

**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
RESPONSES TO COMMISSION STAFF’S FOURTH REQUEST FOR INFORMATION**

Bluegrass Water Utility Operating Company, LLC, (“Bluegrass Water” or the “Company”) by counsel, files its responses to the Commission Staff’s Fourth Request for Information, issued in the above-captioned case on July 13, 2023.

FILED: July 27, 2023

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REQUEST NO. 4-1: Refer to Bluegrass Water's response to Commission Staff's Third Request for Information (Staff's Third Request), Item 8, Exhibit_PSC_3-8_-_Appraisals.pdf.

a. Provide any written communications between the appraisers and representatives of Bluegrass Water and CSWR, LLC (CSWR) regarding the appraisals for the River Bluff or Delaplain properties.

b. Provide any preliminary agreement, contract, letter of intent, or similar document into which Bluegrass Water entered with the previous owner of the Delaplain or River Bluff's systems, or which Bluegrass Water provided or received from the previous owner of the Delaplain or River Bluff's systems prior to receiving the appraisals of the respective properties.

RESPONSE: (a) **The Company does not have any such written communications regarding the Delaplain or River Bluffs systems.**

(b) **Please see Exhibit PSC 4-1(b) for the executed purchase agreements and letters of intent for the Delaplain and River Bluff's system.**

Witness: Aaron Silas

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REQUEST NO. 4-2: Refer to Bluegrass Water's response to Staff's Third Request, Item 8, Exhibit_PSC_3-8_-_Appraisals.pdf, page 118 of 327, in which the appraisal for the Delaplain system states that "the sole intended use of this report is for regulatory filings."

a. Explain why the appraiser placed a caveat in the report that it was only intended for use in regulatory filings.

b. Explain how Bluegrass Water described its intent to use the report to the appraiser.

RESPONSE: (a) Under the Uniform Standards of Professional Appraisal Practice (USPAP), appraisers are required to state the intended use of an appraisal. As such, the appraiser was informed that the Company intended to use the report to assist in filings associated with their acquisition of the system and subsequent rate setting (i.e., regulatory filings).

(b) Under USPAP, appraisers are required to state the intended use of an appraisal. As such, the appraiser was informed that the Company intended to use the report to assist in filings associated with their acquisition of the system and subsequent rate setting (i.e., regulatory filings).

Witness: Aaron Silas

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REQUEST NO. 4-3: Refer to Bluegrass Water's response to Staff's Third Request, Item 8, Exhibit_PSC_3-8_-_Appraisals.pdf, page 120 of 327. Explain why the appraiser predicated the report on the hypothetical condition that the property was vacant land unencumbered by the existing improvements when the fee simple property and easements contained sewage collection and treatment facilities.

RESPONSE: The appraiser utilized this approach because transfers of regulated utilities require "Book Value of the Utility," with the depreciated value of the improvements dictated by regulations, as far as calculation method is concerned. Thus, the only question was the value of the fee simple land and easements underlying the systems.

Witness: Aaron Silas

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REQUEST NO. 4-4: Refer to Bluegrass Water's response to Staff's Third Request, Item 9(b), Exhibit_PSC3-9_-_Plant_in_Service_Breakdown.xlsx at the tab titled "Improvements."

a. Identify any project listed therein for which Bluegrass Water received a Certificate of Public Convenience and Necessity (CPCN) and the case in which Bluegrass Water received the CPCN for each project.

b. For any project for which a CPCN has not been granted:

(1) Explain the need for the project and why the project will not result in wasteful duplication.

(2) Provide any engineering or other documents that support the need for the project; and

(3) State whether all or any portion of the costs for the projects were excluded from rate base in Bluegrass Water's last rate case.

c. Identify the cost for those portions of the Mission monitoring systems previously installed by Bluegrass Water that were then or must now be replaced or removed from service as described in Case No. 2022-00216 and explain how those costs were identified.

d. State whether the cost of the improvements include AFUDC, and if so, explain how the AFUDC was calculated for each project and identify the amounts of AFUDC included in the cost for each project.

e. Provide the invoices that support the cost of the projects for the River Bluff's system that indicate they were placed in service January 1, 2022.

