

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

In the Matter of:

**ELECTRONIC APPLICATION OF)
BLUEGRASS WATER UTILITY)
OPERATING COMPANY, LLC)
FOR AN ORDER DECLARING THAT:)
(1) FUTURE REMOTE MONITORING)
EQUIPMENT INSTALLATIONS ARE)
EXEMPT FROM CPCN REQUIREMENTS;)
AND (2) THE PARTIAL WAIVER OF DAILY)
IN-PERSON INSPECTIONS WILL APPLY)
TO FUTURE SYSTEMS RECEIVING)
REMOTE MONITORING EQUIPMENT)**

Case No. 2024-00087

APPLICATION FOR AN ORDER DECLARING THAT:

**(1) FUTURE REMOTE MONITORING EQUIPMENT INSTALLATIONS
ARE EXEMPT FROM CERTIFICATE OF PUBLIC NECESSITY AND
CONVENIENCE REQUIREMENTS;**

and

**(2) THE PARTIAL WAIVER OF DAILY IN-PERSON INSPECTIONS WILL APPLY TO
FUTURE SYSTEMS RECEIVING REMOTE MONITORING EQUIPMENT**

Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water” or the “Company”), by counsel, and pursuant to KRS 278.020, 807 KAR 5:001, 807 KAR 5:006, 807 KAR 5:071, and other applicable law hereby respectfully requests from the Kentucky Public Service Commission (the “Commission”) an Order declaring that: (1) the installation of Remote Monitoring Equipment (“RME”) at three recently-acquired systems (the Yung Farm, Commonwealth Wastewater and Magruder Village wastewater facilities) and at similar facilities acquired in the future, constitutes an ordinary extension of existing systems in the usual course of business;¹ and (2) the partial waiver

¹ Together, the Yung Farm, Commonwealth Wastewater, Magruder Village, and any future-approved acquisitions will be referred to herein as the “Subject Systems,” collectively, or each a “Subject System,” individually.

of daily inspections granted in Case No. 2022-00216 is appropriate at these Subject Systems once RME has been successfully installed and is operational.

INTRODUCTION

1. Bluegrass Water’s full name is Bluegrass Water Utility Operating Company, LLC. Its mailing address is 1630 Des Peres Road, Suite 140, St. Louis, Missouri 63131. Its e-mail address for purposes of this proceeding is regulatory@cswrgroup.com.

2. Pursuant to 807 KAR 5:001, Section 14(3), Bluegrass Water is a Kentucky limited liability company organized on March 21, 2019; it is currently in good standing with the Kentucky Secretary of State.

3. Bluegrass Water is a public utility as defined in KRS 278.010(3) and, therefore, is subject to the Commission’s jurisdiction.

4. Bluegrass Water provides water and wastewater services in communities across the Commonwealth. It owns and operates wastewater systems in Boyle, Bullitt, Campbell, Franklin, Garrard, Hardin, Jessamine, Madison, Marshall, McCracken, Oldham, Scott, and Shelby counties and water systems in Calloway County. As detailed in Bluegrass Water’s application and supporting documentation for a certificate of convenience and public necessity (“CPCN”) for RME in Case No. 2022-00216 (the “CPCN Matter”),² many of the wastewater systems Bluegrass Water has acquired throughout the Commonwealth have historically struggled to meet their permitted effluence limits and to provide effective service to their customers. As the Commission has recognized, the Company uses technology and innovation to bring safe, reliable, and environmentally-responsible service to its customers in the Commonwealth. “Bluegrass Water’s

² See *In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216 (Ky. PSC July 12, 2022).

investments to date have been desperately needed and have improved the services provided to its customers, while simultaneously remediating many environmental issues at the plants Bluegrass Water has acquired.”³ Additionally, the Commission has previously authorized the partial waiver of daily in-person inspections at Bluegrass Water’s RME-equipped facilities, and permitted Bluegrass Water to include its RME investments in its rate base.⁴

