

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

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

ATTORNEY GENERAL'S POST-HEARING BRIEF

The Attorney General of the Commonwealth of Kentucky (“Attorney General”), through his Office of Rate Intervention, hereby provides the following Post-Hearing Brief related to the Hearing held on September 19, 2023 through September 20, 2023 regarding the request of Bluegrass Water Operating Company, LLC (hereinafter “Bluegrass Water,” “Bluegrass,” or the “Company”) for an increase in rates.¹

Bluegrass Water owns and operates twenty wastewater facilities in Bullitt, Franklin, Garrard, Graves, Hardin, Jessamine, Madison, Marshall, McCracken, Oldham, Scott, and Shelby counties and a water utility in Calloway County.² It has 2,488 wastewater connections.³ The business model of Bluegrass Water is to acquire systems in poor condition and perform the needed rehabilitation.⁴ Bluegrass Water began operations in Kentucky in 2019.⁵ In August of 2021, the Commission approved

¹ See Application at Exhibit 3, Bluegrass Water Utility Operating Company, LLC is a subsidiary of Bluegrass Water Utility Holding Company, which is a subsidiary of Kentucky CSWR, LLC, which is a subsidiary of CSWR, LLC, which is owned by US Water Systems, LLC, which has been referred to erroneously as “US Water, LLC” as discussed more fully below.

² Application at 4; Direct Testimony of Timothy Lyons at 3.

³ *Id.*

⁴ Direct Testimony of Josiah Cox at 7.

⁵ *Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction*, Case No. 2020-00290, Order of August 2, 2019 at 2.

updated rates for Bluegrass Water, which resulted in substantial increases for its ratepayers.⁶ Prior to August 2021, Bluegrass Water’s sewer customers paid varied rates based on the rates charged by the previous owners of each system; those rates ranged from \$15.00 to \$55.85 per month.⁷ Bluegrass Water requested a unified rate of \$96.14 per month for all sewer customers.⁸ After many adjustments and exclusion of certain systems, the Commission approved a unified rate for all remaining Bluegrass Water sewer customers of \$85.97 per month.⁹ Notably, the Commission ruled that the unified rate did not apply to “the 00297 systems”- Delaplain Disposal Company (“Delaplain”), Herrington haven Wastewater Company Inc. (“Herrington”), Springcrest Sewer Company, Inc. (“Sprincrest”), and Woodland Acres Utilities, LLC (“Woodland”) – because the purchase of those systems had not been approved prior to the filing of the rate case.¹⁰ Bluegrass now seeks to apply the unified rate schedule to those systems, plus the Darlington Creek Homeowner’s Association, Inc. system (“Darlington”), a system transferred to Bluegrass Water in 2022.¹¹ If the current proposal is approved, the monthly unified rate for all residential sewer customers would increase to \$99.37 from \$85.97, a 15.58% increase. The current monthly rate and the corresponding increase, if the new rate were approved for the systems not currently on the unified rate, are as follows:

Darlington Creek: \$45.00 fixed charge, a 120.8% increase

⁶ *Id.*

⁷ *Id.* at 5.

⁸ *Id.*

⁹ *Id.* at Appendix B.

¹⁰ *Id.* at 4.

¹¹ *Id.* at 6; *Electronic Proposed Acquisition of Wastewater System Facilities By Bluegrass Water Utility Operating Company, LLC*, Case No. 2021-00265.

Delaplain: \$12.50 fixed charge, a 695% increase

Herrington Haven: \$49.66 fixed charge, a 100.1% increase

Springcrest: \$27.43 fixed charge a 262.3% increase

Woodland Acres: \$19.47 fixed charge a 410.4% increase

Also, important to note, during the pendency of this matter, the Commission approved the transfer of one of Bluegrass Water's systems, Randview, to Mayfield Electric and Water Systems.¹²

At the outset, Bluegrass Water Utility Operating Company, LLC ("Bluegrass") should be commended for its work in rehabilitating some of the Commonwealth's troubled small wastewater treatment systems. Those efforts are laudable. Nonetheless, pursuant to KRS 278.010(1) and just as with all other utilities operating within the Commonwealth, Bluegrass is authorized to, "demand, collect and receive fair, just and reasonable rates,"—no more and no less.