RESPONSE: (a) Please see Exhibit PSC 4-4(a).

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(b) Please see Exhibit PSC 4-4(b).

(c) Invoices are reviewed to identify the costs set forth in Exhibit PSC 4-4(c).

These costs would replace the Mission units already in service.

(d) No, the cost of improvements do not include AFUDC.

(e) Please see CONFIDENTIAL Exhibit PSC 4-4(e).

Witness: Brent Thies

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REQUEST NO. 4-5: Refer to Bluegrass Water's response to Staff's Third Request, Item 9(b), Exhibit_PSC3-9_-_Plant_in_Service_Breakdown.xlsx at the tab titled "Acquisition Related Costs."

- a. Provide the invoices that support the costs reflected in this tab.
- b. Provide any engineering reports for which costs are reflected in this tab.

RESPONSE: (a) Subject to and without waiver of the attorney-client privilege and work product doctrine, please see CONFIDENTIAL Exhibit PSC 4-5(a).

(b) Please see Exhibit PSC 4-5(b) (Parts 1-5) for engineering memoranda, ALTA surveys, and service area maps that were produced from the referenced engineering costs. Please note that the estimates in the engineering memoranda do not represent actual costs, a bid, or a quote for the work recommended but were, instead, preliminary estimates. The estimates included in the engineering memoranda include a capital estimate or opinion of probable costs for the projects recommended by the third-party engineer at the time of the initial assessment, prior to the formal design phase where improvements can be finalized, and prior to bidding out work.

Witness: (a) Brent Thies
(b) Jake Freeman

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REQUEST NO. 4-6: Refer to Bluegrass Water's response to Staff's Third Request, Item 12, stating that "[h]istoric book values were not used, in whole or in part, for any system listed in Exhibit PSC 3-12 for which an annual report was not used to derive the Acquisition Date Rate Base." Explain that statement in more detail and identify specifically which systems did not use historic book values.

RESPONSE: Staff's Third Request, Item 12 asked Bluegrass Water to "[c]onfirm that Springcrest, Woodland Acres, and Herrington Haven are the only systems for which no historic book values were used, in whole or in part, to calculate the 'Acquisition Date Rate Base' reflected in Schedule BT-13." Bluegrass Water could not confirm that the statement was correct, and prepared Exhibit 3-12, which lists all relevant systems and the sources used to derive Acquisition Date Rate Base. As explained further below, for those systems that do not include an annual report as a source, the historical book value was not used "in whole"; for those systems that include an annual report and another source, the historical book value was not used "in part."

As shown on Exhibit 3-12, the following systems did not use historical NBV, "in whole": Acadia Pines, Carriage Park, Marshal Ridge, Randview and Darlington Creek. No historic NBVs were used because no historic books and records were available. This is due to the fact that Arcadia Pines, Carriage Park, Marshall Ridge, Randview and Darlington Creek systems were unregulated and had no books of any kind. The Company ordered original cost-less-depreciation studies in an attempt to approximate the historic values, and

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these studies were used to book the acquisition assets. Bluegrass Water considers these studies a proxy for historic cost when historical books and records do not exist.

As shown in Exhibit 3-12, the following systems did not use historical NBV, "in part": Herrington Haven, Springcrest, and Woodland Acres. In these instances, historical books and records were available, but were not up to date and were unreliable. For example, some systems may have previously engaged in capital improvements, but not updated the books and records to account for that capital improvement. Thus, Bluegrass Water utilized the historical books and records to the extent it was possible, but adjustments were made to account for the fact that the records were not up to date.

Witness: Brent Thies

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REQUEST NO. 4-7: Refer to Bluegrass Water's response to Staff's Third Request, Item 12, Exhibit PSC 3-12.

- a. Explain what "Allocated Value" means as used in that exhibit.
- b. Provide the HUD Settlement Statement referred to in that exhibit.

