

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

In the Matter of:

ELECTRONIC JOINT APPLICATION OF)	
BLUEGRASS WATER UTILITY OPERATING)	
COMPANY, LLC FOR APPROVAL OF ACQUISITION)	
AND TRANSFER OF OWNERSHIP AND)	
CONTROL OF ASSETS OF COMMONWEALTH)	Case No.
WASTEWATER SYSTEMS, LLC, YUNG FARM)	2023-00181
ESTATES HOMEOWNERS' ASSOCIATION, INC.,)	
AND MOON RIVER MARINA & RESORT LLC)	

**BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S
SUPPLEMENTAL RESPONSE TO COMMISSION STAFF'S
FIRST REQUESTS FOR INFORMATION**

Bluegrass Water Utility Operating Company, LLC, (“Bluegrass Water” or the “Company”) by counsel, files its supplemental response to the Commission Staff’s First Requests for Information, issued in the above-captioned case on June 27, 2023.

FILED: August 4, 2023

ELECTRONIC JOINT APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR APPROVAL OF ACQUISITION AND TRANSFER OF OWNERSHIP AND CONTROL OF ASSETS OF COMMONWEALTH WASTEWATER SYSTEMS, LLC, YUNG FARM ESTATES HOMEOWNERS' ASSOCIATION, INC., AND MOON RIVER MARINA & RESORT LLC
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REQUEST NO. 1-2: Refer to the Application, pages 5–6.

a. Provide the initial rate that Bluegrass Water proposes to charge customers of the system currently owned by Yung Farm Estates Homeowners' Association, Inc. (Yung Farms), and explain how that initial rate was determined.

b. Explain how Bluegrass Water determined an initial rate for the Moon River system of \$21.00, including why it proposes a rate that it contends will not allow it to recover its cost of operating the Moon River system.

c. Provide a rate for the Moon River system that will cover the operating expenses of the Moon River system and any return on the Moon River system, and provide an Excel spreadsheet with all formulas rows, and columns unprotected and fully accessible showing how that rate was calculated.

RESPONSE:

A. The Company proposes to adopt the current owner's rates of \$60 per month. This rate was chosen because it mirrors the current rate and is consistent with practice in prior acquisitions.

B. The Moon River system currently does not charge for sewer services to the Moon River resort at large or to any of the 30 connections: 12 recreational vehicle sites, 15 single-family rental cottages, a food store, a restaurant, and a laundromat. Therefore, the Company proposes to charge \$21.00 dollars per connection per month for a total monthly

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charge of \$630. The \$21.00 per connection sewer rate proposed by Bluegrass Water is meant to be an interim rate charged until Bluegrass Water files for Commission approval of permanent rates in a future rate proceeding. The Company is proposing this interim rate – as opposed to the current \$0 charge -- as a way to recoup a small portion of the operating expenses necessary to run this system.

C. Please see attached Exhibit PSC 1-2.

SUPPLEMENTAL RESPONSE:

A. The Company proposes to adopt the current owner's rates of \$60 per month. This rate was chosen because it mirrors the current rate and is consistent with practice in prior acquisitions.

B. The Moon River system currently does not charge for sewer services to the Moon River resort at large or to any of the 30 connections: 12 recreational vehicle sites, 15 single-family rental cottages, a food store, a restaurant, and a laundromat. Therefore, the Company proposes to charge \$21.00 dollars per connection per month for a total monthly charge of \$630. The \$21.00 per connection sewer rate proposed by Bluegrass Water is meant to be an interim rate charged until Bluegrass Water files for Commission approval of permanent rates in a future rate proceeding. The Company is proposing this interim rate – as opposed to the current \$0 charge -- as a way to recoup a small portion of the operating expenses necessary to run this system.

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C. Please see attached AMENDED Exhibit PSC 1-2. This AMENDED Exhibit PSC 1-2 provides the corrected Rates per Customer and Rates per Connection for the Moon River system that result from inclusion of the Rate Base for this system in the calculation.

Witness: Aaron Silas