5. Bluegrass Water’s business model is dependent on successfully developing economies of scale not otherwise available to these small, individual systems. By standardizing equipment and management practices at its facilities across the Commonwealth, the Company aims to develop sufficient scale to implement company-wide operational improvements that will reduce effluence violations while keeping the costs of said improvements within reasonable limits.⁵

6. The incorporation of RME functionality across all of its systems is integral to those efforts. RME enables Bluegrass Water to prevent effluence issues by identifying system failures before damages occur or customers experience service problems.⁶ Additionally, RME assists the Company’s operations staff in their efforts to optimize the functionality of facilities, thereby reducing day-to-day issues at Bluegrass Water’s facilities.⁷

³ *In the Matter of: Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Sewage Rates*, Case No. 2022-00432, Order, 4 (Ky. PSC Feb. 14, 2024).

⁴ *In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216, Order, 8 (Ky. PSC Aug. 2 2023); *In the Matter of: Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Sewage Rates*, Case No. 2022-00432, Order, 31-33 (Ky. PSC Feb. 14, 2024) (“the Commission finds that Bluegrass Water should be permitted to include its investments in [RME] in rate base...”).

⁵ *In the Matter of: Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Sewage Rates*, Case No. 2022-00432, Direct Testimony of Jacob Freeman, 4, 7, 37-81 (Ky. PSC Feb. 27, 2023); Direct Testimony of Todd Thomas, 9-11 (Ky. PSC Feb. 27, 2023).

⁶ *In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216, Response to Request No. 24 of the Commission Staff’s First Requests for Information (Ky. PSC Sept. 30, 2022).

⁷ *Id.*

7. In its September 22, 2023 Order in PSC Case No. 2023-00184, the Commission approved the Company's acquisition of the Yung Farm system assets, and transfer of the assets of the Commonwealth Wastewater system to Bluegrass Water.⁸ Those transactions closed on December 20, 2023 and December 7, 2023, respectively.⁹

8. In its October 20, 2023 Order in PSC Case No. 2023-00218, the Commission approved the Company's acquisition of the Magruder Village facility.¹⁰ That transaction closed on January 29, 2024.¹¹

9. As the Company continues its mission to improve economies of scale by acquiring similarly-sized systems in the future, the Company intends to expand its RME installations at these recently-acquired systems, as well as at future-acquired systems. Similarly – in pursuit of operational efficiencies created by the use of RME – the Company would anticipate that these Subject Systems would, based on their similarities to existing systems, receive limited daily inspection waivers identical in scope to those granted in Case No. 2022-00216.¹²

⁸ *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 Wastewater Systems, LLC, Yung Farm Estate Homeowners' Association, Inc., and Moon River Marina and Resort, LLC*, Case No. 2023-00184, Order, 20-21 (Ky. PSC Sep. 22, 2023).

⁹ *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 Wastewater Systems, LLC, Yung Farm Estate Homeowners' Association, Inc. and Moon River Marina and Resort, LLC*, Case No. 2023-00184, Acquisition Notice (Ky. PSC Dec. 20, 2023); *Id.* Acquisition Notice (Ky. PSC Dec. 15, 2023).

¹⁰ *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 Magruder Village Water Company*, Case No. 2023-00218, Order, 6 (Ky. PSC Oct. 20, 2023).

¹¹ *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 Magruder Village Water Company*, Case No. 2023-00218, Acquisition Notice (Ky. PSC Feb. 5, 2024).

¹² "Since all the facilities now have remote monitoring equipment installed, daily in-person inspection is unnecessary and duplicative. Implementation of real-time monitoring and detection of malfunctions means that in-person inspections, which would otherwise be the method for detecting malfunctions, are only necessary to periodically ensure that the remote monitoring systems are working properly." *In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216, Order, 8 (Ky. PSC Aug. 2 2023).

