COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:	)	
	)	
Electronic Application of Bluegrass	)	
Water Utility Operating Company, LLC	)	
For an Adjustment of Water and	)	
Sewage Rates	)	**Case No. 2025-00354**
	)	

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

Bluegrass Water Utility Operating Company, LLC ("Bluegrass Water" or the "Company"), by counsel, files its responses to Commission Staff's Post-Hearing Request for Information, issued in the above-captioned case on September 29, 2026.

FILED: October 12, 2026

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 1:

Refer to the September 21, 2026, Hearing Testimony of Josiah Cox (Cox HVT), approximately 10:08:50–10:09:22. Refer also to the September 22, 2026, Hearing Testimony of Aaron Silas (Silas HVT), approximately 09:56:00. Provide the location for each of the receiving centers for mail-in bill payments.

RESPONSE: Bluegrass Water utilizes one receiving center for mail-in bill payments. The mailing address for that receiving center is:

Bluegrass Water UOC LLC
P.O. Box 676395
Dallas, TX 75267-6395

Witness: Aaron Silas, Vice President

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 2:

Refer to September 21, 2026, Cox HVT, approximately 10:10:40–10:11:04. Provide the customer count individually for each of Central States Water Resources' (CSWR) affiliates as of December 31 of each year 2020 through 2025, and as of August 31, 2026.

RESPONSE: Please see "Exhibit PSC PH-2 - KY Total Connections by UOC by Year 2020 -Aug 2026."

Witness: Aaron Silas, Vice President

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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 3:

Refer to September 21, 2026, Cox HVT, approximately 10:37:40–10:38:20. For each system of the three systems acquired since the last rate application, explain whether the system acquired had a daily operator prior to acquisition. As part of that response, identify the operator, if applicable, and state whether they have been hired as Bluegrass Water employees.

RESPONSE: It is Bluegrass Water's understanding that Yung Farm was operated by Carl Crone prior to acquisition. Mr. Crone was not hired as a Bluegrass Water employee following acquisition. However, operational responsibilities for Yung Farm was assumed by personnel affiliated with Clearwater who had previously operated the systems and who subsequently became Bluegrass Water employees. These individuals are Kentucky-based employees who continue to support utility operations in the Commonwealth. The Commission's Final Order authorizing Bluegrass Water to acquire Yung Farm acknowledged and approved the acquisition based on the acknowledgement that "Bluegrass Water will contract with a third party operator, qualified pursuant to standards established by the Energy and Environment Cabinet, Division of Water,"[1] namely, "Clearwater Solutions, LLC."[2]

1 *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. 2023-00181, Final Order, at 11-12 (Sept. 22, 2023).
2 *Id.* at 7.

It is the Company's understanding that Magruder was operated by Danny Compton prior to acquisition. Mr. Compton was not hired as a Bluegrass Water employee following acquisition. Operational responsibilities were subsequently transitioned to Bluegrass Water personnel. Likewise, the Commission approved the Company's acquisition of Magruder with the understanding that Clearwater Solutions would provide operations to the Magruder system upon acquisition.[3]

The Company does not have information on the prior operations of Commonwealth Wastewater Systems, LLC. Like with Yung Farm, the Commission's Final Order approving Bluegrass Water's acquisition of Commonwealth Wastewater Systems was based upon Bluegrass Water retaining Clearwater Solutions as the operator.4

Witness: Todd Thomas, Senior Vice President

3 *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, Final Order, at 4 (Oct. 20, 2023) ("Bluegrass Water . . . plans to hire a third-party operations and management contractor to run the facility"); *id.*, Application, at ¶ 28 ("[I]t is anticipated that Clearwater Solutions[] will be the entity to provide O&M service for the acquired wastewater system . . .").
4 *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. 2023-00181, Final Order, at 11-12 (Sept. 22, 2023).

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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REQUEST NO. 4:

Refer to September 21, 2026, Cox HVT, approximately 11:15:00–11:17:05. Provide the details regarding the Arizona program providing funding to similar businesses for lower income customers.

RESPONSE: During the referenced testimony, Mr. Cox was referring to financing programs administered by the Arizona Water Infrastructure Finance Authority ("WIFA"). WIFA's Drinking Water State Revolving Fund and Clean Water State Revolving Fund programs provide eligible water and wastewater utilities and public entities access to financing assistance, including forgivable principal, reduced interest rates, technical assistance funding, and extended repayment periods. Under WIFA's Drinking Water State Revolving Fund program, qualifying projects may receive a portion of project financing as forgivable principal, meaning that amount is not required to be repaid. Eligibility and funding levels are determined by WIFA based on program criteria and available funding. WIFA also offers forgivable principal for certain Clean Water State Revolving Fund projects, including eligible water reuse, stormwater, and other qualifying projects.

Additional information regarding these programs is available from the Arizona Water Infrastructure Finance Authority at its Forgivable Principal program webpage, available at https://wifa.az.gov/forgivable-principal.

