed to Bluegrass for this quarter totaled \$1,125,000. Please provide a breakdown of the employee's name and title comprising the total labor charges of \$1,125,000.

RESPONSE: Direct labor represents contract operations cost and not employee expenses. Expenses associated with employees are allocated consistent with the Cost Allocation Manual.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-28: Please refer to the testimony of Mr. Thies on page 16, lines 1 – 5,
as well as to the attachment to the response to OAG 1-43.

- a. In testimony, Mr. Thies indicates that one of the three factors used to allocate general and administrative costs is Operating Expenses. In the attachment to OAG 1-43, the corresponding factor is clearly labeled "Direct Labor". Please define the third factor other than Utility Plant in Service and Customer Connections is used within the three-factor overhead calculation; is it Direct Labor or Operating Expenses?
- b. If this represents Operating Expenses, provide a summary of such costs which supports the \$1,125,000 amount used in developing the 2022 2nd quarter Overhead Allocation Percentages.

RESPONSE: Direct labor and operating expense are synonymous in these instances.

As stated in response to OAG 2-27, the relevant costs are contract operations costs.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-29: Provide the job descriptions for the following employees:

Title	Date of Hire
President	3/19/2014
Director Business Development	8/20/2018
Director Business Development	4/1/2019
In House General Counsel	6/10/2019

RESPONSE: Please see Exhibit OAG 2-29 for the available job descriptions.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-30: Refer to the attachment to response OAG 1-124 and respond to the following questions:

- a. Provide the support for the actual charges of \$445,726 as reflected in cell I23 within the OHA Cal tab.
- b. Define the term Payroll/EE Removed as reflected in this schedule. Confirm this includes payroll that is direct charged to CSWR affiliates and define the reference to EE. Provide support for these total amounts. If the support can be extracted from the data supplied in the detail tab of Attachment OAG 1-124, please provide instructions on how to access the information.
- c. Explain how Executive and Business Development exclusions were developed and provide the support for the totals found in the OHA calc tab. If the support can be extracted from the data supplied in the detail tab of Attachment OAG 1-124, please provide instructions on how to access the information.
- d. Provide a supporting schedule for Other Line-Item Exclusions to the extent and independent reviewer could understand the nature of the excluded item. If the support can be extracted from the data supplied in the detail tab of Attachment OAG 1-124, please provide instructions on how to access the information.
- e. Provide support for the allocation of overhead costs between water and wastewater services.

RESPONSE: Please see Exhibit OAG 2-30. For subpart (e), please also see Response to OAG 2-76.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

Witness: **Brent Thies**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-31: For any management consulting service costs that have not been adjusted out of the corporate costs allocated to Bluegrass, identify the outside contractor and provide a full description of services to be performed and a copy of the consulting contract.

RESPONSE: Please see Exhibit OAG 2-31.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-32: For any legal related costs incorporated in the response to OAG 1-124, that have not been adjusted out of the corporate costs allocated to Bluegrass, identify the outside legal firms and provide a full description of services to be performed and a copy of the contract and/or engagement letter.

RESPONSE: Please see attached Exhibit OAG 2-32. There are no contracts or engagement letters for these vendors.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-33: Refer to the response to OAG 1-128 and provide copies of invoices supporting the following acquisition costs:

Asset No.	Vendor	Invoice No.	Amount
AP.352.100.01	McBrayer McGinnis Leslie & Kirkland PLL	415185 JHF	2,350.98
AP.352.100.01	The Beckemeier Law Firm LC	67-035	5,000.00
AP.352.200.02	The Beckemeier Law Firm LC	67-030	4,255.00
BR.352.100.02	21 Design Group Inc.	3666	10,401.25
FR.311.000.03	Midwest Water Operations LLC	809	10,283.59
HH.352.200.03	21 Design Group Inc.	5564	11,497.50
PR.352.100.03	The Beckemeier Law Firm LC	61-012	12,586.50

RESPONSE: Bluegrass Water objects to the extent that this request seeks information subject to the attorney-client or attorney work product privileges. Subject to and without waiving these objections, the Company states as follows. Please see Exhibit OAG 2-33, for a copy of the engineering invoices.

Invoice No. 415185 JHF issued by McBrayer McGinnis Leslie & Kirkland PLLC was for legal fees incurred to provide local counsel services for the closing of the Arcadia Pines acquisition. Invoice No. 67-035 issued by The Beckemeier Law Firm LC was for the preparation and issuance of an opinion letter relating to the closing of the Arcadia Pines acquisition. The amount of \$4,255.00 included from Invoice No. 67-030 was for legal services incurred in the preparation of documents necessary to purchase the Arcadia Pines system. Invoice No. 61-012 issued by the Beckemeier Law Firm LC was for legal services incurred in the preparation of documents necessary to purchase the Persimmon Ridge system, which included the negotiation of certain easements.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-34: See response to AG DR 1-31. Confirm that this response indicates
the Company does not consider affordability in setting rates.

RESPONSE: Bluegrass Water objects to OAG No. 2-34 because Bluegrass
Water's Response to OAG 1-31 speaks for itself. Bluegrass Water further objects to Request
No. 2-34 because it again misstates the legal standard established by KRS 278.030(1). Subject
to and without waiver of the foregoing objections, Bluegrass Water states that it did consider
the correct legal standard established by KRS 278.030(1) – "fair, just, and reasonable" –
when proposing rates in this proceeding. As was explained in response to OAG 1-19 and
Scott County 1-2, Bluegrass Water believes that continuing to propose a unified rate across
all systems best serves the "fair, just, and reasonable" standard because it allows Bluegrass
Water to make the necessary improvements to the acquired systems – including those
necessary to eliminate environmental violations that have persisted for years without remedy
from the prior owners – while mitigating the rate impact of these investments to Bluegrass
Water's customers. For example, as was shown in Case No. 2020-00290 in Response to OAG
1-2, without consolidation, the cost-based rates for the Fox Run system would have been
\$313.69 per month versus \$89.58 on a unified rate. As a result, Bluegrass Water does consider
whether rates are "fair, just, and reasonable" in requesting approval of the proposed rates
in this proceeding through its requests for rate consolidation.