10. As part of its ongoing efforts to integrate its Kentucky facilities and to thereby bring economies of scale, operational improvements, and other efficiencies to its Kentucky customers in an expedited fashion, Bluegrass Water, pursuant to 807 KAR 5:001 Section 19, seeks a declaratory order from the Commission declaring that Bluegrass Water’s installations of RME will constitute “ordinary extensions of existing systems in the usual course of business”¹³ for the Subject Systems.

11. Bluegrass Water also respectfully requests that the Commission declare that the Subject Systems shall likewise receive limited waivers reducing daily in-person inspections to three times per week or a frequency “sufficient to ensure the remote monitoring systems are functional,” consistent with the Commission’s findings in Case No. 2022-00216.¹⁴

12. Each aspect of this Application has been examined by the Company to ensure that it presents a reasonable, necessary, and cost effective course of action. The RME that Bluegrass Water intends to install in connection with the Subject Systems will be similar or identical to the installations proposed in Case No. 2022-00216. By allowing Bluegrass Water to standardize its operations across its entire and growing Kentucky footprint, the requested relief will aid the Company’s efforts to improve operational efficiency for the benefit of customers and the Company alike.

BACKGROUND

13. This application is made pursuant to KRS 278.020(1) and related statutes, as well as 807 KAR 5:001 Section 15(3), 807 KAR 5:001 Section 19, and 807 KAR 5:071 Section 7(4).

¹³ See KRS 278.020(1)(a)(2) and 807 KAR 5:001 Section 15(3).

¹⁴ *In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216, Order, 8 (Ky. PSC Aug. 2 2023).

14. In order to “provide guidance with respect to the jurisdiction of the Commission, and the applicability, meaning, and scope of” Commission regulations or the statutes in KRS Chapter 278, 807 KAR 5:001 Section 19 grants the Commission the power and discretion to issue declaratory orders.¹⁵ Consistent with the approach that Kentucky Courts have taken regarding declaratory judgments, “declaratory orders are intended to provide some guidance with respect to some act or conduct that may be within the Commission's jurisdiction. [807 KAR 5:001 Section 19] establishes procedures for obtaining such guidance where no other available remedy or process is readily available to address the proposed act or conduct.”¹⁶

15. KRS 278.020 speaks to the general expectation that a utility must obtain a CPCN from the Commission before embarking upon (among other things) significant construction projects¹⁷ or implementing certain new technologies.¹⁸ The Commission has likewise interpreted that CPCN requirement to apply to the initial implementation of RME capabilities for wastewater facilities.¹⁹

16. However, KRS 278.020 provides a limited exception to the CPCN requirements when the proposed improvements constitute “[o]rdinary extensions of existing systems in the usual

¹⁵ *In the Matter of: Application of Tower Access Group, LLC for Declaratory Ruling as to Jurisdiction over a 190-Foot Monopole Constructed on the Campus of Eastern Kentucky University*, Case No. 2015-00090, Order, 9 (Ky. PSC May 5, 2015).

¹⁶ *In the Matter of: Application of Jessamine-South Elkhorn Water District for a Certificate of Public Convenience and Necessity to Construct and Finance a Waterworks Improvement Project Pursuant to KRS 278.020 and 278.300*, Case No. 2012-00470, Order, 10 (Ky. PSC Jan. 3, 2014).

¹⁷ *See In the Matter of: Electronic Application of Big Rivers Electric Corporation for a Certificate of Public Convenience and Necessity Authorizing Construction of a New Transmission Operations Center and an Order Authorizing Big Rivers to Dispose of Property*, Case No. 2022-00433, Order (Ky. PSC June 1, 2023) (granting a CPCN to construct a Transmission Operations Center).

¹⁸ *In the Matter of: Electronic Application of Inter-County Energy Cooperative Corporation for a Certificate of Public Convenience and Necessity Authorizing the Installation of a New Advanced Metering Infrastructure (AMI) System*, Case No. 2022-00350, Order (Feb. 17, 2023) (granting CPCN for implementation of AMI systems).

