

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

In the Matter of:)
)
 Electronic Application of)
 Bluegrass Water Utility Operating)
 Company, LLC for a Certificate of)
 Public Convenience and Necessity for the) **Case No. 2024-00170**
 Installation of a Drain Field at the)
 Marshall Ridge System or an Order)
 Declaring the Installation is an Extension in)
 the Ordinary Course of Business)

**BLUEGRASS WATER’S SUPPLEMENTAL
RESPONSES TO COMMISSION STAFF’S REQUESTS FOR INFORMATION**

Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water” or the “Company”), by counsel, files its supplemental responses to Commission Staff’s First and Second Requests for Information issued in the above-captioned case on August 20, 2024 and October 3, 2024, respectively. The Company filed its original responses on September 5, 2024 and October 18, 2024, respectively, as well as supplemental responses to Commission Staff’s Second Requests for Information on November 8, 2024.

FILED: February 19, 2025

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY FOR THE INSTALLATION OF A DRAIN FIELD AT THE MARSHALL RIDGE SYSTEM OR AN ORDER DECLARING THE INSTALLATION IS AN EXTENSION IN THE ORDINARY COURSE OF BUSINESS
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REQUEST NO. 1-3: Refer to Application, pages 1-2, paragraph 2.

c. Identify all issues with the “safety and service quality” observed by or reported to Bluegrass Water, its employees or independent contractors hired by Bluegrass Water at the Facility since 2019.

ORIGINAL RESPONSE:

c. Bluegrass Water has identified and addressed several issues related to safety and service quality at the Facility. Key issues include ongoing noncompliance due to the damaged drain field, which requires complete replacement and is the subject of this CPCN application. Additionally, there have been concerns regarding the integrity of the Facility's fencing, and the potential for drainage to enter the nearby waterway, both of which the Company has successfully addressed. These issues have been actively managed to ensure compliance and improve overall safety and service quality. Ultimately, noncompliance will continue until the replacement Drain Field is installed.

SUPPLEMENTAL RESPONSE:

c. In addition to the issues discussed in the original response, recent communications with Purchase District Health Department officials and Kentucky Department of Public Health officials identified several additional concerns including: (i) duck weed growth on the lagoons reducing the efficiency of evaporation of the effluent; (ii) water levels at the lagoons coving the overflow pipe to the lateral field; (iii) inadequate rest periods for the lateral field to allow for

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effluent to properly percolate through the soil; and (iv) erosion of the diver berm.

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REQUEST NO. 1-5: Describe any environmental compliance or safety measures necessary to abandon the existing drain field and provide estimated costs.

ORIGINAL RESPONSE: Bluegrass Water submitted its application and preliminary design for the new Drain Field to the Purchase District Health Department (the "Health Department") on or about May 29, 2024. To date, Bluegrass Water does not have detailed information on the compliance and safety measures necessary to abandon the existing drain field, as the preliminary design for the new field is still awaiting approval from the Health Department.

SUPPLEMENTAL RESPONSE: In November of 2024, the Company's engineering consultants engaged with members of the Purchase District Health Department and the Kentucky Department of Public Health to identify remedial measures that would expedite the abandonment or remediation of the existing drain field. The Health Department indicated it would not approve replacement of the drain field as currently planned. Health Department officials identified necessary first steps should the Company pursue remediation of the existing drain field including: (1) improving evaporation by better managing duckweed growth at the facility; (2) combining the facility's north and south lagoons to increase capacity, and (3) instituting a "rest period" for the facility's overflow lateral field to facilitate percolation. Additionally, Health Department officials proposed that the facility could work with the Kentucky Division of Water ("DOW") to obtain a

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KPDES permit for the facility, or contact JSA regarding possible interconnection. The Company's engineering consultants are evaluating the cost impacts of these potential changes.