That Bluegrass Water's proposal for a unified serves the "fair, just, and reasonable"
standard is solidified by the Commission's Order in Case No. 2020-00290, which found that
"The majority of Bluegrass Water's customers are in the residential class. A separate rate

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

**for each geographically distinct merged system of Bluegrass Water would create
unreasonable and undue hardship to individuals in some areas served by Bluegrass Water.”**

Case No. 2020-00290, August 2, 2021 Order, at 113.

Witness: Josiah Cox

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-35: See response to AG R 1-121. Please supplement all answers to all sections of the request to include a definition of legislative advocacy which defines legislative advocacy to include activities performed, by an employee or a contractor on behalf of CSWR or Bluegrass Water, to affect the passage of legislation and/or rules before the legislative body of any state, any administrative agency of any state, as well as Congress and federal executive agencies.

RESPONSE: Bluegrass Water objects to OAG Request No. 2-35 as unduly burdensome and seeking information not relevant to this proceeding as it seeks information related to expenses that are not allocated to Bluegrass Water and for which recovery is not sought in this proceeding. Subject to and without waiver of the foregoing objections, during the test year, Bluegrass Water did not engage in any legislative advocacy activities either before a federal or state legislative body. As such, Bluegrass Water did not incur any costs, either for CSWR employees or for a retained lobbyist (contractor) associated with legislative advocacy activities. Please also see Exhibit OAG 1-6 filed with Bluegrass Water's Supplemental Responses on May 26, 2023.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-36: Reference Discovery Response to OAG 1-33 response regarding
Airview Wastewater Treatment Facility (Exhibit_OAG_1-33_(Part_1_of_4)_-_KY_Permits.pdf).

Please provide the following:

- a. Explain why the average flow is greater than the design flow (0.057 MGD vs 0.055 MGD).
- b. Provide the expected average flow and design flow after completion of the upgrades approved in Case No. 2020-290.
- c. Provide all an update on the progress, scope, costs and any design and construction change orders related to the improvements approved in Case No. 2020-290.

RESPONSE: (a) **The 57,000 gpd figure was based on “bucket test” flow measurements performed by the previous ownership. Bluegrass has installed a flow meter at the facility that has shown that the actual average daily flow is less than 40,000 gpd.**

(b) **The upgrades presented are aimed at bringing the treatment plant into a condition where it can effectively treat the wastewater received by the facility in compliance with permit limits and will not directly alter the amount of flow coming to the facility. Inflow and infiltration (I&I) flows, however, will continue to be reduced in normal course of business collection system repairs as any areas where I&I is occurring will be repaired as they are identified through ordinary collection system inspections. This will result in flows reducing, though as described above, the actual flow is not currently in excess of the design flow.**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

(c) All planned improvements were completed as of February 15, 2023. The only significant change from the originally planned scope was the conversion of the existing lagoon for flow equalization rather than the installation of new tankage for flow equalization. This was selected to maximize the utility of existing infrastructure and eliminate the cost of additional tankage. Costs can be compared between the capital figures provided in Exhibit PSC 3-9 and the estimate from the engineering memorandum referred to in the testimony filed in Case No. 2020-00290. It is important, however, to recognize that the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The estimate provided was a third-party opinion of probable cost based on preliminary analysis, not a final budget, a proposal, or quote. Furthermore, the estimate for this system was prepared in 2018, with a significant portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead time, and labor costs.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-37: Reference Discovery Response to OAG 1-33 regarding Brocklyn
Wastewater Treatment Facility (Exhibit_OAG_1-33_(Part_1_of_4)_-_KY_Permits.pdf). Please
provide the following:

- a. Provide the expected average flow and design flow after completion of the upgrades approved in Case No. 2020-290.
- b. Provide all an update on the progress, scope, costs and any design and construction change orders related to the improvements approved in Case No. 2020-290.
- c. Compare costs of upgrades with the estimates provided in the engineering memorandum provided in response to OAG 1-77 (Exhibit OAG 1-77(b) - CONFIDENTIAL Engineering Memo - Brocklyn.pdf) and explain the change in costs, scope and construction.

RESPONSE: (a) As with the project at Airview, improvements to the treatment plant will not affect the actual flow received by the facility. Per the KPDES permit fact sheet published with the May 2023 permit renewal, the expected average flow to the facility is 25,000 gpd and the design flow is 40,000 gpd.

(b) Significant changes to the project plan occurred, primarily due to the facility performing better than anticipated and difficulties acquiring a construction permit for the proposed project. The EEC/DOW did not immediately grant a construction permit, instead encouraging Bluegrass Water to seek the option of either completing repairs at the facility that would not require a permit, or seeking to connect to the City of Richmond. Upon contacting the city, it became clear that the cost to complete the projects required to connect

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

to the city, the connection fees, and the ongoing cost of treatment from the city would result in capital costs many times the costs of the proposed project, which would result in higher customer rates. Therefore, Bluegrass Water worked, instead, to complete repairs to the facility, and the facility has achieved compliance with permitted limits on the merits of the repairs to the aeration system. The facility tankage is, however, still in very poor condition and further improvements will be required in the future to preserve the structural integrity of the plant or provide an alternative means of treatment. Costs can be compared between the capital figures provided in Exhibit PSC 3-9 and the estimate from the engineering memorandum referred to in the testimony filed in Case No. 2020-00290. It is important, however, to recognize that the engineering memo estimates and preliminary project plan were not finalized plans and no budgets were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility, which are developed based on a greater understanding of the facility that can only be gained after operating the facility. The preliminary engineering estimate was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, an estimate for this system was prepared in 2018, with a significant portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead times, and increased labor costs.

(c) Costs can be compared between the capital figures provided in Exhibit PSC 3-9 and the estimate from the engineering memorandum referred to in the testimony filed in Case No. 2020-00290. It is important, however, to recognize that the engineering memo

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The preliminary engineering estimate provided was a third-party opinion of probable cost based on a preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2018, with a significant portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead times, and increased labor costs.