In order to arrive at fair, just, and reasonable rates, in this case the Commission should: (1) reaffirm a commitment to gradualism in ratemaking, (2) limit return on equity to a reasonable amount, (3) adjust the revenue requirement to account for reduced insurance expense, (4) adjust the revenue requirement to account for the transfer of the Randview system, (5) adjust the revenue requirement to account for approved site visit waivers, (6) determine that acquisition premiums are not recoverable and adjust the revenue requirement accordingly, (7) adjust the

¹² *Electronic Joint Application of Bluegrass Water Utility Operating Company, LLC and the Electric Plant Board of Mayfield, Kentucky for Approval of Acquisition and Transfer of Ownership and Control of Wastewater Facilities Serving Randview Estates Subdivision in Graves County, Kentucky*, Case No. 2022-00218, Order of May 5, 2023.

revenue requirement to exclude business development expense, (8) adjust the revenue requirement to reflect revenues to be generated from new late fees, (9) adjust the revenue requirement related to bad debt expense, and (10) impute a reasonable capital structure to Bluegrass based on its unwillingness to cooperate with discovery calculated at identifying its true cost of capital.

I. The Commission should consider the rate-making principles of rate shock and gradualism in deciding whether to approve the rates proposed by Bluegrass.

The Commission has “long-recognized” that rate adjustments of a certain magnitude should be allowed only gradually in order, “to mitigate rate shock.”¹³ In a case involving the *Mountain Water District*, the Commission held that the “Commission’s long-recognized principle of gradualism” was violated where Mountain Water sought an increase of 169% in sewer rates.¹⁴ The Commission went on to determine that, “a phased-in approach to a large rate increase is an appropriate way to manage gradualism in an effort to lessen rate shock.”¹⁵ For the systems not currently on the unified rate schedule, the rate increases proposed are similar to, and some are more than, those experienced by the Mountain Water customers. The Commission should consider whether a “phased-in” approach is better for those systems.

Bluegrass Water asserted through rebuttal testimony that, “[t]he AG does not

¹³ *In the Matter of: Application of Mountain Water District for an Adjustment of Water and Sewer Rates*, Case No. 2014-00342, Order of October 9, 2015.

¹⁴ *Id.*

¹⁵ *Id.*

propose a phase-in of approved rates.”¹⁶ While it is true that the Testimony of David Dittmore did not include a formal recommendation that any rate increases be phased-in, this silence is not indicative of opposition to such an approach. The Commission has the authority to phase-in rate adjustments if it deems such an approach appropriate to mitigate harm to ratepayers.¹⁷

II. The Commission should limit the Return on Equity to a reasonable amount.

Company Witness D’Ascendis recommended a return on equity of 11.65%, a rate higher than his 9.16% Discounted Cash Flow Model (DCF) or 11.58% Capital Asset Pricing Model (CAPM). His recommendation is premised on a company-specific “business risk adjustment” of 100 basis points.¹⁸

Company Witness D’Ascendis business risk adjustment is based in part on Bluegrass Water’s size. However, the impact of the size of the utility in setting an appropriate return on equity should be tempered because ratepayers have no control over whether the system near their home is bought by a small or large operator. Bluegrass controls the size and diversity of its operations. The Commission should consider that, while Bluegrass may be small, its parent companies are large and control a more diversified portfolio of utilities. If the utility’s size affects business risk, the Commission should consider the true scope of the company’s operations, not just the capitalization of the relatively new venture in the Commonwealth. CSWR

¹⁶ Rebuttal Testimony of Timothy Lyons at 4.

¹⁷ Importantly, the gradual phase-in of rates need not be accompanied by an associated regulatory asset accumulating the difference between the lower “phase-in” rate and a higher hypothetical rate. To do so would blunt the effectiveness of the relief afforded by the phase-in.

¹⁸ See Direct Testimony of Dylan D’Ascendis at 3-4.

made a business judgment to silo its few Kentucky assets and segregate those from its other operations through the organization of its business. To penalize a ratepayer for this business judgment is unfair, unjust, and unreasonable.

Company Witness D'Ascendis' testified in support of the business risk adjustment even though the Commission specifically rejected this approach in Bluegrass Water's prior rate case. "[A] business risk or size adjustment has not been approved in the past and the Commission agrees with the Attorney General and the Joint Intervenors that the explicit inclusion is not reasonable as such an adjustment is arbitrary and inflates the model results."¹⁹

The Commission should approve a reasonable, market-based return on equity that does not include the alleged company-specific business risk proposed by Bluegrass.

