

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC’S
FIRST REQUESTS FOR INFORMATION TO
OFFICE OF ATTORNEY GENERAL**

In accordance with the Scheduling Order by the Public Service Commission (“Commission”), Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water” or the “Company”), by counsel, hereby requests the response of the Office of the Attorney General to the following Requests for Information.

DEFINITIONS

1. Whenever it is necessary to bring within the scope of these information requests documents that might otherwise be construed to be outside their scope: (1) the use of “and” as well as “or” shall be construed both disjunctively and conjunctively; (2) the use of a word in its singular form shall be construed to include within its meaning its plural form as well, and vice versa; (3) the use of “include” and “including” shall be construed to mean “without limitation”; and (4) the use of a verb in any tense or voice shall be construed as the use of that verb in all other tenses and voices.

2. “**Commission**” means the Kentucky Public Service Commission.

3. “**Document**” means any written, recorded, transcribed, printed, or impressed matter of whatever kind, however produced, stored or reproduced, including but not limited to sound or pictorial recordings, computerized or electronic information, books, pamphlets, letters,

memoranda, telegrams, electronic or mechanical transmissions, communications of all kinds, reports, notes, working papers, handwritings, charts, paper, writings, printings, transcriptions, tapes and records of all kinds. “Document” includes, without limitation, all workpapers produced by or relied upon by a witness.

4. “Identify” mean the following:

a: when identifying a person, to give such person’s:

- (1) full name;
- (2) business address, residence address (if no business address is available), and telephone number;
- (3) his or her present or last known position and business affiliation at the time in question; and
- (4) the nature of such person’s participation in, and the scope of his/her responsibility with regard to, the facts and events underlying the present matter;

b: when identify an oral communication, to:

- (1) identify the author(s) thereof and the parties thereto;
- (2) state the date of the communication;
- (3) state the place of the communication;
- (4) state the substance of the communication; and
- (5) state whether such communication has been reduced to writing and, if so, identify each document and the present custodian thereof;

c: when identifying other information, to state:

- (1) the source thereof;
- (2) any oral communications pertaining thereto;
- (3) any documents pertaining thereto; and

(4) the substance of the information;

d: when identifying a document, to:

(1) identify the author thereof and the parties thereto;

(2) state its title or other identifying data;

(3) state the date of the document or, if no date appears thereon, the approximate date;

(4) state the exact nature and substance thereof;

(5) identify each person having possession, care, custody, or control of the original and any copies thereof; and

(6) if such document was, but no longer is, in your possession or subject to your control, state what disposition was made of it.

5. “**Person**” includes a natural person, a business organization of any type, an unincorporated association, a governmental subdivision, agency, or entity, and a business trust.

6. “**Bluegrass Water**” shall mean Bluegrass Water Utility Operating Company, LLC as defined and identified in the first paragraph of this Request for Information.

8. “**You**” or “**your**” means the Office of the Attorney General, an intervenor in this action, and its agents, officers, employees, commissioners, consultants, and witnesses.

GENERAL INSTRUCTIONS

1. Please identify the witness who will be prepared to answer questions concerning each request.

2. If any request appears confusing, please request clarification directly from the undersigned.

3. To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper or information.

4. If you object to any request on the grounds that the requested information is proprietary in nature, or for any other reasons, please notify the undersigned as soon as possible.

5. For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown or explained; and the nature of and legal basis for the privilege asserted.

6. To the extent that a request calls for information not available for all categories or all periods of time for which the information is sought, please explain why the information is not available and answer the request for the time or categories for which it is available.

7. These requests shall be deemed continuing, and you should serve upon counsel: (1) supplemental responses to these data requests if additional information or information that changes your response to any data request is obtained during the course of this proceeding; and (2) any documents requested herein that become available or that are discovered after the date your responses to these requests are due.

REQUESTS FOR INFORMATION

1. For each of your witnesses, please identify the witness's specific experience (by proceeding caption and case number) testifying in rate cases. Please identify the party on whose behalf each witness testified in those proceedings, and provide a copy of or link to any written testimony of such witness in such case.

2. Please state whether you have evaluated the effects your recommendations will have on Bluegrass Water's financial integrity and provide all such studies, analyses, and related documents and calculations, including any in electronic format. In the event you have evaluated such effects, please identify your conclusion(s) and describe in detail the basis for those conclusions.

3. Please state whether you have evaluated the effects your recommendations will have on Bluegrass Water's credit ratings and provide all such studies, analyses, and related documents and calculations, including any in electronic format. In the event you have evaluated such effects, please identify your conclusion(s) and describe in detail the basis for those conclusions.

4. Please state whether you have evaluated the effects your recommendations will have on Bluegrass Water's ability to borrow funds in the marketplace or the interest rates Bluegrass Water would pay if your recommendations are accepted by the Commission, and provide all such studies, analyses, and related documents and calculations, including any in electronic format. In the event you have evaluated such effects, please identify your conclusion(s) and describe in detail the basis for those conclusions.