Witness: Jake Freeman

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REQUEST NO. 2-1: Refer to Application, page 44 and Bluegrass Water's Response to Commission Staff's First Request for Information (Staff's First Request), Item 4(c).

e. Provide documentation of all communications Bluegrass Water, or any parent or affiliate entity of Bluegrass Water, had with JSA regarding the possibility of connecting the Marshall Ridge or Arcadia Pines wastewater facilities to JSA.

f. State whether the Marshall Ridge and Arcadia Pines facilities are within JSA's service territory.

g. State whether JSA has the capacity to accept the effluent from the Marshall Ridge facility individually, Arcadia Pines facility individually, and both facilities together.

h. State whether JSA has indicated that it wants or would allow the Marshall Ridge facility and the Arcadia Pines facility to connect to the JSA sewer system.

j. If JSA wants to Marshall Ridge facility or Arcadia Pines facility to connect to the JSA sewer system, state the expected year of completion of this connection.

ORIGINAL RESPONSE:

e. Due to the cost-estimates discussed in subparts (c) and (d), as well as its belief that constructing the proposed drain field represented the most reasonable and expedient means of resolving ongoing compliance issues at the Marshall Ridge facility, Bluegrass Water, or any parent or affiliate entity of Bluegrass Water, did not contact JSA regarding the possibility of connecting

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the Marshall Ridge or Arcadia Pines wastewater facilities to JSA. Please also refer to Bluegrass Water's Response to Commission Staff's Request No. 2-4.

f. To the best of its knowledge and based on its examination of publicly available JSA service area maps attached hereto as "DR 2-1(f)," Bluegrass Water does not believe that the Marshall Ridge and Arcadia Pines facilities are within JSA's service territory.

g. Bluegrass Water has no knowledge as to whether JSA has the capacity to accept the effluent from Marshall Ridge and Arcadia Pines, individually or collectively. Additionally, Arcadia Pines is not the subject of this CPCN application.

h. Bluegrass Water did not contact JSA regarding the possibility of connecting the Marshall Ridge or Arcadia Pines wastewater facilities to JSA, nor has JSA communicated to Bluegrass Water that connection would be allowed at this time.

j. JSA has not communicated that it expects or desires that the Marshall Ridge or Arcadia Pines wastewater facilities connect to the JSA system. Therefore, Bluegrass Water cannot speculate when, if ever, the connection would be completed. Please also see responses to subparts (c) and (e).

SUPPLEMENTAL RESPONSE:

e. Since publishing its original response to Commission Staff's Second Requests for Information, Bluegrass Water has sought additional information from JSA regarding the possibility of future service expansion. Specifically, JSA informed the company that a private

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developer has proposed to construct sewer line extensions near Marshall Ridge. JSA has indicated that the developer's proposal is still in the comment and review stage of the process. JSA has not provided a timeline for when an expansion might take place. Copies of these communications are attached as **Exhibit A**.

f. Please see Supplemental Response to Commission Staff Request No. 2-1(e).

g. Although JSA has informed the Company about potential service territory expansions, JSA has not clarified whether it currently has capacity to service the Acadia Pines System or Marshall Ridge System either separately or in combination.

h. Bluegrass Water acknowledges that JSA filed a public comment in this matter stating that a developer may extend JSA's sewer line close to the Marshall Ridge facility. However, while the Company has been in communication with JSA requesting the specifics of the expansion, JSA has informed the Company that the potential expansion is in the comment and review stage. Please also see Supplemental Response 2-1(e) above.

j. Please see Supplemental Responses to Commission Staff Request No. 2-1(e) and (h), above.

Witness: Jake Freeman

Exhibit A to Request No. 2-1 (e)

Fwd: Paducah McCracken County Joint Sewer Agency

Cc: Josh Webb <[REDACTED]> Benjamin Kuenzel <[REDACTED]>; Jake Freeman <[REDACTED]>; Micah Franklin <[REDACTED]>; Eric Rocchio <[REDACTED]>
Subject: Re: Paducah McCracken County Joint Sewer Agency

Caution: This is an external email. Please take care when clicking links or opening attachments. When in doubt, contact the Technology Department

John,

Thank you again for taking the time to meet with us in early December. As discussed, do you believe the timelines for the development plans of the area just north of Marshall Ridge to still be on track for early this year? If so, do you have an approximate timeline on when these could be shared with us?