III. The Company agreed with Witness Dittmore's adjustment to test year insurance expense.

The Company has voluntarily reduced its revenue requirement request by \$90,314 to reflect lower insurance expenses as suggested by Witness Dittmore.²⁰ That number varies slightly from the adjustment proposed by Witness Dittmore, \$89,411, because the Company used a 1% gross-up factor for bad debt.²¹ Inasmuch as the Attorney General opposes the inclusion of bad debt expense and assuming the Commission agrees with the Attorney General on the application of bad debt expense

¹⁹ *Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction*, Case No. 2020-00290, Order of August 2, 2019 at 109.

²⁰ Rebuttal Testimony of Brent Thies at 3 and 7.

²¹ Company's Response to Attorney General Post-Hearing Data Request 1.

generally, the Commission should confirm the adjustment in the amount proposed by Witness Dittmore, not the amount proposed by the Company.

IV. The Company's proposal to reduce the revenue requirement by \$7,779 to account for the transfer of Randview is insufficient.

On May 5, 2023, the Commission approved the Company's request to transfer the Randview system to the City of Mayfield.²² The Company proposed that its revenue requirement should be reduced by \$7,779 related to this sale.²³ However, the Company previously indicated in discovery that the revenue requirement impact of the transfer would be greater. The Company indicated the Proposed Revenue Requirement of \$3,727,085 would be reduced to \$3,667,877 if Randview was excluded.²⁴ The difference between these two values is \$59,208. Elsewhere in the record, the Company alternatively indicated the sale of Randview would have a revenue requirement impact of \$72,038.²⁵ To complicate matters further, the Company has cited multiple conflicting values for Randview operation and maintenance expense.²⁶ Thus, the revenue requirement should be reduced by \$59,208 or \$72,038, consistent with the Company's previous representations, not \$7,779. In a post-hearing filing, the Company has acknowledged that that \$59,208 is the correct value for this reduction.²⁷

²² *Electronic Joint Application of Bluegrass Water Utility Operating Company, LLC and the Electric Plant Board of Mayfield, Kentucky for Approval of Acquisition and Transfer of Ownership and Control of Wastewater Facilities Serving Randview Estates Subdivision in Graves County, Kentucky*, Case No. 2022-00218.

²³ Rebuttal Testimony of Brent Thies at 3.

²⁴ See Response to AG 1-56 Exhibit 1 of 3

²⁵ See Response to Commission Data Request 1-32.

²⁶ See \$41,002 in Response to Attorney General's Data Request 1-56 (3/3) compared to \$58,647 in Response to Attorney General's Data Request 1-130.

²⁷ Company's Response to Attorney General Post-Hearing Data Request 3.

V. The Commission should verify the revenue requirement effect due to the site visit waiver.

The Company proposes that the revenue requirement be reduced by \$168,433 based on the Commission's approval of a more limited site visit schedule.²⁸

The Company has represented varying amounts as the revenue effect of the site visit waiver. The Company has represented that the operating expense impact of the approved limited site monitoring would be \$250,070.16.²⁹ In its Order approving the request, the Commission stated that Bluegrass Water represented it would save \$275,000 in annual operations and maintenance expense based on the requested change.³⁰ The Company requested partial rehearing, noting that three systems would still need to be monitored daily because remote monitoring equipment had not yet been installed at those systems.³¹ The Commission granted that Motion, but even if this is the basis for the discrepancy in these values, the proposed reduction is only 61% of the amount the Company suggested ratepayers could save. The Commission should verify the accuracy of the amount by which the revenue requirement needs to be reduced to account for reduced in-person monitoring.

²⁸ *Electronic Application of Bluegrass Water Utility Operating Company, LLC for a Certificate of Public Convenience and Necessity for the Installation of Monitoring Equipment and for Corresponding Limited Water of Daily Inspection requirements*, Case No. 2022-00216, Rebuttal Testimony of Brent Thies at 3.

²⁹ See Response to PSC Data Request 1-32. Note that the Company adjusts this value to \$244,088 to account for increased depreciation expense related to the equipment, but the Commission should disregard that adjustment since it has not approved depreciation expense.

³⁰ *Electronic Application of Bluegrass Water Utility Operating Company, LLC for a Certificate of Public Convenience and Necessity for the Installation of Monitoring Equipment and for Corresponding Limited Water of Daily Inspection requirements*, Case No. 2022-00216, See Order of August 8, 2023 at 5 and Application at 16.