Witness: Aaron Silas, Vice President

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 5:

Refer to the September 21, 2026, Hearing Testimony of Matthew Howard (Howard HVT), approximately 11:46:00–11:50:00. Include the data for York Water Company and all applicable schedules in which the inclusion of York Water Company's data would change Mr. Howard's Return on Equity (ROE) recommendation. Provide all applicable updated schedules and workpapers in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

RESPONSE: Including The York Water Company (YORW) would not change Mr. Howard's ROE recommendation. Including YORW does not impact the indicated DCF or RPM results, as YORW did not have the applicable growth rates or Moody's credit ratings, respectively, (see "Exhibit PSC PH-5 Attachment 1") available on October 31, 2025.

Including YORW in the CAPM results in the following updated figures (as-filed values in parentheses), which continue to support Mr. Howard's ROE recommendations:

Summary of CAPM Results for the Utility Proxy Group Including YORW – Equal Weighted Beta Coefficients[5]

	CAPM	**ECAPM**	**Average**
Current Risk Free-Rate (4.67%)			
Mean	9.77% (9.73%)	10.85% (10.82%)	10.31% (10.28%)
Median	9.80% (9.69%)	10.87% (10.79%)	10.34% (10.24%)
Projected Risk Free-Rate (4.53%)			
Mean	9.70% (9.66%)	10.80% (10.77%)	10.25% (10.22%)
Median	9.74% (9.63%)	10.83% (10.74%)	10.28% (10.18%)

[5] Exhibit MRH-5, page 1.

Summary of CAPM Results for the Utility Proxy Group Including YORW – Value Line Beta Coefficients[6]

	CAPM	**ECAPM**	**Average**
Current Risk Free-Rate (4.67%)			
Mean	11.80% (11.89%)	12.38% (12.44%)	12.09% (12.17%)
Median	11.74% (11.97%)	12.33% (12.50%)	12.03% (12.24%)
Projected Risk Free-Rate (4.53%)			
Mean	11.77% (11.86%)	12.35% (12.42%)	12.06% (12.14%)
Median	11.70% (11.94%)	12.30% (12.48%)	12.00% (12.21%)

In addition, the indicated size premium based on data from Kroll, after including YORW, is 3.28%, compared with 3.47% prior to the inclusion of YORW. Given the Company's extraordinary business risks, which is exacerbated by the Company's smaller size relative to the Utility Proxy Group, a business risk adjustment of 1.00% is still appropriate.

Please see "Exhibit PSC PH-5 Attachment 2," which contains Mr. Howard's updated electronic workpapers adjusted to include YORW as applicable.

Witness: Matt Howard

6 Exhibit MRH-5, page 2.

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 6:

Refer to the September 21, 2026, Howard HVT, approximately 11:49:00–11:50:00. Refer also to Bluegrass Water's response to Commission Staff's Seventh Request for Information (Staff's Seventh Request), Item 1, Exhibit PSC 7-1(d).

a. **Confirm that for Mr. Howard's Constant Growth Discounted Cash Flow (DCF) and Capital Asset Pricing Model (CAPM) analyses, the data for Global Water Resources, Inc. (GWRS) was excluded from Mr. Howard's calculation of his recommended mean and median ROE from each respective model.**

b. **If the answer to subpart (a) is confirmed, explain in detail how that is not equivalent to excluding GWRS from the Utility Proxy Group utilized in this proceeding.**

c. **If the answer to subpart (a) is anything but confirmed, explain how the data obtained from GWRS was utilized in support of Mr. Howard's ROE recommendations.**

d. **Refer to Bluegrass Water's response to Staff's Seventh Request, Item 1, Exhibit PSC 7-1(d). Confirm that it is now appropriate to exclude American Water Works Company (AWK) and Essential Utilities, Inc. (WTRG) from the Utility Proxy Group, due to the announced merger between the two companies. If not confirmed, explain.**

e. Refer to Bluegrass Water's response to Staff's Seventh Request, Item 1, Exhibit PSC 7-1(d). Explain whether it is now appropriate to include York Water Group (YORW) in the Utility Proxy Group.

f. Explain in detail whether a Utility Proxy Group relying on data from five regulated water/wastewater utilities, although technically six regulated water/wastewater utilities fit the criteria to be included in the Utility Proxy Group, provides sufficient data to support a ROE recommendation.

RESPONSE:

a. Confirmed.

b. Excluding the mean and median results is not equivalent to excluding GRWS from the Utility Proxy Group. In this case, Mr. Howard used the selection criteria outlined on page 12 of his testimony to identify utilities with sufficiently similar operating characteristics to Bluegrass Water. Then, Mr. Howard applied the widely-accepted DCF, CAPM, and RPM models to the Utility Proxy Group to calculate the mean and median estimated cost of common equity. Here, GWRS's indicated results are based on the application of academically and empirically supported inputs and models, meaning they represent an opportunity cost to investors. However, it is important to apply professional expert judgment to those individual indicated results. Mr. Howard determined that GWRS's DCF and CAPM results were outliers as compared to the remainder of the individual indicated results of the Utility Proxy Group. That determination does not necessarily mean those results hold no weight or do not provide insight into the investor required return for

the Company, as GWRS passed Mr. Howard's selection criteria and as such would be considered a suitable proxy company in this proceeding.

c. Not applicable.