5. Please identify and provide a copy of all engagement letters or agreements by which Mr. Dittmore was engaged to testify on your behalf in this matter.

6. Please provide all calculations, workpapers, and other documents used to derive each adjustment shown in the Exhibits to the Direct Testimony of David N. Dittmore. Please provide these documents in electronic format with all formulas intact. For each input and for each amount listed in the exhibit, please provide the source of the input or amount and a record citation.

7. Do you have a policy addressed at determining when to seek intervention in a utility's rate adjustment proceeding? If so, please provide a copy of the written policy or summarize an oral policy.

8. Please provide a copy of all documents showing communications between you and any representative of another intervenor regarding, arising out of, or related to this case.

9. Please provide a copy of all documents showing communications between you and any person (including, but not limited to, elected or appointed officials at any level of government) not a party to this case regarding, arising out of, or related to this case.

10. Please refer to Mr. Dittmore's testimony at 8:12–15. Please explain how Bluegrass Water's "filed revenue requirement is not representative of ongoing operations due to the significant level of growth" of its parent company, CSWR.

11. Please refer to Mr. Dittmore's testimony at 13:17–19 and 14:1–3. Do Mr. Dittmore's views regarding internal legal expenses change if CSWR's in-house lawyers keep detailed time records to ensure that only time spent to assist in the operations of Bluegrass Water are allocated to Bluegrass Water and that time spent on business development is not allocated to any operating subsidiary of CSWR? Please explain.

12. Refer to Mr. Dittmore's testimony at 15:13–17. Is it your position that a regulated utility cannot seek to recover for the appraised value of property recorded on its books when a prior owner undervalued that property? Please explain.

13. Please explain whether you believe it is fair, just, and reasonable for a utility to assess late fees on accounts that are past due, when it is appropriate to do so, and why.

14. Please refer to Mr. Dittmore's testimony at 23:6-25:15. Please explain why you believe that the scope of the employee classes included in Mr. Watkins' study is relevant to Mr. Dittmore's proposed calculation of medical benefit adjustments.

15. Please refer to Mr. Dittmore's testimony at 29:19-30:2. Please identify all record material and other authority supporting your assertions here, including specifically your apparent assertion that it is allegedly a "reasonable assumption" that "equity" is actually "an equal split between debt and equity."

16. Please identify all evidence you have that the Company's equity interest holders expect anything less than an equity return on equity financing provided to the Company, including all supporting evidence and authority for any belief that equity investors assume the same risk profile as entities providing debt financing.

17. Please refer to Mr. Dittmore's testimony at 5:10-11. Is it your position that Bluegrass Water should not engage in engineering, infrastructure, and project costs designed to eliminate environmental violations? Please explain.

18. Please refer to Mr. Dittmore's testimony at 5:10-11. Please explain why Mr. Dittmore did not consider the cost of projects already approved by the Commission when making recommendations regarding Bluegrass Water's revenue requirement.

19. Please refer to Mr. Dittmore's testimony at 8:16-20 and 9:1-10. Please also refer to footnote 1 of the same testimony. Please explain the justification for claiming that identification of customers is allegedly "problematic," while simultaneously acknowledging your understanding that the discrepancy results from utilizing customer equivalencies for the purpose of rate design.

20. Please refer to Mr. Dittmore's testimony at 9:12-18 and 10:1-14. Please answer the following questions:

- a. Was Mr. Dittmore advised that the Attorney General requested an informal clarification of the referenced exhibits?
- b. Was Mr. Dittmore advised that the requested clarification was provided prior to the filing of his testimony?
- c. Was Mr. Dittmore advised that he was incorrectly interpreting the referenced exhibit prior to the filing of his testimony?

21. Please refer to the testimony of Scott County witness, Ariel E. Miller at 3:1-9. Does the Attorney General believe Ms. Miller's recommendation to keep the current rate design allocation between metered and unmetered service at 81.51% and 18.49% results in fair, just, and reasonable rates. Please explain.

On this the 14th day of July, 2023.

Respectfully submitted,

/s/ Edward T. Depp
John E. Selent
Edward T. Depp
R. Brooks Herrick
Sarah D. Reddick
DINSMORE & SHOHL LLP
101 South Fifth Street
Suite 2500
Louisville, KY 40202
502.540.2300
502.540.2529 (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*

Certification

I hereby certify that a copy of this filing has been served electronically on all parties of record through the use of the Commission's electronic filing system, and there are currently no parties that the Commission has excused from participation by electronic means. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, a paper copy of this filing has not been transmitted to the Commission.

/s/ Edward T. Depp
*Counsel to Bluegrass Water Utility Operating
Company, LLC*