¹⁹ “The Commission observes that Bluegrass Water’s decision to implement electronic monitoring of all of its facilities in Kentucky is akin to other utilities seeking to implement Advanced Metering Infrastructure or related smart grid technology system wide where none previously existed. The Commission has often found that such plans are not extensions in the ordinary course of business, and therefore, that a CPCN is required for the initial implementation.” (*Emphasis added*). *In the Matter of Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction*, Case No. 2020-00290, Order, 24 (Ky. PSC Aug. 2, 2021).

course of business.”²⁰ Commission regulations and relevant Commission decisions clarify that this exception applies to extensions that “do not result in wasteful duplication of utility plant, do not compete with the facilities of existing public utilities, and do not involve a sufficient capital outlay to materially affect the existing financial condition of the utility involved or to require an increase in utility rates.”²¹

17. As discussed in the CPCN Matter, the Company’s RME installation plan is an essential component of its efforts to bring economies of scale, operational improvements, and other efficiencies to its Kentucky customers.²²

18. The Commission recently approved the installation of RME at Bluegrass Water’s Carriage Park, Arcadia Pines and Marshall Ridge wastewater facilities, and the Company now wishes to install similar RME at the Subject Systems.

19. Bluegrass Water has found that RME installation yields significant cost savings in the form of (1) improvements to the longevity, performance, and reliability of its facilities;²³ (2) reduced response times in the event of system failures or disruptions;²⁴ and (3) improved system-wide coordination and communication.²⁵

²⁰ KRS 278.020(1)(a)(2).

²¹ 807 KAR 5:001, Sec. 15(3); *In the Matter of: Electronic Application of McCreary County Water District for a Declaratory Order, or in the Alternative, for a Certificate of Public Convenience and Necessity for Certain Economic Development Wastewater Improvements*, Case No. 2022-00284, Order, 6 (Ky. PSC Oct. 12, 2022) (citing *Kentucky Utilities Co. v. Pub. Serv. Comm’n*, 252 S.W.2d 885, 890 (Ky. 1952)).

²² See *In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216, Application, 1 (Ky. PSC Aug. 8, 2022).

²³ *Id.* at 11.

²⁴ *In the Matter of: Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Sewage Rates*, Case No. 2022-00432, Direct Testimony of Todd Thomas, 10 (Ky. PSC Feb. 27, 2023).

²⁵ See *In the Matter of: See In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216, Bluegrass Water’s Response to PSC No. 2-3 (Ky. PSC Nov. 4, 2022).

20. In addition to the efficiencies and preventative benefits that installing RME yields, RME also renders the administration of daily in-person inspections wastefully duplicative.²⁶ “[R]emote monitoring systems, at least in part, serve the same purpose as [the daily inspection] requirement by ensuring that a utility is constantly monitoring the performance of equipment to prevent failures and ensure adequate service.”²⁷

21. Bluegrass Water will avoid wasteful duplication by installing RME projects that are right-sized for the scale of its facilities while maintaining all of the RME benefits discussed both herein and in Case No. 2022-00216.²⁸ As discussed in its August 8, 2022 application in Case No. 2022-00216, Bluegrass Water has installed High Tide RME at its facilities, and it now plans to extend its installation of High Tide RME to the Subject Systems. High Tide RME offers flexibility: it is scalable to the nature of the facility where it will be installed, which allows Bluegrass Water to better control the costs of each individual RME installation and avoid wasteful duplication from purchasing RME that exceeds the specific needs of each facility.²⁹ Because of this scalability, Bluegrass Water’s RME installations at the Subject Systems³⁰ will remain typical of the costs associated with RME installations discussed in Case No. 2022-00216.³¹

²⁶ See *In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216, Order, 8 (Ky. PSC -Aug. 2, 2023).