d. If the analysis were performed today, it would likely be appropriate not to include American Water Works Company (AWK) and Essential Utilities, Inc. (WTRG) in the Utility Proxy Group. However, Mr. Howard's analysis was conducted in October 2025, when the merger had only recently been announced, and, as a result, Mr. Howard continued to believe it was appropriate to include those utilities in the Utility Proxy Group. Please also see Exhibit PSC 7-1(d).

e. If the analysis were performed today, it would likely be appropriate to include York Water Group in the Utility Proxy Group. However, Mr. Howard's analysis was conducted in October 2025. Please also see Exhibit PSC 7-1(d).

f. Mr. Howard's Utility Proxy Group provides sufficient data to support his ROE recommendation. Mr. Howard applied a robust selection criteria to select a Utility Proxy Group that most represents the operations of the Company. Including additional companies solely for the purpose of increasing the size of the Utility Proxy Group produces results that may be less relevant to the Company.

More broadly, please see Mr. Howard's response to part b of this question above. To the extent a proxy group company has data available, that information would provide a degree of insight to an analyst, even if not directly considered in an indicated mean or median result. In Mr. Howard's opinion, such a circumstance provides sufficient data.

Witness: Matt Howard

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 7:

Refer to Bluegrass Water's response to Commission Staff's Sixth Request for Information (Staff's Sixth Request), Item 24 and Case No. 2022-00046

a. **Explain the variance in the price between the project estimated cost provided in Case No. 2022-00046 Application of $253,000, in the post-case correspondence file in Case No. 2022-00046 of $492,696, and the project actual cost listed in Exhibit PSC 6-24 of $496,545. In the response, provide specific reasons for the increase as it pertains to this project/system.**

b. **Provide the total utility plant in service associated with the project at issue in Case No. 2022-00046, including an itemized breakdown of the amounts placed in plant in service to date and any amounts for the project expected to be added to plant in service in the future.**

c. **Provide the plant in-service date(s) for the project at issue in Case No. 2022-00046 or any portions thereof.**

d. **Explain why no post-case filings were made pursuant to the final Order, ordering paragraphs 4 and 5.**

RESPONSE:

a. Please see attachment "Exhibit PSC PH-7a 2022-00046_PersimmonRidge_CPCN Estimate Vs Actual Analysis." Sheet "Persimmon Ridge Bid Eval" presents the bid evaluation for the work performed as part of the project, and sheet "Variance from Budget" describes the

variances between the awarded bid and changes that occurred during project execution and the project budget presented in the CPCN application.

b. Please refer to "Exhibit PSC PH-11 Utility Plant in Service Analysis," and sheet "Persimmon Ridge 2022-00046." Column G indicates project type for each asset with items related to the project at issue in Case No. 2022-00046 marked "CPCN Project." The project is complete and no additional assets are expected to be placed into service related to the project.

c. Please refer to attachment "Exhibit PSC PH-11 Utility Plant in Service Analysis" and sheet "Persimmon Ridge 2022-00046." Column G indicates project type for each asset with items related to the project at issue in Case No. 2022-00046 marked "CPCN Project." In service dates for each asset in service are provided in Column H.

d. The Company acknowledges that the post-case filings required by Ordering Paragraphs 4 and 5 of the Commission's Final Order in Case No. 2022-00046 were not timely submitted. Since that time, the Company has implemented enhancements to its regulatory tracking and compliance processes designed to improve the monitoring of post-order obligations, strengthen internal review procedures, and reduce the likelihood that future compliance filings are missed. The Company has reviewed the requirements applicable to this case and has taken steps to ensure that similar filing obligations are identified, tracked, and completed in a timely manner going forward. The Company anticipates filing the information required by paragraphs 4 and 5 of the final Order imminently.

Witness: Jake Freeman, Director of Engineering

REQUEST NO. 8:

Refer to Bluegrass Water's response to Staff's Sixth Request, Item 24 and Case No. 2022-00015.

a. **Explain the variance in the price between the project estimated cost provided in Case No. 2022-00015 Application of $302,250, in the post-case correspondence file in Case No. 2022-00015 of $602,752, and the project actual cost listed in Exhibit PSC 6-24 of $757,581. In the response, provide specific reasons for the increase as it pertains to this project/system.**

b. **Provide the total utility plant in service associated with the project at issue in Case No. 2022-00015, including an itemized breakdown of the amounts placed in plant in service to date and any amounts for the project expected to be added to plant in service in the future.**

c. **Provide the plant in-service date(s) for the project at issue in Case No. 2022-00015 or a portion thereof.**

d. **Explain why no post-case filings were made pursuant to the final Order, ordering paragraphs 4 and 5.**

RESPONSE:

a. Please see attachment "Exhibit PSC PH-8a 2022-00015_WoodlandAcres_CPCN Estimate Vs Actual Analysis." Sheet "Woodland Acres Bid Eval" presents the bid evaluation for the work performed as part of the project, and sheet "Variance from Budget" describes the

variances between the awarded bid and changes that occurred during project execution and the project budget presented in the CPCN application.

