

**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
SUPPLEMENTAL RESPONSES TO SCOTT COUNTY, KENTUCKY’S
FIRST REQUESTS FOR INFORMATION**

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

FILED: July 6, 2023

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REQUEST NO. 1-18: Reference: Application, Exhibit 11, Direct Testimony of
Timothy Lyons, Exhibit 1, Direct Schedule TSL-1. Please provide:

- a. From the testimonies summarized on pages 2 through 7, a copy of Timothy Lyons' testimony submitted in each docket in which water and/or wastewater rates were at issue in the proceeding; and
- b. For each of the testimonies identified in sub-part a (above), the date of the final order in the proceeding.

ORIGINAL RESPONSE: Bluegrass Water objects to this Request as unduly burdensome in calling for the production of public records readily available to Scott County, Kentucky.

SUPPLEMENTAL RESPONSE: (a) Please see the following links for testimony submitted in each docket in which water and/or wastewater rates were at issue by Timothy Lyons.

Maine Water Docket No. 2021-00053:

<https://mpuccms.maine.gov/CQM.Public.WebUI/Common/ViewDoc.aspx?DocRefId={40C207F3-5F37-4857-B12C-4EDBBD22FB68}&DocExt=pdf&DocName={40C207F3-5F37-4857-B12C-4EDBBD22FB68}.pdf>

Liberty Utilities (Pine Bluff Water) – Docket No. 18-027-U:

https://apps.apsc.arkansas.gov/pdf/18/18-027-U_98_1.pdf

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(b) Please see the following links for the final order of each proceedings referenced
in sub-part (a).

Maine Water - Docket No. 2021-00053 – June 23, 2021:

[https://mpuccms.maine.gov/CQM.Public.WebUI/Common/ViewDoc.aspx?DocRefId
={4162379D-14D7-44B0-A061-
BD34A7C6E4BA}&DocExt=pdf&DocName={4162379D-14D7-44B0-A061-
BD34A7C6E4BA}.pdf](https://mpuccms.maine.gov/CQM.Public.WebUI/Common/ViewDoc.aspx?DocRefId={4162379D-14D7-44B0-A061-BD34A7C6E4BA}&DocExt=pdf&DocName={4162379D-14D7-44B0-A061-BD34A7C6E4BA}.pdf)

Liberty Utilities (Pine Bluff Water) – Docket No. 18-027-U – September 16, 2022:

https://apps.apsc.arkansas.gov/pdf/18/18-027-U_130_1.pdf

Witness: Timothy Lyons

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REQUEST NO. 1-19: Reference: Application, Exhibit 3, Central States Water Resources Corporate Entity Organization Chart; and Exhibit 11, Direct Testimony of Timothy Lyons, pages 4 and 5. Please provide:

- a. For any other entity appearing on Exhibit 3 operating in another jurisdiction (“CSWR, LLC Entity”), provide the most recent cost of service study for any entity using a “traditional class cost of service study” in support of an application to adjust rates; and
- b. For the commercial/non-residential class and multifamily class equivalencies identified on page 5 at lines 1 through 3, identify any other CSWR, LLC Entity operating in another jurisdiction that uses equivalencies that differ from either or both equivalencies proposed for Kentucky through the instant application and identify and provide the other equivalencies.

RESPONSE: Bluegrass Water objects to this Request as overly broad, unduly burdensome, and not likely to lead to the production of any relevant evidence as any utilities operating in another jurisdiction are subject to regulation by a different sovereign, with varying rules, regulations and laws that are inapplicable to this proceeding.

SUPPLEMENTAL RESPONSE: (a) A “traditional class cost of service study” has not been conducted for any entity appearing on the referenced Exhibit. In one other instance, Mr. Lyons has sponsored a cost of service study for the Missouri affiliate of Bluegrass Water. Like in this proceeding, Mr. Lyons did not perform a “traditional class cost of service study” due to the fact that demand information was likewise not available for

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all classes of customers. Please see the following link to Mr. Lyons testimony that sponsors the cost-of-service study for the Missouri affiliate of Bluegrass Water. A final order in that proceeding is not expected until October, 2023. Mr. Lyons has not provided a cost-of-service study for any other CSWR affiliates.

Confluence Rivers Utility Operating Company WR-2023-0006/ SR-2023-0007:

https://efis.psc.mo.gov/mpsc/commoncomponents/view_itemno_details.asp?caseno=WR-2023-0006&attach_id=2023011417

(b) Please refer to the Company's response to sub-part (a). No class equivalencies were utilized in the proposed rate design referenced in sub-part (a). The Company's affiliate in Louisiana utilizes a 4x commercial equivalency. The Company's affiliate in Mississippi utilizes an ERU multiplier between 1-8 depending on the type of commercial customer. The below table details these equivalencies.