³¹ *Electronic Application of Bluegrass Water Utility Operating Company, LLC for a Certificate of Public Convenience and Necessity for the Installation of Monitoring Equipment and for Corresponding Limited Water of Daily Inspection requirements*, Case No. 2022-00216, See Motion for Partial Rehearing of August 22, 2023.

At a minimum, the proposed \$168,433 revenue reduction should be increased to \$196,350.49. \$196,350.49 is the value for Cell K36 in the Company's Response Exhibit to Attorney General's Post-Hearing Data Request 2, if Cell J28 is reduced to \$0 to fully remove the Randview site visit waiver expenses. It is the Attorney General's belief that Bluegrass agrees to this adjustment and will propose the same in its Brief.

VI. The Commission should disallow recovery of unrecoverable acquisition premiums.

The Company seeks to recover \$828,127 in acquisition premiums it paid for the systems it owns.³² The revenue requirement impact of collection of these premiums is \$101,000.³³ The Commission established the "Delta Test," which places the burden on the Company to establish that:

[T]he purchase price was established upon arms-length negotiations, the initial investment plus the cost of restoring the facilities to required standards will not adversely impact the overall costs and rates of the existing and new customers, operational economies can be achieved through the acquisition, the purchase price of utility and non-utility property can be clearly identified, and the purchase will result in overall benefits in the financial and service aspects of the utility's operations.³⁴

Here, the Company cannot simultaneously request a 53% increase to base rates while representing it meets a standard requiring a demonstration that, "the initial investment plus the cost of restoring the facilities to required standards will

³² Direct Testimony of Brent Thies at 29-30. $\$90,171 + \$698,456 + \$39,500 = \$828,127$.

³³ See Exhibit 4 to Direct Testimony of David Dittimore.

³⁴ *Electronic Application of Navitas Ky Ng, Johnson County Gas Company, and B & H Gas Company for Approval of Acquisition, Transfer of Ownership, and Control of Natural Gas Utility Systems*, Case No. 2020-00396, Order of April 27, 2021 at 10-11.

not adversely impact the overall costs and rates of the existing and new customers.”³⁵ Both cannot be true. Ratepayers have sustained massive rate increases, and will endure even more if the current proposal is adopted. It cannot be argued reasonably that this fails to constitute an “adverse impact,” fatally damaging the Company’s request to collect these outlays.

Further, regarding whether “operational economies can be achieved through the acquisition” and “overall benefits in the financial... aspects of the utility’s operations,” there is no evidence in the record that ratepayers have benefited financially from the Company’s acquisition of these systems. Bluegrass has failed to make a comparison of how its legal, accounting, human resources, customer service, and business services compare to the cost of those services under previous ownership. It is impossible to know if “operational economies” are being achieved without such an analysis. Rates have only gone up since the acquisitions. Thus, any economies achieved have yet to accrue demonstrably to the benefit of ratepayers.

Lastly, it is bad policy to allow the Company to be reimbursed for the market value of its acquisition of the systems. If the Commission were to allow such recovery, purchasers of systems would lack appropriate incentives to minimize the purchase price paid for such assets. The negative cost effects of such poor decision-making would be directly borne by ratepayers, not the utility owners positioned to control those costs.

Therefore, the Commission should exclude acquisition premiums from rate

³⁵ *Id.*

recovery.

VII. The Commission should reduce the revenue requirement to account for business development activities that were not properly excluded from rates.

Only nine Company employees charge time to business development functions, with those costs excluded from the corporate overhead allocated to the CSWR systems, including Bluegrass.³⁶ For the five top executives of CSWR, the President, Senior Vice President, Vice President/Corporate Controller, Vice President, and Chief Financial Officer, only 11% of their time is charged to the business development function.³⁷ CSWR has 40 pending acquisitions in ten different jurisdictions.³⁸ As the Commission is aware, acquisitions require significant due diligence, negotiation, and regulatory compliance efforts, just to name a few. It simply defies logic that such a small percentage of so few employees time is allocated to business development given the extraordinary scope of the Company's expansion. The Attorney General recognizes that identification of an accurate value to be considered business development expense and disallowed from recovery is difficult. However, the Company, which is the only party in control of the information that would allow such an accurate accounting to be made, has failed to provide the information. It should not be rewarded for that failure by setting rates based on a clearly erroneous value. Accordingly, the Commission should in its discretion reduce the revenue requirement to be paid by ratepayers to offset costs related to business development that are

³⁶ See Exhibit 11 to Direct Testimony of David Dittimore. Bluegrass is allocated 4.31% of corporate overhead.