b. Please refer to attachment "Exhibit PSC PH-11 Utility Plant in Service Analysis" and sheet "Woodland Acres 2022-00015." Column G indicates project type for each asset with items related to the project at issue in Case No. 2022-00015 marked "CPCN Project." The project is complete and no additional assets are expected to be placed into service related to the project, however there is a variance of $558.01 between the assets in service related to the project and the cost related to the project indicating there may be some small asset that should still be placed in service subject to review.

c. Please refer to attachment "Exhibit PSC PH-11 Utility Plant in Service Analysis" and sheet "Woodland Acres 2022-00015." Column G indicates project type for each asset with items related to the project at issue in Case No. 2022-00015 marked "CPCN Project." In service dates for each asset in service are provided in Column H.

d. The Company acknowledges that the post-case filings required by Ordering Paragraphs 4 and 5 of the Commission's Final Order in Case No. 2022-00015 were not timely submitted. Since that time, the Company has implemented enhancements to its regulatory tracking and compliance processes designed to improve the monitoring of post-order obligations, strengthen internal review procedures, and reduce the likelihood that future compliance filings are missed. The Company has reviewed the requirements applicable to this case and has taken steps to ensure that similar filing obligations are identified, tracked, and completed in a timely manner

going forward. The Company anticipates filing the information required by paragraphs 4 and 5 of the final Order imminently.

Witness: Jake Freeman, Director of Engineering

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 9:

Refer to Bluegrass Water's response to Staff's Sixth Request, Item 24 and Case No. 2022-00102.

a. **Confirm that the actual project cost was $525,420. If not confirmed, explain the variance in the price between the project estimated cost provided in Case No. 2022-00102 Application of $206,550 and in the post-case correspondence file in Case No. 2022-00015 of $525,420.**

b. **Provide the total utility plant in service associated with the project at issue in Case No. 2022-00102, including an itemized breakdown of the amounts placed in plant in service to date and any amounts for the project expected to be added in the future.**

c. **Provide the plant in-service date(s) for the project at issue in Case No. 2022-00102 or any portion thereof.**

d. **Explain why no post-case filings were made pursuant to the final Order, ordering paragraphs 4 and 5.**

RESPONSE:

a. Confirmed. The actual project cost was equal to the contract amount contained in the post-case correspondence to the Commission filed in Case No. 2022-00015 on June 28, 2023. Additionally, please see attachment "Exhibit PSC PH-9a 2022-00102_HerringtonHaven_CPCN Estimate Vs Actual Analysis." Sheet "Herrington Haven Bid Eval" presents the bid evaluation for

the work performed as part of the project, and sheet "Variance from Budget" describes the variances between the awarded bid and the project budget presented in the CPCN application.

b. Please refer to attachment "Exhibit PSC PH-11 Utility Plant in Service Analysis" and sheet "Herrington Haven 2022-00102." Column G indicates project type for each asset with items related to the project at issue in Case No. 2022-00102 marked "CPCN Project." The project is complete and no additional assets are expected to be placed into service related to the project, however there is a variance of $3,552.31 between the assets in service related to the project and the cost related to the project indicating there may be some small asset that should still be placed in service.

c. Please refer to attachment "Exhibit PSC PH-11 Utility Plant in Service Analysis" and sheet "Herrington Haven 2022-00102." Column G indicates project type for each asset with items related to the project at issue in Case No. 2022-00102 marked "CPCN Project." In service dates for each asset in service are provided in Column H.

d. The Company acknowledges that the post-case filings required by Ordering Paragraphs 4 and 5 of the Commission's Final Order in Case No. 2022-00102 were not timely submitted. Since that time, the Company has implemented enhancements to its regulatory tracking and compliance processes designed to improve the monitoring of post-order obligations, strengthen internal review procedures, and reduce the likelihood that future compliance filings are missed. The Company has reviewed the requirements applicable to this case and has taken steps to ensure that similar filing obligations are identified, tracked, and completed in a timely manner

going forward. The Company anticipates filing the information required by paragraphs 4 and 5 of the final Order imminently.

Witness: Jake Freeman, Director of Engineering

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 10:

Refer to Bluegrass Water's response to Staff's Sixth Request, Item 24 and Case No. 2022-00104.

a. **Explain the variance in the price between the project estimated cost provided in Case No. 2022-00104 Application of $609,900, the amount approved in Case No. 2022-00104 of $1,322,958, and the project actual cost listed in Exhibit PSC 6-24 of $2,412,387.13. In the response, provide specific reasons for the increase as it pertains to this project/system.**

b. **Provide the most recent updated project total associated with the project at issue in Case No. 2022-00104, including an itemized breakdown of the amounts spent to date and the amounts expected to be spent in the future.**

c. **Provide the most recent estimated project completion date and the expected plant in-service date(s) for the project or any portion thereof.**

d. **Explain why no post-case filings were made pursuant to the final Order, ordering paragraphs 4 and 5.**

RESPONSE:

a. Variance from the originally estimated total of $609,900 to $1,322,958 was thoroughly discussed in filings contained in Case No. 2022-00104 and fully adjudicated in the Commission's May 9, 2024 Order in Case No. 2022-00104. Bluegrass Water incorporates those filings and Commission Order by reference.