RESPONSE: (a) **Allocated Value refers to the acquisition adjustment value as described in Brent Thies' testimony on page 30, lines 4-10. For further explanation, please also see Response to PSC No. 4-6, which explains that additional value was allocated to the assets of the relevant systems because the prior owners had failed to properly update the books and records to accurately account for the assets they had actually placed in service.**

- (b) **Please see Exhibit PSC 4-7(b).**

Witness: Brent Thies

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REQUEST NO. 4-8: Refer to Bluegrass Water's response to Staff's Third Request, Item 18, Confidential Exhibit PSC 3-18.

a. Provide all timesheets used by CSWR to allocate CSWR GL Expenses to Bluegrass Water.

b. Confirm that the "Payroll/EE Removed" reflect amounts allocated based on the time sheets, and if that cannot be confirmed, explain why it cannot be confirmed.

c. Provide a copy of CSWR's time keeping policy.

d. Explain CSWR's timekeeping policy in detail, including the increments in which employees keep time; the entities and tasks to which they can code time; when they are supposed to code time to a particular entity or task; whether there is time that is not coded to a particular entity; whether the task being completed for an entity must be described and to what extent; when employees are required to complete timesheets (e.g., daily, weekly, or monthly); and whether timesheets are audited or checked for accuracy, and if so, explain how.

e. State when CSWR's employees began maintaining timesheets.

f. Explain how the information on the timesheets is used to allocate costs.

g. Provide an Excel spreadsheet with all formulas, rows, and columns intact, unprotected and fully accessible showing how the information from the timesheets was used to determine the allocated EE Expense from the total Payroll/EE expense.

RESPONSE: (a) Time sheets are captured electronically and are included among Exhibit OAG 1-6A (Parts 1-4). For Exhibit OAG 1-6A Part 1, please see the tabs labeled "Jan Data," "Feb Data," and "Mar Data". For Exhibit OAG 1-6A Part 2, please see the tabs

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labeled "Apr Data," "May Data," and "June Data". For Exhibit OAG 1-6A Part 3, please see the tabs labeled "July Data," "Aug Data," and "Sept Data". For Exhibit OAG 1-6A Part 4, please see the tabs labeled "Oct Data," "Nov Data," and "Dec Data".

(b) "Payroll/EE Removed" items reflect amounts related to all payroll expenditures, including salary and benefits. The procedure being used completely removes actual payroll and employee expenses from the general ledger before adding components back based on timesheets and the overhead allocation factor.

(c) Timesheet procedures are discussed, and training provided, as part of new employee orientation.

(d) CSWR, LLC employees are directed to record time in the Paycor timekeeping system monthly. They are instructed to record time by function and by utility operating company, with the option to record time as 'All Company' when their work is not primarily focused on any one utility operating company. The Paycor timekeeping system is not currently capable of providing employees with the option of assigning time to further designations, such as service area. CSWR relies on employees to record time appropriately, and timesheets are approved monthly by direct managers.

(e) CSWR, LLC employees started maintaining timesheets in May 2021.

(f) CSWR, LLC employees are instructed to record time by function and by utility operating company, with the option to record time as 'All Company' when their work is not primarily focused on any one utility operating company. When employees allocate

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**their time to Bluegrass Water, for example, that cost is coded directly to Bluegrass Water;
however, if an employee chooses 'All Company,' that cost is allocated based on the CAM.**

**(g) Please see Supplemental Exhibit OAG 1-6 and timesheets previously provided
in Exhibit OAG 1-6A (Parts 1 -4), as explained in Subpart (a) to this Response.**

Witness: Brent Thies

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REQUEST NO. 4-9: Refer to Bluegrass Water's response to Staff's Third Request, Item 18, Confidential Exhibit PSC 3-18. Refer also to the Direct Testimony of Brent Thies (Thies Direct Testimony), page 17, lines 3–6.

a. Provide an Excel spreadsheet showing the total "overhead costs" and its allocation to Bluegrass Water for 2020, 2021, and 2022 like that provided for the test year in Confidential Exhibit PSC 3-18.

b. Provide a breakdown of the total "overhead costs" for 2020, 2021, 2022, and the test year by uniform account.

c. Provide the invoices that support the expense for the test year for any expense identified in the remarks on the "Detail" tab of Confidential Exhibit PSC 3- 18, in whole or in part, as Invoices.

d. Provide a breakout by employee and compensation and benefit type showing the compensation and benefits for all employees included in CSWR GL Expenses, and explain where that compensation is reflected in the "Detail" tab. Include in the breakout and separately identify the portions of the benefits paid by the employee and any payroll or other similar taxes or fees paid by the CSWR.