Witness: **Jacob Freeman**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-38: Reference Discovery Response to OAG 1-78(b) (Exhibit OAG 1-78(b) - CONFIDENTIAL Engineering Memo - Darlington Creek.pdf) regarding Darlington Creek Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the actual work and expenditures completed to date and explain differences.
- b. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) The work at the facility is expected to remain consistent with the recommendations presented in the engineering memorandum; the only exception is that the existing digester will be replaced with a polymer tank digester on the same site. In comparing the capital amounts provided in Exhibit PSC 3-9 and the estimates included in the engineering memorandum referred to in the request, it is important to recognize that the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Those estimates were based on a third-party opinion of probable cost based on a preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2021, with a significant portion of cost change attributable to inflation, and

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

the continued impacts of the COVID-19 pandemic on material costs, material lead time, and labor costs.

(b) While a majority of the work (repairs) has been completed, the installation of a new digester is still in progress. It is not expected to increase costs over what was originally proposed. Please see the above discussion of cost comparison.

(c) The improvements will have no impact on expected average flow or design flow, which can be seen on the permit fact sheet from EEC as an average flow of 15,500 gpd and design flow of 49,500 gpd. Average flow will increase as more homes are built in the subdivision.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-39: Reference Discovery Response to OAG 1-80 (b) (Exhibit OAG 1-80(b) - CONFIDENTIAL Engineering Memo - Delaplain Disposal.pdf) regarding Delaplain Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost, scope and design of the improvements addressed in Case No. 2022-104 with the referenced engineering memo and explain differences.
- b. Provide the expected average flow and design flow after completion of the upgrades approved in Case No. 2022-00104.

RESPONSE: (a) **The figures from the engineering memorandum are not the most up to date figures provided, as new more detailed estimates and plans were presented in and discussed thoroughly throughout the CPCN application (See Case No. 2022-00104) for the system and in the current rate case. Additionally, as in all other cases, the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The estimate provided was a third-party opinion of probable cost based on a preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2020, with a significant portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead time, and labor costs.**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

(b) The proposed project has no impact on the design flow or actual flow to the facility. The figures from the most recent KPDES permit fact sheet show an average flow of 236,000 gpd and a design flow of 240,000 gpd.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-40: Reference Discovery Response to OAG 1-85 (a) (Exhibit OAG 1-85(a) - CONFIDENTIAL Engineering Memo - Fox Run.pdf) regarding Fox Run Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost, scope and design of the improvements to date with the referenced engineering memo and explain differences.
- b. Provide the expected average flow and design flow after these improvements are completed.
- c. Discuss any plans in the next five years to pursue improvements or upgrades that would require the Commission to issue a CPCN.

RESPONSE: (a) The work performed at Fox Run has remained substantially consistent with the work recommended in the engineering memorandum. When comparing the capital amounts provided in Exhibit PSC 3-9 and the estimate from the engineering memorandum referred to in the testimony filed in Case No. 2020-00290, it is important to recognize that the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The preliminary engineering estimate provided was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2018, with

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

a significant portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead time, and labor costs.

(b) The proposed project has no impact on the design flow or actual flow to the facility. The figures from the most recent KPDES permit fact sheet show an average flow of 12,000 gpd and a design flow of 20,000 gpd.

(c) No projects requiring CPCN approval are anticipated in the next five years at this time.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-41: Reference Discovery Response to OAG 1-79 (b) (Exhibit OAG 1-79(b) - CONFIDENTIAL Engineering Memo - Herrington Haven.pdf) regarding Herrington Haven Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost, scope and design of the improvements addressed in Case No. 2022-102 with the referenced engineering memo and explain differences.
- b. Provide the expected average flow and design flow after completion of the upgrades approved in Case No. 2022-00102.

RESPONSE: (a) **The figures from the engineering memorandum are not the most up to date figures provided as new more detailed estimates and plans were presented in and discussed thoroughly throughout the CPCN application (See Case No. case 2022-00102) for the system and in the current rate case. Additionally, as in all other cases, the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The preliminary engineering estimate provided was a third-party opinion of probable cost based on a preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2020, with a significant portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead time, and labor costs.**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

(b) The proposed project has no impact on the design flow or actual flow to the facility. The figures from the pending KPDES permit renewal fact sheet show an average flow of 28,000 gpd and a design flow of 40,000 gpd.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-42: Reference OAG 1-34 part 7 regarding LH Treatment Wastewater
System. Please provide the following:

- a. Average flow and design flow ratings of the facility.
- b. 911 address for the facility.

RESPONSE: (a) Per the most recent KPDES permit renewal fact sheet,
the average flow to the facility is 76,000 gpd and the design flow is 100,000 gpd.

(b) The facility has no street address, but is located at the end of the driveway at
the North corner of the paved area at the Condos at Longview Golf Club House facility
located at 3243 Frankfort Pike, Georgetown, KY 40324.

Witness: **Jacob Freeman**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-43: Reference Discovery Response to OAG 1-72 (b) (Exhibit OAG 1-72(b) - CONFIDENTIAL Engineering Memo - LH Treatment.pdf) regarding LH Treatment Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the actual work and expenditures completed to date and explain differences.
- b. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) **The work performed at the LH treatment facility was consistent with the recommendations presented in the engineering memorandum. When comparing the capital amounts provided in Exhibit PSC 3-9 and the estimate from the engineering memorandum referred to in the testimony filed in Case No. 2020-00290, it is important to recognize that the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The preliminary estimate provided was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2019, with a significant**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

**portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on
material costs, material lead time, and labor costs.**

**(b) The proposed work has been completed and no major projects are planned for
the next five years.**

**(c) The proposed project has no impact on the design flow or actual flow to the
facility. The figures from the most recent KPDES permit fact sheet show an average flow of
76,000 gpd and a design flow of 100,000 gpd.**

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-44: Reference OAG 1-34 part 9 regarding Arcadia Pines Wastewater
Treatment. Please provide the following:

- a. Average flow and design flow ratings of the facility.
- b. 911 address for the facility.

RESPONSE: (a) The average flow to the facility is estimated to be 10,000
gpd with a design flow of approximately 20,000 gpd (non-discharging system flows are not
reported or listed as with KPDES regulated facilities).

(b) The facility is located in between 1020 and 1100 Red Pine Cir, West Paducah,
KY 42086.