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

Bluegrass Water provided notice of a cost change to the Commission from $1,322,958 to $2,107,220 through a post-case filing in Case No. 2022-00104 on October 22, 2025, which included a bid evaluation showing the lowest bid of $2,107,220. The Commission did not reopen the proceedings upon the filing of notice of the change in cost.

For an explanation of the variance from the updated change of cost total of $2,107,220 to the current project total of $2,412,987.13, please see "Exhibit PSC PH-10a 2022-00104_Delaplain_CPCN Estimate Vs Actual Analysis." Sheet "Delaplain Bid Eval" presents the bid evaluation for the work performed as part of the project, and sheet "Variance from Budget" describes the variances between the awarded bid amount provided to the PSC in the filing submitted on 10/22/2025 and the total project cost to date resulting from changes that occurred during project execution. As set forth in Exhibit PSC 6-24, the current final projected total cost of the project is $2,634,000.

b. Please refer to attachment "Exhibit PSC PHC-10b 2022-00104_Delaplain_CPCN Updated Project Total." for spreadsheet containing all project items with description, fixed asset account, actual (for in-service items) or estimated (for items not yet in-service) cost, in-service status, and actual (for in-service items) or estimated (for items not yet in-service) in service date. Please note for not yet in-service items, the notes column indicates if the item was included in the total "Future Improvements" for the site identified in PSC Request No. 2-52, or if the work item was identified in changes after the submission of PSC Request No. 2-52.

c. Please refer to attachment "Exhibit PSC PH-10b 2022-00104_Delaplain_CPCN Updated Project Total" which includes actual in-service dates for each in-service item and projected in service dates for any items not yet in-service.

d. Construction has not yet been completed. As such, no post-case filings pursuant to paragraphs 4 and 5 of the Commission's Final Order are currently due.

Witness: Jake Freeman, Director of Engineering

REQUEST NO. 11:

Refer to Bluegrass Water's response to Staff's Sixth Request, Item 24, Exhibit_PSC_6-24_-_Project_Information.xlsx, providing total actual costs and updated total budgeted costs for projects for which Bluegrass Water indicated CPCNs were approved in Case Nos. 2022-00015, 2022-00046, 2022-00102, and 2022-00104. Refer also to Bluegrass Water's supplemental response to Staff's Second Request, Item 52 filed on May 8, 2026, in which the narrative response identifies projects for which CPCNs were approved in Case Nos. 2022-00015, 2022-00046, 2022-00102, and 2022-00104, as contributing $812,141, $485,412, $505,816, and $2,078,288 to plant in service, respectively.

a. **Identify, explain, and provide an itemized breakdown of each difference in the plant in service increases Bluegrass Water indicated were attributable to capital improvements approved in Case No. 2022-00015 in response to Staff's Second Request, Item 52, $812,141, and the Total Actual Project Cost, $757,581, provided in response to Staff's Sixth Request, Item 24.**

b. **Identify, explain, and provide an itemized breakdown of each difference in the plant in service increases Bluegrass Water indicated were attributable to capital improvements approved in Case No. 2022-00046 in response to Staff's Second Request, Item 52, $485,412, and the Total Actual Project Cost, $496,545, provided in response to Staff's Sixth Request, Item 24.**

c. Identify, explain, and provide an itemized breakdown of each difference in the plant in service increases Bluegrass Water indicated were attributable to capital improvements approved in Case No. 2022-00102 in response to Staff's Second Request, Item 52, $505,816, and the Total Actual Project Cost, $525,420, provided in response to Staff's Sixth Request, Item 24.

d. Identify, explain, and provide an itemized breakdown of each difference in the plant in service increases Bluegrass Water indicated were attributable to capital improvements approved in Case No. 2022-00104 in response to Staff's Second Request, Item 52, $2,078,288, and the Updated Total Budget Projected Costs, $2,634,000, provided in response to Staff's Sixth Request, Item 24.

RESPONSE:

a. Please refer to "Exhibit PSC PH-11 Utility Plant in Service Analysis" sheet "Woodland Acres 2022-00015" for itemized breakdown of plant in-service increases with column "G" characterizing project type to differentiate between assets attributable to regular capital maintenance, assets attributable to the project approved in Case No. 2022-00015, and retirements which were included in the response to PSC Request No. 2-52. The variance results from plant in-service, including items that result from capital maintenance of the system in addition to the items related to the project and the inclusion of retirements in the response to PSC Request No. 2-52.

b. Please refer to "Exhibit PSC PH-11 Utility Plant in Service Analysis" sheet "Persimmon Ridge 2022-00046" for itemized breakdown of plant in-service with column "G"

characterizing project type to differentiate between assets attributable to regular capital maintenance, assets attributable to the project approved in Case No. 2022-00046, and retirements that were included in the response to PSC Request No. 2-52. The total referenced in PSC Request No. 2-52 also included a future improvement item totaling $7,818.54 relating to a planned pump refurbishment that is not part of the project approved in Case No. 2022-00046 but is instead attributable to regular capital maintenance of the system. The variance results from plant in-service, including items that result from capital maintenance of the system in addition to the items related to the project, the inclusion of the future improvement item that does not relate to the project, and the inclusion of retirements in the response to PSC Request No. 2-52.