RESPONSE: (a) **Exhibit PSC 3-18 was compiled specifically for the Bluegrass Water rate case. Please see CONFIDENTIAL Exhibit PSC 4-9(a), CSWR GL Exclusions Q3, Q4 2022 for the remainder of 2022; no other workbook is available for previous time frames.**

(b) **Please see Exhibit PSC 4-9(b).**

(c) **Please see CONFIDENTIAL Exhibit PSC 4-9(c).**

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(d) The detail tab only shows invoices and journal entries for payroll and payment of invoices to benefit providers. Please also see employee timesheets for breakout by employee in Exhibit OAG 1-6A (Parts 1-4), as described in Response to PSC 4-8(a). Additionally, please also see Bluegrass Water's Response to OAG 1-53 and 1-54.

Witness: Brent Thies

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REQUEST NO. 4-10: Refer to Bluegrass Water's response to Staff's Third Request, Item 20, Exhibit_PSC_3-20(a)_-_Expense_Detail.xlsx, tab "923.600."

a. Identify and explain in detail all tasks performed by Elasticity on behalf of Bluegrass Water.

b. Provide the work product produced by Elasticity for or on behalf of Bluegrass Water for which Bluegrass Water was directly charged the amounts reflected in tab 923.600.

RESPONSE: (a) Elasticity performed the following tasks on behalf of Bluegrass Water:

Community Updates: system specific messages informing a community of a particular activity or event (such as a potential adverse weather event) that may impact them but is not necessarily a service interruption or boil alert. Elasticity posted the message to the Community Impact area of the Bluegrass Water webpage and emailed it to those customers who have provided their email addresses.

Welcome Letters: sent to new system acquisition customers, which includes Customer Service contact information and payment/billing information as well as website information for online account registration.

Social media platforms (Facebook and Twitter): these serve as additional channels used to post Boil Alerts/Service Interruptions/Lifts, for communicating blog content on a regular basis, and for providing industry or Bluegrass Water related activities or events. If Bluegrass Water customers comment or pose a question on social media platforms, Elasticity responded by re-directing customers to Bluegrass Water Customer Support to phone or

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email customer service channels or providing a link to the Bluegrass Water webpage (for Alerts, if relevant to question).

Pop Up Messaging: also posted on Bluegrass Water's webpage alerting customers to weather-related events, providing links to the National Weather Service and, when applicable, providing a link to a Bluegrass Water-related blog. These pop-up banners are removed when the weather event has passed.

Tariffs: Elasticity posted all tariffs to the Bluegrass Water website.

Educational Videos: videos specific to Bluegrass Water systems shared on the Bluegrass Water website in the Community Impact area.

(b) Please see Exhibit PSC 4-10(b) (Parts 1-10) for all work product performed by Elasticity on behalf of Bluegrass Water. Exhibit PSC 4-10(b) contains copies of documents that were provided to Elasticity by Bluegrass Water to assist with communication and customer updates, including posting to the Bluegrass Water website, such as the Bluegrass Water tariff and the final order entered in Case No. 2020-00290.

Witness: Aaron Silas

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REQUEST NO. 4-11: Refer to Bluegrass Water's response to Commission Staff's First Request, Item 1, Cost Allocation Manual, at 5, indicating that the cost of property insurance is charged based on the respective values of covered property as a proportion of the total covered property value of the Company.

a. Provide the total property insurance expense for CSWR for the test year and for the calendar years ending 2020, 2021, and 2022.

b. Provide an Excel spreadsheet, with all formulas, rows, and columns intact, unprotected and fully accessible, showing the allocation of the total property insurance expense for the test year to all systems and entities managed by CSWR from the property values used for the allocation (e.g., showing the full methodology for the allocation including the property values used).

c. Provide a spreadsheet showing the total property value and the property values for all systems and entities managed by CSWR for the calendar years ending 2020, 2021, and 2022.

d. Explain why property insurance rates, which may vary by location, should not also be used in allocating the total cost of property insurance.