²⁷ *Id.* (citing *Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction*, Case No. 2020-00290, Order at 35 (Ky. PSC Aug. 2, 2021)).

²⁸ If the Commission deems it appropriate or helpful to a full and prompt consideration of this matter, the Company would have no objection to incorporation of the record of Case No. 2022-00216 into the record of this case.

²⁹ *In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216, Application, 10-11 (Ky. PSC Aug. 8, 2022).

³⁰ The projected installation cost at Yung Farm, Commonwealth Wastewater and Magruder Village is approximately \$5,979 per wastewater facility.

³¹ *In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216, CPCN Application Exhibit 24 (Aug. 8, 2022).

22. Bluegrass Water's implementation of RME creates significant cost savings for its customers by eliminating the need for daily in-person inspections at its facilities. Because RME provides the Company's operations team with real time information on the conditions of facilities, much of the data obtained by daily in-person inspections is available at all times. This frees up the Company's maintenance personnel and contractors to respond to detected issues as they arise and to conduct in-person inspections thrice weekly to ensure that both the facility and the installed RME are functioning properly.

23. Bluegrass Water respectfully states that the installation of RME at the Subject Systems qualifies as an extension of an existing system in the ordinary course of business for the following reasons:

(a) Bluegrass Water's RME will not result in wasteful duplication of plant, equipment, or property. Wasteful duplication is "an excess of capacity over need[,]" "an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties."³² Bluegrass Water's plan to further develop economies of scale using RME yields the opposite: an improvement of efficiency. By installing uniform systems across its Kentucky footprint, Bluegrass Water will be able to consolidate key monitoring resources and information, allowing it to reduce costs that might otherwise be incurred as a result of attempting to track one group of systems with RME and another group (the Subject Systems) with solely in-person inspections across the Commonwealth. Given the low costs of RME, these efficiency gains do not amount to wasteful duplication. Rather, when coupled with a partial waiver of daily in-person inspections, RME results in cost savings to customers. "The Commission agrees with

³² *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 252 S.W.2d at 890.

Bluegrass Water and the Attorney General that granting the in-person site visit waiver will result in savings to Bluegrass Water and reduces the revenue requirement....”³³ Moreover, RME allows Bluegrass Water to optimize its facilities to identify small adjustments that may enable facilities to meet applicable limits without wasteful expenditures on unnecessary facility upgrades.³⁴

(b) Bluegrass Water’s RME will not conflict with the existing certificates or service of other utilities operating in the same area and under the jurisdiction of the Commission. These RME systems are constrained to existing and future Bluegrass Water systems, and they would be utilized exclusively to assist Bluegrass Water in monitoring these systems on a round-the-clock basis, yielding greater operational efficiency for the benefit of the Company’s customers.

(c) Bluegrass Water’s RME installations do not involve sufficient capital outlay to materially affect the Company’s existing financial condition. In previous CPCN cases, the Commission has found that ten percent (10%) of net plant is a sufficient capital outlay to justify a CPCN requirement for installations similar to Bluegrass Water’s RME.³⁵ Here, however, the anticipated cost of each RME installation at the Subject Systems is a fraction of one percent of the Company’s UPIS value.³⁶ Moreover, when coupled with the proposed limited waiver to reduce the amount of weekly in-person inspections, RME systems are often capable of paying for themselves within approximately one year of

³³ *In the Matter of: Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Sewage Rates*, Case No. 2022-00432, Order, 55 (Ky. PSC Feb. 14, 2024).

³⁴ *In the Matter of: Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Sewage Rates*, Case No. 2022-00432, Direct Testimony of Todd Thomas, 9-11 (Ky. PSC Feb. 27, 2023).

³⁵ *In the Matter of: Springcrest Sewer Co., Inc. Request for Deviation from 807 KAR 5:071, Section 7(4)*, Case No. 2014-00277, Order (Ky. PSC Dec. 16, 2014) (finding that remote monitoring installations that exceeded 10% of a utility’s net plant in service was material, and therefore required a CPCN).