Witness: **Jacob Freeman**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-45: Reference Discovery Response to OAG 1-74 (b) (Exhibit OAG 1-74(b) - CONFIDENTIAL Engineering Memo - Arcadia Pines) regarding Arcadia Pines Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the actual work and expenditures completed to date and explain differences.
- b. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) The work performed at the Arcadia Pines facility was consistent with the recommendations presented in the engineering memorandum. When comparing the capital amounts provided in Exhibit PSC 3-9 and the estimate from the engineering memorandum referred to in the testimony filed in Case No. 2020-00290, it is important to recognize that the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The preliminary engineering estimate provided was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2019, with

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

**a significant portion of cost change attributable to inflation and impacts of the COVID-19
pandemic on material costs, material lead time, and labor costs.**

**(b) The proposed work has been completed and no major projects are planned for
the next five years.**

**(c) The improvements have no bearing on design flow or actual flow so the figures
will remain 10,000 and 20,000 respectively.**

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-46: Reference OAG 1-33 part 2 regarding the Magruder Village Water Corporation. Please provide the following:

- a. Why was information for this facility included in discovery response?
- b. Explain why the average flow is greater than the design flow (0.0086 MGD vs 0.0075MGD).

RESPONSE: (a) Bluegrass Water states that any information related to Magruder Village Water Corporation was inadvertently included among the records provided in Response to OAG 1-33. Bluegrass Water does not own the system located in Magruder Village and does not seek to recover any expenses associated with the system at Magruder Village in this proceeding.

- (b) Please see Bluegrass Water's Response to Subpart (a).

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-47: Reference OAG 1-33 part 3 regarding the Moon River Resort
Wastewater Treatment Plant. Please provide the following:

- a. Provide all confidential exhibits in Case No. 2023-00181 related to these facilities.
- b. Compare the cost and scope of the improvements anticipated by the Engineering
Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are
completed.

RESPONSE: (a) **Bluegrass Water objects to Request No. 2-47(a) because
it seeks information not relevant to this proceeding because Bluegrass Water has not been
granted approval to acquire the Moon River Resort Wastewater Treatment Plant, and no
expenses or revenues are included in this proceeding as a result of Bluegrass Water not
owning the system. Subject to and without waiver of the foregoing objections, please see
CONFIDENTIAL Exhibit OAG 2-47 attached hereto.**

(b) **Bluegrass Water objects to Request No. 2-47(b) because it seeks information
not relevant to this proceeding because Bluegrass Water has not been granted approval to
acquire the Moon River Resort Wastewater Treatment Plant, and no expenses or revenues
are included in this proceeding as a result of Bluegrass Water not owning the system.**

(c) **Bluegrass Water objects to Request No. 2-47(c) because it seeks information
not relevant to this proceeding because Bluegrass Water has not been granted approval to
acquire the Moon River Resort Wastewater Treatment Plant, and no expenses or revenues
are included in this proceeding as a result of Bluegrass Water not owning the system.**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-48: Reference OAG 1-34 part 9 regarding the Carriage Park
Wastewater Treatment. Please provide the following:

- a. Average flow and design flow ratings of the facility.
- b. 911 address for the facility.

RESPONSE: (a) The average flow to the facility is estimated to be 7,000
gpd with a design flow of approximately 19,000 gpd (non-discharging system flows are not
reported or listed as with KPDES regulated facilities, however drawings indicate the drain
field is sized for 19,000 gpd).

(b) The facility access is located at the West terminus of Tarpan Trail, West
Paducah, KY 42086.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-49: Reference Discovery Response to OAG 1-75 (b) (Exhibit OAG 1-75(b) - CONFIDENTIAL Engineering Memo - Carriage Park.pdf) regarding Carriage Park Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the actual work and expenditures completed to date and explain differences.
- b. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) The work performed at the Carriage Park facility was consistent with the recommendations presented in the preliminary engineering memorandum. When comparing the capital amounts provided in Exhibit PSC 3-9 and the estimate from the engineering memorandum referred to in the testimony filed in Case No. 2020-00290, it is important to recognize that the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The estimate provided was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2019, with

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

**a significant portion of cost change attributable to inflation and impacts of the COVID-19
pandemic on material costs, material lead time, and labor costs.**

**(b) The proposed work has been completed and no major projects are planned for
the next five years.**

**(c) The improvements have no bearing on design flow or actual flow; the figures
will remain 7,000 and 19,000 respectively.**

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-50: Reference OAG 1-33 part 3 regarding the Yung Farm Estates
Wastewater Treatment Plant. Please provide the following:

- a. Provide all confidential exhibits in Case No. 2023-00181 related to these facilities.
- b. Compare the cost and scope of the improvements anticipated by the Engineering
Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are
completed.

RESPONSE: (a) Bluegrass Water objects to Request No. 2-50(a) because
it seeks information not relevant to this proceeding because Bluegrass Water has not been
granted approval to acquire the Yung Farm Estates Wastewater Treatment Plant, and no
expenses or revenues are included in this proceeding as a result of Bluegrass Water not
owning the system. Subject to and without waiver of the foregoing objections, please see
CONFIDENTIAL Exhibit OAG 2-47.

(b) Bluegrass Water objects to Request No. 2-50(b) because it seeks information
not relevant to this proceeding because Bluegrass Water has not been granted approval to
acquire the Yung Farm Estates Wastewater Treatment Plant, and no expenses or revenues
are included in this proceeding as a result of Bluegrass Water not owning the system.

(c) Bluegrass Water objects to Request No. 2-50(c) because it seeks information
not relevant to this proceeding because Bluegrass Water has not been granted approval to

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

**acquire the Yung Farm Estates Wastewater Treatment Plant, and no expenses or revenues
are included in this proceeding as a result of Bluegrass Water not owning the system.**

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-51: Regarding the Commonwealth Wastewater Treatment Plant
Bluegrass Water is proposing to acquire in Case No. 2023-00181, please provide the following:

- a. Provide all confidential exhibits in Case No. 2023-00181 related to these facilities.
- b. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) Bluegrass Water objects to Request No. 2-51(a) because it seeks information not relevant to this proceeding because Bluegrass Water has not been granted approval to acquire the Commonwealth Wastewater Treatment Plant, and no expenses or revenues are included in this proceeding as a result of Bluegrass Water not owning the system. Subject to and without waiver of the foregoing objections, please see CONFIDENTIAL Exhibit OAG 2-47.