³⁷ See Response to AG 2-26.

³⁸ See Exhibit 2 to Direct Testimony of David Dittimore.

clearly intermingled with other costs.

Further, the Commission should require Bluegrass to conduct an internal time study identifying time spent: (1) researching potential acquisition targets, (2) managing external vendors engaged in due diligence related to acquisitions, (3) negotiating purchase agreements, and (4) on regulatory filings related to acquisition cases, and any other issues the Commission deems relevant to this analysis. This study should be at the Company expense not recoverable from ratepayers.

VIII. The Commission should reduce the proposed revenue requirement to account for revenue generated by new late fees proposed by Bluegrass Water.

The Company seeks to implement a 10% late payment penalty, but it has not adjusted its revenue requirement to account for this added revenue.³⁹ If the Commission were to approve the request to implement late fees, the revenue generated by these late fees should offset other revenue to be collected through rates. In response to a Data Request from the Attorney General, the Company estimated the revenue effect of the new fee to be generation of an additional \$353,000.42 in revenue.⁴⁰ Thus, if the Commission approves the proposal to charge late fees, the Commission should reduce revenue required from rates by a corresponding amount.

IX. The Commission should reduce the revenue requirement related to bad debt expense.

The Commission should adopt the Attorney General's proposal to reduce the Company's requested level of Bad Debt Expense by \$42,000, as reflected in Exhibit

³⁹ Direct Testimony of David Dittmore at 9.

⁴⁰ Response to AG Data Request 1-66.

DND-9. The Company has acknowledged it has no significant analytical support for its proposed level of Bad Debt Expense. The Company has the burden to support its proposals and it has simply not met this requirement related to its Bad Debt Expense. As addressed in testimony, there were minimal account write offs in the test period. Thus, actual accounting records of the Company do not support the Bad Debt Expense proposed by the Company.

X. Due to Company's failure to provide necessary documentation of the Company's actual capital structure the Commission should impute Witness Dittmore's hypothetical capital structure as opposed to using the hypothetical capital structure suggested by the Company.

Witness Dittmore has presented the Commission with various options for the Company's capital structure including one with a 72.31/27.69 ratio of debt to equity and one with a 86.35/13.65 ratio of debt to equity.⁴¹ These proposals present hypothetical capital structures, which are necessary due to the Company's failure to reveal the true nature of its funding.

In discovery, the Attorney General sought information related to the Company's relationship with US Water, LLC, the entity represented as Bluegrass's ultimate parent company according to the Corporate Organization Chart present by the Company.⁴² Despite the Commission's Order, the Company repeatedly failed to disclose the necessary financial documentation related to US Water, LLC, which necessitated the issuance of subpoenas.⁴³ The Corporate Organization Chart clearly

⁴¹ Direct Testimony of David Dittmore at 25-30; Rebuttal Testimony of David Dittmore at 3-8.

⁴² Application Exhibit 3; See Attorney General's Motion to Compel of May 19, 2023.

⁴³ See Order of August 30, 2023.

shows “US Water, LLC” is a parent of CSWR, LLC.⁴⁴ While the Company acknowledged CSWR, LLC is Bluegrass’s “parent company,”⁴⁵ the Company insisted that “US Water, LLC” is “simply an investor,” and is “outside the Commission’s jurisdiction.”⁴⁶ At Hearing, President of CSWR, LLC Josiah Cox admitted that, while they are “view[ed] as an investor,” US Water, LLC is “the ultimate parent, owner.”⁴⁷ Further limiting any chance for review of US Water, LLC is the fact that U.S. Water, LLC does not exist. “US Water, LLC” is actually “US Water Systems, LLC.”⁴⁸ Cox explained that, in describing the Company to the Commission, “we just shortened,” the name.⁴⁹

When making an application with the Commission, sewer utilities are required to ensure that the Commission has a “full and complete understanding” of relevant corporate relationships.