c. Please refer to attachment "Exhibit PSC PH-11 Utility Plant in Service Analysis.xlsx" sheet "Herrington Haven 2022-00102" for itemized breakdown of plant in-service with column "G" characterizing project type to differentiate between assets attributable to regular capital maintenance, assets attributable to the project approved in Case No. 2022-00102, and retirements which were included in the response to PSC Request No. 2-52. The variance results from plant in-service including items which result from capital maintenance of the system in addition to the items related to the project and the inclusion of retirements in the response to PSC Request No. 2-52.

d. Please refer to "Exhibit PSC PH-11 Utility Plant in Service Analysis.xlsx" sheet "Delaplain 2022-00104" for itemized breakdown of plant in-service with column "G" characterizing project type to differentiate between assets attributable to regular capital maintenance, assets attributable to the project approved in Case No. 2022-00104, and retirements

which were included in the response to PSC Request No. 2-52. The total referenced in DR 2-52 also included a future improvement item totaling $2,224,000.00 relating to work associated with Case No. 2022-0004. A detailed breakdown of these items, as well as two additional items identified since the submission of PSC Request No. 2-52 required to complete the project, was provided in "Exhibit PSC PH-10b 2022-00104_Delaplain_CPCN Updated Project Total" as part of the response to PSC REQUEST NO. 10. The variance results from plant in-service including items which result from capital maintenance of the system in addition to the items related to the project, the inclusion of the future improvement items which relate to the approved project, and the inclusion of retirements in the response to PSC Request No. 2-52, and the two additional items that must be completed for the project that were not identified until after the submission of PSC Request No. 2-52.

Witness: Jake Freeman, Director of Engineering

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 12:

For the three most recently acquired systems, explain whether any of the operators of those systems were deemed qualified and then subsequently tendered a response to a request for proposal. If an operator tendered a proposal, provide both the request for proposal and the subsequent response. Include in the response any documentation related to qualifications of the operator from the initial evaluation.

RESPONSE: For each acquisition, Bluegrass Water's business development team asks the existing operator or other appropriate system representative whether there is an interest in continuing to operate the system following acquisition. If interest is expressed, Bluegrass Water provides a request for qualifications for completion and evaluation.

For the three most recently acquired systems, no existing operator or other appropriate system representative expressed an interest in continuing to operate the system following acquisition. Accordingly, no requests for qualifications, proposals, or related evaluation materials were generated.

Moreover, in each Final Order approving Bluegrass Water's acquisition of the relevant systems, the Commission acknowledged that the systems would be operated by Clearwater Solutions following the acquisition by Bluegrass Water and that the third-party operator was qualified.[7]

7 *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. 2023-00181, Final

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

Witness: Todd Thomas, Senior Vice President

Order, at 11-12 (Sept. 22, 2023); *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, Final Order, at 4 (Oct. 20, 2023).

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 13:

Provide, in gallons, the amount of water produced by Bluegrass Water's water utility by month per system for the years 2023, 2024, 2025, and 2026 year to date.

RESPONSE: Please see "Exhibit PSC PH-13 KY DW 2023-2026."

Witness: Todd Thomas, Senior Vice President

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 14:

Refer to the September 21, 2026 Hearing Testimony of Caitlin O'Reilly (O'Reilly HVT), approximately 03:48:00–03:49:00. Provide the allocation factor for each specific expense category for the most recent quarter.

RESPONSE: Each expense category for Bluegrass Water has the same allocation factor. The most recent allocation factor for Q2 Bluegrass Water is 2.39%.

Witness: Caitlin O'Reilly, Director of Regulatory & Plant Accounting

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 15:

Refer to O'Reilly HVT, approximately 03:50:00–03:51:00 and Bluegrass Water's response to Staff's Sixth Request, Item 6, Exhibit PSC 6-6. Provide a comparison of the revenue requirement with the Personal Consumption Expenditures (PCE) Price Index and without the PCE Price Index for the water operations.

RESPONSE: Please see "Exhibit PSC PH-15 Revenue Requirement Comparison," for separate water and sewer revenue requirements. Please note that Exhibit PSC 6-6 contained the combined revenue requirement comparison.

Witness: Caitlin O'Reilly, Director of Regulatory & Plant Accounting

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 16:

Refer to O'Reilly HVT, approximately 03:52:00–03:53:00 and Bluegrass Water's response to Staff's Sixth Request, Item 6, Exhibit PSC 6-6. Provide an updated Excel spreadsheet that extends to include the forecasted test year.

RESPONSE: Please refer to Exhibit PSC 6-6, which includes the forecasted test-year. Additionally, for separate water and sewer revenue requirements, please see "Exhibit PSC PH-15 Revenue Requirement Comparison."