RESPONSE: (a) Please see Exhibit PSC 4-11.

(b) Please see Exhibit PSC 4-11, at tab "Property Expense Test Year."

(c) Please see Exhibit PSC 4-11, at tab "Total Property Details '20-'22."

(d) **CSWR and its subsidiaries procure insurance as a consolidated whole. This approach leads to economies of scale, which are beneficial to customers. Property insurance cost are based on total insured value, which varies by service area.**

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REQUEST NO. 4-12: Refer to the Thies Direct Testimony, page 29, line 4, through
page 30, line 10.

a. For each of the adjustments or valuations reflected on the three tables in that section, state whether Bluegrass Water contends that KRS 278.295 does not apply to the adjustment or valuation, and if Bluegrass Water contends that it does not apply to an adjustment or valuation, explain in detail why Bluegrass Water contends that KRS 278.295 does not apply.

b. Explain how the total Acquisition Date Rate Base for each of the systems, with the adjustments and valuation increases discussed by Mr. Thies, meet the requirements of KRS 278.295, including that the valuation will not materially adversely impact the overall costs or rates of the acquiring utility's existing and new customers.

RESPONSE: (a) While a response to PSC Request No. 4-12 requires a legal conclusion, the Company does not believe KRS 278.295 applies to any system acquired by Bluegrass Water prior to June 29, 2021, which is the effective date of KRS 278.295. KRS 278.295 does not provide that it has retroactive effect. KRS 278.295 did not become effective until after Bluegrass Water acquired the systems identified in the table on Page 29, lines 12 through 20 ("Table 1") of the Direct Testimony of Brent Thies and after Bluegrass Water filed its first application for a base rate change for the systems identified on Table 1. See Case No. 2020-00290. Accordingly, Bluegrass Water does not believe KRS 278.295 applies to any system identified in Table 1 (or any other system acquired by Bluegrass Water prior to June 29, 2021).

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Even if KRS 278.295 applied to all remaining systems other than those set forth in Table 1 (a legal conclusion that Bluegrass Water does not concede), for the systems identified in the tables on Page 30, lines 1-3 ("Table 2") and Page 30, lines 8-10 ("Table 3") of the Direct Testimony of Brent Thies, Bluegrass Water has complied with KRS 278.295(4) as it relates to those systems because this is the first application for a base rate change filed for those systems. All of the factors required for consideration by the Commission under KRS 278.295(4) were addressed in the Direct Testimony of Brent Thies, Page 32, line 19 through Page 34, line 22.

(b) Based on the analysis in Exhibit PSC 4-12(b), the impact to the revenue requirement of the acquisition adjustments is 2.7%, which Bluegrass Water submits does not represent a material adverse impact to Bluegrass Water's customers.

Witness: Brent Thies

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REQUEST NO. 4-13: Refer to Bluegrass Water's response to the Office of the Attorney General's First Request for Information (Attorney General's First Request), Item 124 and the corresponding Exhibit OAG 1-124, Allocated Overhead Adjustment – Final.

a. Explain whether Q1-22 and Q2-22 expenditure increases over Q3- 21 and Q4-21 in Exhibit OAG 1-124 are considered seasonal or permanent.

b. Response 1-124 states that “[w]hile overhead expenses were examined for annualization, no adjustments for annualization were made in arriving at the revenue requirement.” State what the full-year allocation would have been if an adjustment had been made for annualization of overhead expenses.

RESPONSE: (a) In Q2, 2022, CSWR employees began preparing and executing CPCN and financing case filings on behalf of Bluegrass Water. Bluegrass Water expects to make CPCN, financing and other required filings on an ongoing basis.

(b) In his testimony, Mr. Thies indicated that he had “reviewed and adjusted” overhead expense for “exclusions, adjustments and annualizations.” Bluegrass Water has already detailed the adjustment of corporate overhead expense for exclusions. That said, while he did a review, Mr. Thies did not make any specific annualization. Instead, based upon his review, Mr. Thies determined that an annualization of most corporate expenses was immaterial. On the other hand, while material, an annualization of salary increases that occurred in late 2022 would have served to further increase the requested revenue requirement.