³⁶ Based on the Company’s UPIS in *In the Matter of: Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Sewage Rates*, Case No. 2022-00432, Order at 42 (Ky. PSC Feb. 14, 2024).

operation, and will yield additional cost savings for Bluegrass Water’s customers in subsequent years.

(d) The cost of installing RME at a given system is a modest investment that will not, in itself, drive an application for an increase in customer rates. In fact, RME is likely to yield significant cost savings for Bluegrass Water’s customers in the form of avoided facility upgrades resulting from equipment damage that may have otherwise been avoided, avoided effluence violations, improved facility longevity, and reduction in the number and cost of in-person inspections. As the Commission has concluded in previous cases, RME can “provide a level of assurance concerning the safe and adequate operation of [sewer facilities] above that of a daily visual inspection,” and justifies a partial waiver of daily in-person inspections.³⁷ “[R]emote monitoring systems, at least in part, serve the same purpose as [the daily inspection] requirement by ensuring that a utility is constantly monitoring the performance of equipment to prevent failures and ensure adequate service.”³⁸ Daily in-person inspections at facilities with RME are “unnecessary and duplicative.”³⁹ Three inspections per week at such facilities are “sufficient to ensure the remote monitoring systems are functional.”⁴⁰

24. Based on the foregoing, Bluegrass Water seeks a declaratory order from the Commission finding that the addition of RME at the Subject Systems would (1) not result in wasteful duplications; (2) would not compete with the facilities of existing public utilities; and (3)

³⁷ *In the Matter of: Springcrest Sewer Company, Inc. Request for Deviation from 807 KAR 5:071, Section 7(4)*, Case No. 2014-00277, Order, 4 (Ky. PSC Dec. 16, 2014).

³⁸ *In the Matter of: 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 a Corresponding Limited Waiver of Daily Inspection Requirements*, Case No. 2022-00216, Order, 8-9 (Ky. PSC Aug. 2, 2023) (citing *In the Matter of: Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction*, Case No. 2020-00290, Order, 35 (Ky. PSC Aug. 2, 2021)).

³⁹ *Id.* at 8.

⁴⁰ *Id.* at 9.

would result in short and long-term savings to Bluegrass Water, and hence to its customers. Therefore, under the standard laid out by the Commission, the RME installations referenced herein would constitute ordinary extensions of existing systems in the usual course of business, and they should be exempt from future CPCN application requirements.

25. Bluegrass Water also seeks a declaratory order that, based on Commission precedent and the capabilities of RME discussed herein, a partial waiver of daily in-person inspections mandated by 807 KAR 5:071 Section 7(4) and a requirement that the Company conduct inspections three times per week at such systems is “sufficient to ensure that remote monitoring systems are functional” at all Bluegrass Water systems (including the Subject Systems) once they have fully operational RME.⁴¹

CONCLUSION

WHEREFORE, Bluegrass Water respectfully requests that the Commission:

1. Declare that:
 - a. installation of RME at the Subject Systems ((i) Yung Farm, Commonwealth Wastewater, Magruder Village; and (ii) similar small wastewater facilities the Company acquires in the future with the Commission’s approval) constitute ordinary extensions of existing systems in the usual course of business; and
 - b. because “remote monitoring systems, at least in part, serve the same purpose as [the daily inspection] requirement by ensuring that a utility is constantly monitoring the performance of equipment to prevent failures and ensure adequate service,” and triweekly inspections are “sufficient to ensure the remote monitoring systems are

⁴¹ *Id.*

functional,” a partial waiver of 807 KAR 5:071 Section 7(4) is appropriate at Bluegrass Water’s facilities with RME.⁴²

2. Grant all other relief to which the Company may be entitled.

Respectfully submitted,

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Certification

I hereby certify that a copy of this Application 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*

⁴² *Id.* at 8-9.