(b) Bluegrass Water objects to Request No. 2-51(b) because it seeks information not relevant to this proceeding because Bluegrass Water has not been granted approval to acquire the Commonwealth Wastewater Treatment Plant, and no expenses or revenues are included in this proceeding as a result of Bluegrass Water not owning the system.

(c) Bluegrass Water objects to Request No. 2-51(c) because it seeks information not relevant to this proceeding because Bluegrass Water has not been granted approval to

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

**acquire the Commonwealth Wastewater Treatment Plant, and no expenses or revenues are
included in this proceeding as a result of Bluegrass Water not owning the system.**

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-52: Reference OAG 1-33 part 3 regarding the River Bluff Wastewater
Treatment. Please provide the following:

- a. Explain why the average flow is greater than the design flow (0.0710 MGD vs 0.0660 MGD).
- b. Update the information provided in the table on page 33 and 34 of the direct testimony of Jacob Freeman in Case No. 2020-00290 to reflect the actual scope, cost and status of improvements. If all improvements are not complete, provide a forecast of the final actual scope, cost and status.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) **Recent readings from the flow meter measure between 240,000 and 430,000 gpd, which is well in excess of the 66,000 gpd design flow. However, observations of flows at the facility do not appear to account for the readings from the meter. This indicates that there is likely a problem with the flow meter itself that was present prior to Bluegrass Water's acquisition of the facility. This will be investigated to ensure accurate flow measurement occurs at the facility.**

(b) **An updated scope and more thorough analysis of the initial condition of the River Bluffs facility was covered in depth in Mr. Freeman's Direct Testimony. The final improvements at the site were recently completed.**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

(c) The improvements will have no effect on the quantity of flow to or the design capacity of the facility; design flow will remain 66,000. As described above, the average flow is currently difficult to estimate as the electronic flow measurement equipment appears to be drastically over reporting flow and is currently being investigated.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-53: Reference OAG 1-33 part 3 regarding the Timberland Substation
Wastewater Treatment, Please provide the following:

- a. 911 address for the facility.
- b. Update the information provided in the table on page 19 of the direct testimony of Jacob Freeman in Case No. 2020-00290 to reflect the actual scope, cost and status of improvements. If all improvements are not complete, provide a forecast of the final actual scope, cost and status.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) 8340 Timberland Dr, West Paducah, KY 42086.

(b) Work performed was consistent with the plan presented in Case No. 2020-00290. The work was completed as of May 15, 2023. When comparing the capital amounts provided in Exhibit PSC 3-9 and the estimate from the preliminary engineering memorandum referred to in the testimony filed in Case No. 2020-00290, it is important, however, to recognize that the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The estimate provided was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or a quote.

Furthermore, the estimate for this system was prepared in 2019, with a significant portion

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead time, and labor costs.

(c) The upgrades presented are aimed at bringing the treatment plant into a condition where it can effectively treat the wastewater received by the facility in compliance with permit limits and will not directly alter the amount of flow coming to the facility. The most recent KPDES permit fact sheet shows an average flow of 10,000 gpd against a design flow of 25,000 gpd.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-54: Reference OAG 1-34 part 10 regarding the Springcrest Sewer
Wastewater Treatment. Please provide the following:

- a. 911 address for the facility.
- b. Average flow and design flow ratings of the facility.
- c. A table showing the scope, cost and status of improvements. If all planned improvements are not complete, provide a forecast of the final actual scope, cost and status.
- d. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) **The western end of W. Old Coach Rd., Nicholasville, KY
40356.**

(b) **The average flow to the facility is estimated to be about 11,000 gpd with a design flow of approximately 20,000 gpd (non-discharging system flows are not reported or listed as with KPDES regulated facilities, however drawings indicate the drain field is sized for 20,000 gpd).**

(c) **The work to be performed at the Springcrest Sewer system was discussed at length in Mr. Freeman's Direct Testimony. Please refer to pages 54-59 of Mr. Freeman's Direct Testimony in this case for thorough discussion of the Springcrest project.**

(d) **Aside from work directed specifically at addressing inflow and infiltration in gravity collection systems (which is not applicable here as this is a low pressure collection system), rehabilitation projects have no effect on average flow to a facility. As a result,**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

Bluegrass Water's proposed improvements will not affect average flow to the Springcrest facility. The average flow to the facility is estimated to be 11,000 gpd with a design flow of approximately 20,000 gpd (non-discharging system flows are not reported or listed as with KPDES regulated facilities, however drawings indicate the drain field is sized for 20,000 gpd).

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-55: Reference OAG 1-81 regarding the Woodland Acres Wastewater
Treatment. Please provide the following:

- a. 911 address for the facility.
- b. Average flow and design flow ratings of the facility.
- c. A table showing the scope, cost and status of improvements. If all planned improvements are not complete, provide a forecast of the final actual scope, cost and status.
- d. Compare costs of upgrades with the estimates provided in the engineering memorandum provided in response to OAG 1-81 (Exhibit OAG 1-81(b) - CONFIDENTIAL Engineering Memo - Woodland Acres.pdf) and explain the change in costs, scope and construction.
- e. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) **The facility is located in between 273 and 309 Hemlock
Dr., Shepherdsville, KY 40165.**

(b) **Per the most recent KPDES fact sheet the average flow is 12,500 gpd and the
design capacity is 25,000 gpd.**

(c) **This table, as well as a thorough analysis of the project to be performed were
included in the application and subsequent data requests of the CPCN filing for the projects
at Woodland Acres. Please refer to Case No. 2022-00015 for all related documents.**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

(d) When comparing the capital amounts provided in the above referenced CPCN case (since approved, Case No. 2022-00015) and the estimate from the engineering memorandum it is important to recognize that the preliminary engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The preliminary estimate provided was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2020, with a significant portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead time, and labor costs.