Witness: Caitlin O'Reilly, Director of Regulatory & Plant Accounting

REQUEST NO. 17:

Refer to O'Reilly HVT, approximately 03:53:90–03:54:06.

a. **Identify the employees that work on business development that do not have business development in their title and the total amount allocated toward business development in 2023, 2024, and 2025.**

b. **Provide the total amount and a breakdown of the business development costs that were removed for 2023, 2024, 2025.**

c. **Explain in detail the role of CSWR's professional and technical staff, such as accountants, in-house lawyers, engineers, and environmental compliance staff, in evaluating new systems that are being considered or targeted for acquisition and in addressing issues related to acquisitions, including their role in reviewing any financial information regarding the systems prior to acquisition, their role in preparing or reviewing contracts pertaining to the acquisition of systems, their role prior to acquisition in evaluating the condition of systems or projects that might be required for the systems, their role prior to acquisition in coordinating with environmental regulatory agencies to obtain some agreement to avoid or limit enforcement actions if the acquisition is completed, and their role in overseeing outside contractors performing similar tasks.**

d. Explain whether costs associated with work identified in response to subpart c. is included in the business development costs removed, and if so, identify the amounts and where those costs were removed. If not, explain why those costs were or should not be removed.

RESPONSE:

a. All 5 full-time employees 100% dedicated to business development have 'business development' in their title. A percentage of the executive salary is also considered business development. Because the executives oversee all employees, the Company believes it is appropriate to remove a portion of the executives' salaries as "business development" on the assumption that the executives are required to oversee employees performing business development duties. The salaries of the 5 full-time employees dedicated to business development and a portion of executive salaries has been excluded from the revenue requirement. Please see CONFIDENTIAL "Exhibit PSC PH-17 Business Development Detail."

b. Please see CONFIDENTIAL "Exhibit PSC PH-17 Business Development Detail."

c. CSWR's professional and technical staff provide subject-matter expertise in evaluating potential acquisitions and supporting the acquisition process. Accounting and finance personnel review available financial and operational information to assist in evaluating the condition and performance of a system. Legal personnel review and assist in negotiating acquisition-related agreements, perform legal due diligence, and support regulatory filings associated with acquisitions. Engineering and environmental compliance personnel evaluate system infrastructure, operational conditions, regulatory compliance matters, and potential capital

improvement needs. These personnel may also assist in communications with environmental regulatory agencies regarding existing compliance issues and may oversee or review the work of outside consultants retained to perform specialized evaluations. These activities are not considered business development activities because they reflect the application of professional, technical, legal, accounting, engineering, and environmental expertise necessary to evaluate and execute potential acquisitions. Business development activities are performed by employees dedicated to identifying, pursuing, and developing acquisition opportunities. All business development costs identified in response to parts (a) and (b) were removed prior to allocation to Bluegrass Water and are not included in the revenue requirement.

d. All business development cost identified in subpart (b) are removed prior to allocating to Bluegrass and are not included in the revenue requirement. Please also see the response to subpart (c).

Witness: Caitlin O'Reilly, Director of Regulatory & Plant Accounting

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 18:

Refer to O'Reilly HVT, approximately 03:55:00. Explain how the amount of business development is determined from the executives' and directors' salaries. In the response, provide the amount that was allocated to business development from these individuals' salaries in 2023, 2024, and 2025.

RESPONSE: Each month, the percentage of total salaries attributable to business development personnel is calculated by dividing the salaries of employees dedicated to business development activities by total monthly salaries. This percentage is then applied to total executive compensation to determine the portion of executive salaries attributable to business development activities. The resulting amount is excluded from total executive compensation before the remaining executive compensation is allocated to Bluegrass Water based on the overhead allocation %. Please see "Exhibit PSC PH-18 Executive Biz Dev Salaries." These amounts were not allocated to Bluegrass Water and are not included in the revenue requirement.

Witness: Caitlin O'Reilly, Director of Regulatory & Plant Accounting

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 19:

Refer to O'Reilly HVT, approximately 04:02:00–04:02:30 and the Attorney General's Third Request for Information, Item 20. Provide a breakdown of the costs that were removed as business development and reconcile the discrepancy between the salary of five employees from the response to the Attorney General and the amount provided as the total salaries of business development employees listed in response to Bluegrass Water's response to the Attorney General First Request for Information, Item 25, Exhibit AG 1-25.

RESPONSE: Please see "Exhibit PSC PH-19 Business Development Reconciliation."

Witness: Caitlin O'Reilly, Director of Regulatory & Plant Accounting

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 20:

Refer to O'Reilly HVT, approximately 04:06:01.

a. **Provide the total amounts paid to Bluegrass Water's operator contractors in each year from 2020 through 2025 and provide a breakdown showing the portions of those totals that were expensed in each year and the portions that were capitalized in each year.**

b. **Provide the total amounts projected to be paid to ClearWater Solutions in the test year, as reflected in Bluegrass Water's revenue requirement calculation, and provide a breakdown showing the portion of that total that was projected to be recorded as expense and the portion that was projected to be capitalized as part of plant in service. Include in the response the account(s) where the expense(s) and capitalized amounts may be found.**

RESPONSE:

a. Please see "Exhibit PSC PH-20 Clearwater." Please note that not all capital costs are plant in service and included in the revenue requirement calculation; some of these costs remain classified as Construction in Progress.

b. Please refer to the previously provided response to OAG Request No. 3-34 for Clearwater Contract Operations expenses included in the revenue requirement calculation. There were no specific Clearwater costs projected to be capitalized as plant in service; rather, the estimate reflected the total anticipated future project costs.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

Witness: Caitlin O'Reilly, Director of Regulatory & Plant Accounting

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 21:

Refer to the Silas HVT, approximately 09:37:30–09:38:30.

a. Provide call logs related to customer complaints for the year 2025 and year to date 2026.

b. Provide the percentage of calls resulting in a conversation with a customer as it relates to this application. Include in the response the number of calls attempted and the number of calls resulting in a conversation.