...[T]he applicant shall submit with its application, the following: A full and complete explanation of corporate or business relationships between the applicant and a parent or brother-sister corporation, subsidiary(ies), a development corporation(s), or any other party or business, to afford the commission a full and complete understanding of the situation.⁵⁰

The Company represented that the relationship between CSWR, LLC and US Water, LLC⁵¹ is relevant by disclosing it on the Corporate Organization Chart. But

⁴⁴ Application Exhibit 3

⁴⁵ Company’s Response to Motion to Compel at 9.

⁴⁶ Company’s Response to Motion to Compel at 9.

⁴⁷ See Hearing of September 19, 2023 at 2:43:40 at <https://www.youtube.com/watch?v=-ANLZvaVwo>.

⁴⁸ See Hearing of September 19, 2023 at 2:42:40 at <https://www.youtube.com/watch?v=-ANLZvaVwo>.

⁴⁹ *Id.*

⁵⁰ 807 KAR 5:071(3)(2)(j).

⁵¹ The Attorney General will continue to refer to the entity by the inaccurate name “US Water, LLC” for the sake of consistency.

thereafter, the Company has deprived the Commission of the information it needs to have a “full and complete understanding” of its relationship with this parent. During the 2020 Rate Case, the Corporate Organization Chart did not reveal the involvement of US Water, LLC. Now it does. But it does not appear that a change of ownership or control has been requested by the Company related to US Water, LLC’s involvement. The Company confirmed that it has not made such a filing.⁵² By failing to make a change of ownership filing and altogether refusing to provide any information about US Water, LLC in this proceeding, the Commission is deprived of any ability to review the impact of US Water, LLC on Bluegrass’s finances or operations.

The Attorney General’s recommendations reflect this deprivation. If the Company wishes to obscure the involvement of US Water, LLC, potentially creating arbitrage opportunity at the expense of Bluegrass’s ratepayers, the assumption should go against the Company that has the power to prompt the disclosure of the necessary information. Hypothetically, US Water, LLC could be borrowing at a low debt rate, providing that capital to Bluegrass Water, and Bluegrass Water could be earning a higher equity rate in return. Without US Water, LLC’s financial records, the Commission is unable to verify whether this is occurring. Witness D’Ascendis attempts to defend such an arrangement.⁵³ While there is certainly room for debate regarding the fairness of certain returns to ratepayers of affiliated entities, Witness

⁵² See Hearing of September 19, 2023 at 2:50:50 at <https://www.youtube.com/watch?v=-ANLZvaVwo>.

⁵³ Rebuttal Testimony of Dylan D’Ascendis.

D'Ascendis' and the Company's proposed capital structure is just as "hypothetical" as that proposed by Witness Dittimore. [REDACTED]

[REDACTED] The Company has failed to provide evidentiary support that the costs at issue are actually equity and not debt. Further, Witness D'Ascendis ignores an important factor in his analysis. The Commission provides shareholders with an opportunity to earn a return on their investment, but the Commission also has an obligation to ensure that ratepayers are only required to pay fair, just, and reasonable rates. Witness D'Ascendis's failure to address the rate impacts of the Company's preferred hypothetical capital structure is important. If a capital structure is not based on actual costs, but instead allows the affiliated companies to earn a windfall exceeding the return of investments plus a reasonable return, the rates supporting that capital structure are not fair, just, and reasonable.

XI. Conclusion

The vast majority of Bluegrass' ratepayers have already been subjected to substantial rate increases. Further increases for those ratepayers are not justified at this time. As for Bluegrass' ratepayers not yet placed on the unified rate schedule and faced with the prospect of substantial rate cases for the first time, the Commission should exercise its discretion to limit the approved increase to the minimum level possible, which allows Bluegrass to recover its legitimate costs and earn a reasonable return thereon.

Respectfully submitted,

DANIEL J. CAMERON
ATTORNEY GENERAL



J. MICHAEL WEST
LAWRENCE W. COOK
ANGELA M. GOAD
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE
SUITE 200
FRANKFORT, KY 40601-8204
PHONE: (502) 696-5433
FAX: (502) 564-2698
Michael.West@ky.gov
Larry.Cook@ky.gov
Angela.Goad@ky.gov
John.Horne@ky.gov

Certificate of Service and Filing

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that, on October 27, 2023, a copy of the forgoing was served via the Commission's electronic filing system.

this 27th day of October, 2023.

A handwritten signature in blue ink, appearing to read "J. Michael New". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Assistant Attorney General