(e) These improvements will not affect the expected flow to or the design capacity of the facility. The average flow is 12,500 gpd and the design capacity is 25,000 gpd.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-56: Reference OAG 1-76 regarding the Marshall Ridge Wastewater
Treatment. Please provide the following:

- a. 911 address for the facility.
- b. Average flow and design flow ratings of the facility.
- c. Update the information provided in the table on page 28 of the direct testimony of Jacob Freeman in Case No. 2020-00290 to reflect the actual scope, cost and status of improvements. If all improvements are not complete, provide a forecast of the final actual scope, cost and status.
- d. Compare costs of upgrades with the estimates provided in the engineering memorandum provided in response to OAG 1-76 (Exhibit OAG 1-76(b) - CONFIDENTIAL Engineering Memo - Marshall Ridge.pdf) and explain the change in costs, scope and construction.
- e. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) 245 Harting Ridge Rd, West Paducah, KY 42086.

(b) As referenced in the engineering memorandum for the system, discussions with the County Department of Health revealed that designs for the system existed, however the county refused to provide them stating that they did not have time to locate the designs. As a result, the location and capacity of the drain field could not be determined. The county indicated the facility was in good standing. The average flow to the facility is expected to be 12,000 gpd and the design flow higher than that.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

(c) Improvements at the facility completed as part of the initial improvements project were consistent with what was presented initially. However, unrelated to the initial projects, the county has since completed an inspection and provided the previously withheld facility plans. The county also issued a NOV for failing to maintain the drain field. The drain field had trees planted in it by previous ownership and was allowed to overgrow, masking the issues with the system. Bluegrass Water has since secured an engineering partner to design a new drain field, which will be constructed in the future. Designs and capital estimates are not yet complete, pending clarification from the county which has stated that it changed design requirements for the drain fields since initial construction of the facility. Thus far, the county has failed to provide information on the new requirements.

(d) As discussed in part (c), estimates of the new drain field project for the Marshall Ridge system are incomplete at this time, and while the rest of the work remained unchanged, cost differences will be impossible to estimate until designs are complete.

(e) The average flow will not be expected to change. While the design flow of a non-discharging facility is not as clearly defined as discharging systems, the new drain field will ultimately dictate the system capacity and cannot be finalized until the county provides the new, yet to be disclosed regulatory requirements for the drain field.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-57: Reference OAG 1-86 regarding the Golden Acres Wastewater
Treatment. Please provide the following:

- a. 911 address for the facility.
- b. Average flow and design flow ratings of the facility.
- c. Update the information provided in the table on page 15 of the direct testimony of Jacob Freeman in Case No. 2020-00290 to reflect the actual scope, cost and status of improvements. If all improvements are not complete, provide a forecast of the final actual scope, cost and status.
- d. Compare costs of upgrades with the estimates provided in the engineering memorandum provided in response to OAG 1-86 (Exhibit OAG 1-86(a) - CONFIDENTIAL Engineering Memo - Golden Acres.pdf) and explain the change in costs, scope and construction.
- e. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) The end of the driveway at 359 Golden Acres Loop,
Calvert City, KY 42029.

(b) Per the most recent KPDES fact sheet, the average flow is 19,000 gpd and the design capacity is 25,000 gpd.

(c) Improvements to the facility were consistent with the ones detailed in Mr. Freeman's Direct Testimony and all improvements are complete. When comparing the capital amounts provided in Exhibit PSC 3-9 and the estimate from the engineering

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

memorandum referred to in the testimony filed in Case No. 2020-00290, it is important, however, to recognize that the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The estimate provided was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2019, with a significant portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead time, and labor costs.

(d) Please see the discussion of changes in cost included in the response to part (c) of this question.

(e) These improvements will not affect the expected flow to or the design capacity of the facility. The average flow is 19,000 gpd and the design capacity is 25,000 gpd.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-58: Reference Discovery Response to OAG 1-82 (b) (Exhibit OAG 1-82(b) - CONFIDENTIAL Engineering Memo - Persimmon Ridge.pdf) regarding Persimmon Ridge Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the actual work and expenditures completed to date and explain differences.
- b. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) Work completed to date was consistent with the work proposed in the preliminary engineering memorandum, however the system has proven to require more significant improvement to ensure consistent compliance with ammonia limits. This was thoroughly documented in the CPCN application for the additional work to be performed at the Persimmon Ridge facility, including a detailed analysis of the costs and additional scope required to ensure consistent compliance with ammonia limits. Please refer to Case No. 2022-00046 for a thorough discussion of the project. When comparing the capital amounts provided in Exhibit PSC 3-9 and the estimate from the engineering memorandum referred to in the testimony filed in Case No. 2020-00290, it is important to recognize that the preliminary engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the

Bluegrass Water's Response to OAG 2-58

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The estimate provided was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or quote. Furthermore, the estimate for this system was prepared in 2018, with a significant portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead time, and labor costs.

(b) As with part (a) of this question, please refer to Case No. 2022-00046 for the details of the approved upcoming work and capital estimates for the work.

(c) The proposed project has no impact on the design flow or actual flow to the facility. The figures from the pending KPDES permit renewal fact sheet show an average flow of 229,000 gpd and a design flow of 142,000 gpd; however, a review of daily flow meter measurements show a consistent error was occurring in the calculation of the daily flow figures for the facility. Recalculation shows that the actual average flows rarely exceed 100,000 gpd.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-59: Reference Discovery Response to OAG 1-87 (a) (Exhibit OAG 1-87(a) - CONFIDENTIAL Engineering Memo - Great Oaks.pdf) regarding Great Oaks Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the actual work and expenditures completed to date and explain differences.
- b. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) Improvements to the facility were consistent with those detailed in the engineering memorandum and all improvements are complete. When comparing the capital amounts provided in Exhibit PSC 3-9 and the estimate from the engineering memorandum referred to in the testimony filed in Case No. 2020-00290, it is important to recognize that the engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The preliminary estimate provided was a third-party opinion of probable cost based on a preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimate for this system was prepared in 2019, with a significant

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

**portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on
material costs, material lead time, and labor costs.**

(b) No significant projects are planned for the next 5 years at this time.