Thanks,

Kyle Ruediger, PE, Project Manager

21 DESIGN GROUP

1351 Jefferson Street, Suite 301

Washington, MO 63090

Office: [REDACTED]

Website: <http://21designgroup.com/>

Fwd: Paducah McCracken County Joint Sewer Agency

----- Forwarded message -----

From: **John Hodges** <[redacted]>
Date: Thu, Jan 16, 2025 at 4:36 PM
Subject: RE: Paducah McCracken County Joint Sewer Agency
To: Kyle Ruediger <[redacted]>
Cc: Josh Webb <[redacted]>, Benjamin Kuenzel <[redacted]>, Jake Freeman <[redacted]>, Micah Franklin <[redacted]>, Eric Rocchio <[redacted]>

Kyle,

Sorry, this email got buried due to a significant number of telemetry emails I received.

Yes, I believe the development plans are on track for early this year. I have not seen revised plans for the sewer, but would expect to see them within 30 days or so I would think.

John

John Hodges, PE, LS
Executive Director
Paducah McCracken County Joint Sewer Agency
621 Northview Street | Paducah, KY 42001
[redacted] www.jointsewer.com

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REQUEST NO. 2-2: Refer to the maps attached as Appendix A.

e. Based on the proximity of the Marshall Ridge facility to the JSA sanitary sewer lines state whether Bluegrass Water anticipates the drain field would become a stranded asset within its "...50-year effective life" due to the application of McCracken County Code of Ordinances Chapter 34 § 34.22 (Attached as Appendix B).

ORIGINAL RESPONSE:

e. To the best of Bluegrass Water's knowledge, there have been no indications that connection to the JSA system will be required during the useful life of the facility, and therefore, Bluegrass Water does not anticipate the drain field assets will become stranded. It is important to note that the asset was inadvertently miscategorized as a sewer outfall line when the 50-year useful life was previously provided in Bluegrass Water's response to Commission Staff's Request No. 1-1(b). Well-maintained drain fields typically have a useful life of 20-30 years, which further reduces the likelihood that the proposed facility becomes a stranded asset. Given the absence of any indication that connection will be mandated in the near future, and the ongoing environmental compliance issues at the Marshall Ridge facility, Bluegrass Water believes that the proposed facility will be the most cost-effective and expedient means of improving the conditions of its Marshall Ridge system.

SUPPLEMENTAL RESPONSE:

e. Since filing its original response, Bluegrass Water has been alerted to a potential expansion of JSA's service territory. However, the full details and timeline of this potential

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expansion remain unclear.¹ Therefore, any conclusion that JSA's development plans could render the drain field a stranded asset would be speculative. Bluegrass Water has yet to receive approved sewer expansion plans, JSA's ability to receive additional volume from the Marshall Ridge system, or other specific information.

Witness: Jake Freeman

¹ See Bluegrass Water's Supplemental Response to Commission Staff Request No. 2-1(e).

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REQUEST NO. 2-4: Refer to Bluegrass Water's Response to Staff's First Request, Item 3. Describe any method for temporarily resolving the Department for Environmental Protection Notice of Violation or Cabinet for Health and Family Services Dept. for Public Health Notice to Correct Violations, pending a connection to JSA. Provide estimated costs for any such method.

ORIGINAL RESPONSE: Bluegrass Water and its third-party operations firm are actively working to minimize runoff from the site. However, due to widespread root intrusion throughout the drain field, there is no viable temporary solution to fully resolve the issue. The purpose of this CPCN application is to secure approval for constructing a new drain field. Preliminary analysis determined that connecting to Paducah McCracken County JSA is not economically feasible, so this option was not pursued. Ultimately, the situation cannot be adequately resolved on either a temporary or long-term basis until the CPCN is granted and the Purchase District Health Department approves the construction plan.

SUPPLEMENTAL RESPONSE: See Bluegrass Water's Supplemental Response to Commission Staff Request No. 1-5.

Witness: Jake Freeman