Facility Type	ERU
Light Commercial Office	1
Medium Commercial Office	2
Community Center	3
Medium Commercial Retail	3
Daycare / School	5
Large Commercial Gym	5

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Assisted Living Facility

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Witness: Timothy Lyons

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REQUEST NO. 1-20: Reference: Exhibit 11, Direct Testimony of Timothy Lyons,
pages 6 through 8. Please provide:

- a. For a scenario in which the Public Service Commission approves an overall revenue requirement less than the revenue requirement proposed through the instant application, is it Bluegrass Water's position that the reduction should be accomplished by a corresponding pro rata decrease in each proposed rate of Bluegrass Water? (Otherwise stated: If the Commission determines a revenue requirement less than the revenue requirement proposed, does Bluegrass Water maintain that it is fair, just, and reasonable to apply the same across-the-board percentage decrease to each of the proposed rates?) Fully explain why or why not.
- b. For a scenario in which the Public Service Commission approves an overall revenue requirement in excess of the revenue requirement proposed through the instant application, is it Bluegrass Water's position that any increase in revenue should be accomplished by a corresponding pro rata increase in each proposed rate of Bluegrass Water? Fully explain why or why not.
- c. Explain what is meant on page 7, line 1 by the phrase "potential bill continuity concerns."
- d. Please explain why the method for determining the proposed fixed charge for commercial sewer service for Persimmon Ridge is appropriate for determining the proposed fixed charge for commercial service in the Delaplain service area.

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e. Explain how the principles of gradualism, preventing rate shock, economic development, and/or affordability were incorporated into Bluegrass Water's rate design in the instant application.

f. For any other CSWR, LLC Entity operating in another jurisdiction, identify each instance in which an entity has proposed a rate design that incorporates principles of gradualism, preventing rate shock, economic development and/or affordability and provide a copy of the pertinent section of the application and/or docket through which the proposal was made.

g. For any regulatory agency, commission, or board that has jurisdiction over the rates of a CSWR, LLC Entity operating in another jurisdiction, identify each instance in which a regulatory authority has entered a final order in which the principles of gradualism, preventing rate shock, economic development and/or affordability have been incorporated into the rates approved for the entity and, for each instance, provide a copy of the pertinent section(s) of the order discussing the application of the principle(s)

ORIGINAL RESPONSE: (a) Yes. Please refer to Bluegrass Water's

Response to SC No. 1-3.

(b) Yes. Please refer to Bluegrass Water's Response to SC No. 1-3.

(c) Please see Bluegrass Water's Response to PSC 2-24 and OAG 1-65.

(d) The approach to establish the proposed fixed charge for commercial sewer service is based on an equivalency factor of 2.5 times that of the residential class. The equivalency factor was approved by the Commission in the Company's most recent rate case.

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(e) Please see Bluegrass Water's Response to SC Request No. 1-3.

(f) Bluegrass Water objects to subsection (f) as overly broad, unduly burdensome, and not likely to lead to the production of any relevant evidence as any utilities operating in another jurisdiction are subject to regulation by a different sovereign, with varying rules, regulations and laws that are inapplicable to this proceeding.

(g) Bluegrass Water objects to subsection (g) as overly broad, unduly burdensome, and not likely to lead to the production of any relevant evidence as any utilities operating in another jurisdiction are subject to regulation by a different sovereign, with varying rules, regulations and laws that are inapplicable to this proceeding.

SUPPLEMENTAL RESPONSE: (a) Yes. Please refer to Bluegrass Water's Response to SC No. 1-3.

(b) Yes. Please refer to Bluegrass Water's Response to SC No. 1-3.

(c) Please see Bluegrass Water's Response to PSC 2-24 and OAG 1-65.

(d) The approach to establish the proposed fixed charge for commercial sewer service is based on an equivalency factor of 2.5 times that of the residential class. The equivalency factor was approved by the Commission in the Company's most recent rate case.

(e) Please see Bluegrass Water's Response to SC Request No. 1-3.

(f) Please see the following dockets for instances in which CSWR, LLC has proposed a rate design that incorporates principles of gradualism, preventing rate shock,

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**economic development and/or affordability: Mississippi (Docket No. 2022-UN-86), Kentucky
(Case No. 2020-00290), Louisiana (Docket No. U-35822).**

**(g) For final orders to the dockets referenced in sub-part (f), please see attached
Exhibit SC 1-20.**

Witness: Aaron Silas