**(c) The completed improvements have no impact on the design flow or actual flow
to the facility. The figures from the pending KPDES permit renewal fact sheet show an
average flow of 35,000 gpd and a design flow of 70,000 gpd.**

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-60: Reference Discovery Response to OAG 1-70 (b) (Exhibit OAG 1-70(b) - CONFIDENTIAL Engineering Memo - Kingswood.pdf) regarding Kingswood Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the actual work and expenditures completed to date and explain differences.
- b. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) Improvements to the facility were consistent with the ones detailed in the engineering memorandum and all improvements are complete. When comparing the capital amounts provided in Exhibit PSC 3-9 and the estimate from the engineering memorandum referred to in the testimony filed in Case No. 2020-00290, it is important to recognize that the preliminary engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The preliminary estimate provided was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or quote. Furthermore, the estimate for this system was prepared in 2019, with

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

a significant portion of cost change attributable to inflation and impacts of the COVID-19 pandemic on material costs, material lead time, and labor costs.

(b) No significant projects are planned for the next 5 years at this time.

(c) The completed improvements have no impact on the design flow or actual flow to the facility. The figures from the pending KPDES permit renewal fact sheet show an average flow of 28,000 gpd and a design flow of 50,000 gpd.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-61: Reference Discovery Response to OAG 1-71 (b) (Exhibit OAG 1-71(b) - CONFIDENTIAL Engineering Memo - Lake Columbia.pdf) regarding Lake Columbia Wastewater Treatment Facility. Please provide the following:

- a. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the actual work and expenditures completed to date and explain differences.
- b. Compare the cost and scope of the improvements anticipated by the Engineering Memo and the forecasted work and expenditures over the next 5 years.
- c. Provide the expected average flow and design flow after these improvements are completed.

RESPONSE: (a) **Improvements to the facility were consistent with the ones detailed in the engineering memorandum and all improvements are complete. When comparing the capital amounts provided in Exhibit PSC 3-9 and the estimate from the preliminary engineering memorandum referred to in the testimony filed in Case No. 2020-00290, it is important to recognize that the preliminary engineering memo estimates and preliminary project plan were not finalized plans or budgets and were prepared prior to Bluegrass Water taking ownership of the system. Changes occur during the final design phase for improvements and repairs to the facility arising from a greater understanding of the facility that can only be gained after operating the facility. The estimate provided was a third-party opinion of probable cost based on the preliminary analysis, not a final budget, a proposal, or a quote. Furthermore, the estimates for this system was prepared in 2019, with**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

**a significant portion of cost change attributable to inflation and impacts of the COVID-19
pandemic on material costs, material lead time, and labor costs.**

(b) No significant projects are planned for the next 5 years at this time.

**(c) The completed improvements have no impact on the design flow or actual flow
to the facility. The figures from the pending KPDES permit renewal fact sheet show an
average flow of 11,000 gpd and a design flow of 12,000 gpd.**

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-62: Please provide the weighted average cost of debt of US Water, with supporting calculations as of December 31, 2022. The support for this calculation should tie to the US Water financial statements requested in OAG 1-61.

RESPONSE: Bluegrass Water objects to this Request as seeking the records of a non-applicant that is not its direct parent, which are not relevant to this proceeding, unduly burdensome to produce, overly broad, and outside the control of Bluegrass Water. Subject to and without waiver of the foregoing objections, please see CONFIDENTIAL Exhibit PSC 3-27, which contains the audited financial statements of CSWR, LLC, Bluegrass Water's direct parent, as of December 31, 2022.

Witness: Jacob Freeman

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-63: The response to OAG 1-116 did not provide any analytical support for the claimed 1% bad debt ratio. Provide any analytical support in the Company's possession which supports this revenue requirement component.

RESPONSE: **There is no significant analytical support to provide.**

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-64: Does the Company have the capability to terminate service to customers? If so, identify the number of customers whose wastewater service was terminated for non-payment during the twelve-month period of July 1, 2021 through June 30, 2022.

RESPONSE: Bluegrass Water objects to Request No. OAG 2-64 as vague and unclear as it is unknown whether "capability" calls for a legal analysis of Bluegrass Water's ability to terminate service or operational capability to terminate service. To the extent Request No. OAG 2-64 seeks a legal conclusion, Bluegrass Water objects as calling for a legal conclusion. To the extent Request No. OAG 2-64 refers to "operational capability," the Company states that, short of the excavation and physical disconnection of a customer's sewer service line, the Company does not currently have the ability to disconnect sewer customers and is exploring its opportunities to do so.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-65: For any customer whose service was terminated for non-payment during the July 1, 2021 through June 30, 2022 period, provide the disposition of each account into one of the following categories:

- a. The customer subsequently satisfied their arrearages and is currently a customer as of May 31, 2023.
- b. The customer subsequently satisfied their arrearages but was later terminated.

RESPONSE: **There has been no service terminated for a customer's non-payment in this period.**

Witness: **Brent Thies**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-66: Refer to the attachment to Confidential response to OAG 1-119.

Has the Company considered the impact of its Business Interruption Insurance on its risk in developing its ROE recommendation? If so, quantify the reduction in ROE that is achieved through the Business Interruption Insurance and explain how such reduction was determined.⁴

RESPONSE: No, the Company has not considered the potential impact of its Business Interruptions Insurance in developing its proposed return on equity.

Witness: Brent Thies

⁴ While Exhibit OAG 1-119 is subject to a pending confidentiality motion, the highlighted portion of the request does generically refer to information within the Exhibit. Consequently, while the Company appreciates the Attorney General's abundance of caution, the Company has removed highlighting from the data request.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-67: Confirm that the Company in preparing its revenue requirement analysis, did not go beyond the end of the test period to reflect increases in Accumulated Depreciation. If confirmed, provide the rationale for including post test period capital projects in Rate Base, but not reflecting post test period increases in Accumulated Depreciation as an offset to Rate Base.

RESPONSE: Confirmed. Bluegrass is requesting post-test year adjustments, not a future looking test year. Therefore, accumulated or depreciation expense have not been included.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-68: Does Bluegrass record Allowance for Funds Used During
Construction on its books? If so, respond to the following:

- a. Identify and provide supporting documentation for the AFUDC rate.
- b. Identify the amount of AFUDC recorded in the twelve-month period ending June
30, 2022.
- c. Indicate the account(s) credited for AFUDC and whether such accounts are
included in the revenue requirement calculation.