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REQUEST NO. 4-14: Refer to Bluegrass Water's response to the Attorney General's First Request, Item 119, Exhibit OAG 1-119 – CONFIDENTIAL BMS Primary Property.

a. Explain whether the premium listed next to TOTAL on page 2 of 184 of the policy represents the total annual cost for the policy, and if not, identify the total annual cost for the policy.

b. If annual cost for the policy is different than the total property insurance expense from which the allocation of expense to Bluegrass Water was determined, explain why.

c. Identify any systems managed by CSWR located in Tier 1 as that term is used on page 38 of 184 of the policy.

d. Provide the "Schedule of Values" referred to on page 8 and 13 of 184 of the policy.

e. Explain the coverage for "Business Income" in the amount of [REDACTED] and whether the cost for that coverage, or any portion thereof, is passed on to Bluegrass Water's ratepayers.

f. Identify that portion of the premium that is to insure business income, and explain how it was determined.

RESPONSE: (a) The total on page 2 of the policy represents the total annual cost of that policy for all of CSWR and its subsidiaries. A portion of this cost is allocated to Bluegrass based on the company's total insured value, as outlined in the Schedule of Values.

(b) The annual cost for the policy is not different than the total property insurance expense used to allocate expenses to Bluegrass Water.

(c)

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- (d) Please see **CONFIDENTIAL Exhibit PSC 4-14(d)**.
- (e) The coverage for business income is for an event involving a significant disruption of service. Under such circumstances, this insurance would cover the business' operating costs.
- (f) Business income is included as a component of the total insured value, and no discrete portion of the premium can be identified as relating solely to that component. The business income portion of total insured value is demonstrated in the Schedule of Values (SOV) provided in response to part (d).

Witness: Brent Thies

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REQUEST NO. 4-15: Explain how the bids for operator contracts were obtained by Bluegrass Water, and how this process creates operational economies or maximizes savings to customers.

RESPONSE: Please see the following process on how bids for operator contract are obtained by Bluegrass Water:

- (1) Operation and Maintenance firms that are licensed, or willing to obtain the proper license to operate, in the state where projects are closing are sent a Request for Qualifications (RFQ) and returned to CSWR Staff for review.
- (2) Upcoming closings are reviewed monthly.
- (3) Projects that are projected to close 6 months from the review month are identified to go out for bid.
- (4) Bid Package is prepared.
 - Sites are broken up regionally.
 - Member of the EHS Compliance Team reviews permit numbers using state specific databases and internal engineering memos.
- (5) Bid Packet is sent out to qualified contracting firms.
 - Firms must have gone through the RFQ Process to receive a packet.
 - The Regional Manager sets dates for the site visits if requested.
- (6) The timeline of the Bid Process is completed, and the bids are received.
 - 90 Day Process.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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CASE NO. 2022-00432

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
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- (7) **Internal team selects the winning bids. Selections are based on “lowest and best” contractor for the project that has been presented.**
- **Regional Managers are informed of the winning firm.**
 - **CSWR Legal Team is informed of the winning firm and packet contents for contract preparation.**
- (8) **Communication to the bidders is completed.**
- **Regional Managers send an official award and participation letter to the respective firms.**

Witness: Todd Thomas

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
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REQUEST NO. 4-16: Provide any requests for proposals or bids sent out since January 1, 2021, for operator contractors, provide any responses thereto, and state who the requests for proposals or bids were sent to and how they were selected.

RESPONSE: Please see Exhibit PSC 4-16. Requests for Proposals ("RFPs") were sent to qualified contractors that included Woodard & Curran, WET Environmental, Strickland Engineering, Midwest Water Operations (now known as Clearwater Solutions), Veolia, Jacobs, Inframark, and H2O Innovation.

All received bids are reviewed with the intent to find the lowest and best bidder for the project. Things considered include, but are not limited to cost, additional services, and staffing.

Witness: Todd Thomas

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
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REQUEST NO. 4-17: State whether Bluegrass Water has ever sought quotes or bids for property insurance for its Kentucky operations only, and if not, explain why it has not done so.