RESPONSE: **Bluegrass Water has not booked AFUDC.**

Witness: **Brent Thies**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-69: Refer to the Confidential response to OAG 1-119. Provide a copy
of the corresponding insurance policy(ies) in place for the twelve month period ending June 30,
2022.

RESPONSE: Please see **CONFIDENTIAL Exhibit OAG 2-69.**

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-70: Refer to the Operator Agreement contained in Confidential Exhibit
22 and the attachment provided in response to OAG 1-119 and respond to the following:

- a. Provide the distinction between the property damage coverage purchased in the policy contained in OAG 1-119, and that required in the Operating Agreement with Midwest Water Operations LLC.
- b. Identify examples of property damage that would be covered under the policy provided in OAG 1-119 but would not be covered by insurance required in the Operating Agreement.
- c. Identify examples of property damage that would be covered by insurance required of the operator, Midwest Water Operations, LLC that would not be covered under the policy provided in OAG 1-119.

RESPONSE: **(a)** **The policy provided in response to OAG 1-119 covers the “Real and Personal Property including Improvements and Betterments, Business Income, Extra Expense, Property of Others in the Care, Custody or Control of the Insured for which the Insured has legal responsibility to insure” for CSWR entities. Midwest Water Operations policy covers their property that is utilized in providing services to Bluegrass Water.**

(b) **Any event that causes property damage that is not explicitly outlined in Section 7 (Exclusion) of the policy provided in response to OAG 1-119. Some examples of property damage covered would include fire or flood.**

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

(c) **Midwest Water Operations policy covers their property that is utilized in providing services to Bluegrass Water. Examples would be equipment or vehicles used in providing those services.**

Witness: Todd Thomas

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST 2-71: Provide monthly actual and budget expenses in the same format as
contained in Exhibit 15 for the period July 2022 through April 2023.

RESPONSE: Please see Exhibit OAG 2-71, which provides an updated Application
Exhibit 15 through April of 2023.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-72: Refer to Confidential Exhibit BT-14 provided within the
Company's revenue requirement Exhibits file, (Exhibits 10, 15, 17, 18, 20, 26 and 27). Provide
the date each identified system was acquired by Bluegrass.

RESPONSE: Bluegrass Water objects to this Request as vague and unclear.
Exhibit BT-14 is not confidential, nor does it identify specific Bluegrass Water systems.
Subject to and without waiver of the foregoing objections, please see Exhibit OAG 2-72 for
the date each system identified in Confidential Exhibit BT-13 was acquired.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-73: Refer to tab BT-13. Provide a table reconciling the information found on BT-13 with the balance of Utility Plant in Service at June 30, 2022 found on BT-14 into the following categories:

- a. The original cost of the acquired assets on the books of the acquired system,
- b. Improvements – per BT-13
- c. Acquisition related costs per BT-13
- d. Acquisition adjustment as identified on page 29 of Mr. Thies' testimony
- e. Acquisition Premium (Account 114)
- f. Value assigned to Land
- g. Acquisition value recorded to account 352

The sum of the system totals should tie to the balance of Utility Plant in Service at June 30, 2022 as found in tab BT-14.

RESPONSE: Please see Exhibit OAG 2-73.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-74: Please reconcile the balance of account 108 as found in the Exhibit provided in response to PSC 1-3 (\$3,375,990), with the Accumulated Provision for Depreciation balance found in tab BT-14 as of June 30, 2022 (3,134,954).

RESPONSE: Account 108 in the Trial Balance provided in PSC 1-3 includes both water and sewer amounts. The sewer value is \$3,134,954 and the remainder in that account is for water.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-75: Refer to the Trial Balance provided in response to PSC 1-3.

Provide the June 30, 2022 ending balances split between water and wastewater for all 300 series
plant accounts.

RESPONSE: Please see Exhibit OAG 2-75.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

REQUEST NO. 2-76: Provide a comprehensive discussion supporting the methodology and supporting calculations used to assign overhead costs between the Company's water and wastewater operations. This response should also include a discussion and support for the allocation of the operating contracts provided in Confidential Exhibit 22 as well as the various insurance costs incurred in the test period.

RESPONSE: Overhead costs are allocated to Bluegrass Water from the parent entity, CSWR, LLC. Once those costs are allocated, they are further allocated between water and wastewater operations based on customer counts. Operations contracts are expensed based on the contract and/or the invoice totals as billed by the contract operations vendor. Insurance costs are assigned based on the value of covered assets for each system, whether water or sewer.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

As to Objections,

/s/ Edward T. Depp

John E. Selent

Edward T. Depp

R. Brooks Herrick

Sarah D. Reddick

DINSMORE & SHOHL LLP

101 S. Fifth St., Suite 2500

Louisville, KY 40202

(502) 540-2300

(502) 585-2207 (fax)

john.selent@dinsmore.com

tip.depp@dinsmore.com

brooks.herrick@dinsmore.com

sarah.reddick@dinsmore.com

*Counsel to Bluegrass Water Utility
Operating Company, LLC*

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

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.

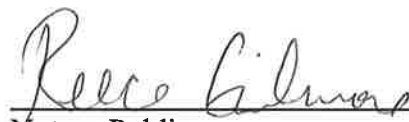


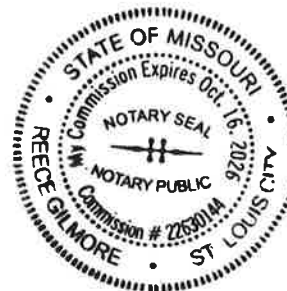
Name: Todd Thomas
Title: Senior Vice President
Bluegrass Water Utility Operating Company, LLC

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

SUBSCRIBED AND SWORN TO before me on this the 16th day of JUL, 2023.

My commission expires: OCT 16th, 2026



Notary Public

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR ADJUSTMENT OF SEWAGE RATES
CASE NO. 2022-00432

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

VERIFICATION

I, Aaron Silas, 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: Aaron Silas
Title: Director of Regulatory Operations
Bluegrass Water Utility Operating Company, LLC

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

SUBSCRIBED AND SWORN TO before me on this the 16th day of Jun, 2023.

My commission expires: OCT 16th, 2024



Notary Public