RESPONSE: Bluegrass Water has not sought quotes or bids for property insurance for its Kentucky operations, exclusively. The Company believes economies of scale achieved through Company-wide bids result in lower insurance costs, which are reflected in customer 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
COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION

REQUEST NO. 4-18: State whether Bluegrass Water has ever received quotes or bids for property insurance for its Kentucky operations only, and if so, provide those quotes or bids.

RESPONSE: Please see Bluegrass Water's Response to PSC Request No. 4-17.

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
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REQUEST NO. 4-19: Provide all bills or billing documents that reflect rates or costs for property insurance for the test period.

RESPONSE: Please see **CONFIDENTIAL Exhibit PSC 4-19 for copies of invoices.**
Please also see Exhibit PSC 4-11 for insurance for the test period.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
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REQUEST NO. 4-20: Provide any quotes, bids, bills, or other documents showing
the cost or rates for CSWR's property insurance broken down by state.

RESPONSE: Please see Exhibit PSC 4-14(d).

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
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REQUEST NO. 4-21: Provide a breakdown of the Employee count by state for
CSWR.

RESPONSE: CSWR employees are employed at the CSWR, LLC level and not on a
state-by-state basis. However, some employees focus their time in specific states. Please see
CONFIDENTIAL Exhibit PSC 4-21 for a list of CSWR employees and those dedicated to a
specific state.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
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REQUEST NO. 4-22: Provide the estimated in-service dates for each project reflected as a pro-forma plant addition, and explain how each such in-service date was projected.

RESPONSE: June 2024 is the estimated in-service date for the projected additions. Without having confirmation from contractors at the time of filing, this date was a reasonable estimate because Bluegrass believed the work could be completed by June 2024.

Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
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REQUEST NO. 4-23: Provide updated cost-justification information to support each nonrecurring charge listed in Bluegrass Water's tariff.

RESPONSE: As demonstrated in Bluegrass Water's response to PSC Request No. 2-26, the fee charged by the bank to Bluegrass Water for a returned check is \$16.00. The Company is proposing to recover \$15 from the customer. As relates to the 10% proposed late payment fee, there is not specific cost support 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.

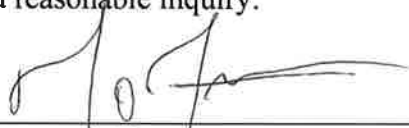
Witness: Brent Thies

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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CASE NO. 2022-00432

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION

VERIFICATION

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



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

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

SUBSCRIBED AND SWORN TO before me on this the 26th day of JULY, 2023.

My commission expires: OCT 16, 2026



Notary Public

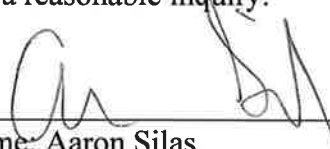


ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION

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.



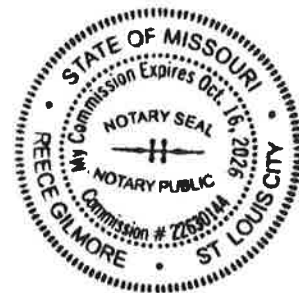
Name: Aaron Silas
Title: Director of Regulatory Operations
Bluegrass Water Utility Operating Company, LLC

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

SUBSCRIBED AND SWORN TO before me on this the 25th day of JULY, 2023.

My commission expires: OCT 16, 2024



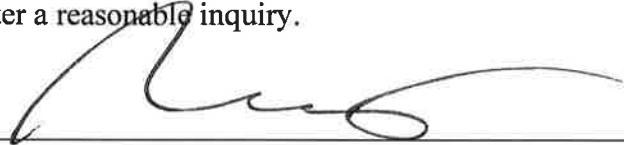
Notary Public

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
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VERIFICATION

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




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

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

SUBSCRIBED AND SWORN TO before me on this the 25th day of JULY, 2023.

My commission expires: OCT 16, 2026

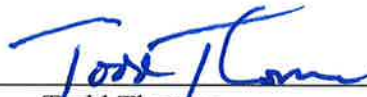

Notary Public

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
COMMISSION STAFF'S FOURTH 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 26th day of JULY, 2023.

My commission expires: OCT 16, 2026


Notary Public