RESPONSE:

a. Please see the CONFIDENTIAL "Exhibit PSC PH-21 Complaint Log," for 2025 and year-to-date 2026. The exhibit contains customer-specific information and is therefore being provided confidentially.

Column B identifies the customer, Column F summarizes the complaint and indicates where the customer previously submitted a complaint, and Columns I and J document the date and result of any customer-contact efforts.

b. Based on the documented telephone activity, the Company attempted to contact 12 customers and completed a substantive conversation with 7 customers, resulting in a contact rate of approximately 58.3 percent. Consistent with the testimony referenced in the request, the Company's outreach was directed to customers who raised service-quality, billing, or other customer-specific concerns. The Company did not contact customers solely because they opposed the requested rate adjustment or asked the Commission to take action regarding rates.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

Witness: Aaron Silas, Vice President

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 22:

Refer to Silas HVT 09:46:40–09:48:40. Provide a proxy group of at least five water utilities that have similar operating characteristics as Bluegrass Water's water system, including possible unaccounted-for water loss.

RESPONSE: Bluegrass Water is not aware of any water utility that would serve as an appropriate proxy for evaluating unaccounted-for water loss across its water operations. Bluegrass Water's water systems consist of numerous small, geographically dispersed systems acquired from different owners, with varying ages, infrastructure conditions, source water characteristics, customer densities, and system configurations. Consequently, unaccounted-for water levels are highly system-specific. The Company does not believe that any single utility, or group of utilities, possesses sufficiently similar operating characteristics to provide a meaningful benchmark for Bluegrass Water's overall water loss experience.

Witness: Aaron Silas, Vice President

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 23:

Refer to Bluegrass Water's response to Staff's Fourth Request for Information (Staff's Fourth Request), Item 12, Exhibit PSC 4-12. Also refer to Silas HVT 09:49:50–09:53:28.

a. **Provide a definition of each type of payment method listed in the chart.**

b. **Identify where the fee-free options or locations are listed in this Exhibit.**

c. **Update the Exhibit to include the number of months and number of payments received by call-in service agents since the implementation of that option.**

d. **Update the Exhibit to include the fee, if applicable, or indicate that there is no fee for each option including the new call-in payment agent option.**

e. **State which category would include the check-free pay station. If the check-free pay station is not included in one of the categories, provide the number of months and payments received and the fee amount, if applicable.**

RESPONSE:

a. Please see "Exhibit PSC PH-23 - Payment Method Explanation," which provides a description of each payment method listed in the referenced chart.

b. The fee-free options include Venmo and Online Bank Direct and Online Bank Direct (Fiserv), which allow customers to make payments through their bank's bill-pay service. Customers may also make payments for free at participating Fiserv locations, including approximately 30,000 CheckFreePay locations across the United States.

c. The Company does not separately track the number of payments completed with the assistance of a customer experience representative. Each agent-assisted payment is processed using an available payment method and is recorded under that payment method rather than as a separate agent-assisted payment category. Accordingly, the Company cannot provide the requested number of months and payments for agent-assisted payments.

d. Please see "Exhibit PSC PH-23 - 4-12 Updated," which identifies the applicable fees per payment method.

e. CheckFreePay stations are included within the Online Bank Direct payment category. CheckFreePay payments are not separately tracked from other payments recorded in that category. Accordingly, the Company cannot separately provide the number of months or payments associated with CheckFreePay stations. As reflected in "Exhibit PSC 8-23 - 4-12 Updated," no transaction fee applies to the Online Bank Direct payment category, including the CheckFreePay stations.

Witness: Aaron Silas, Vice President

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 24:

Refer to Silas HVT, at approximately 10:38:50, where he explains he works with the legal department and the engineering department to determine when or if a Certificate of Public Convenience and Necessity (CPCN) will be required. Explain Mr. Silas's role in Bluegrass Water's filing of a CPCN and when an application for a CPCN is filed.

RESPONSE: As part of his regulatory responsibilities, Mr. Silas works with the Company's engineering, operations, and legal personnel to evaluate proposed projects and determine whether a CPCN application is required under applicable Commission rules and precedents. This includes coordinating internal reviews, assisting with project planning and regulatory strategy, and helping ensure that any required filings are made in a timely manner, as may be determined in accordance with Kentucky law by legal personnel.

Witness: Aaron Silas, Vice President

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 25:

Refer to Bluegrass Water's supplemental response to Staff's Second Request, Item 52, Exhibit_PSC_2-52_-_Plant_in_Service.xlsx, filed on May 8, 2026. Refer also to Thies HVT at 11:41:52–11:43:13, and at approximately 12:33:00.

a. **For any amounts included in the "Improvements since the last rate case" or "Future improvements" columns of Exhibit_PSC_2-52_-_Plant_in_Service.xlsx attributable to improvements for which no CPCN was obtained, provide a spreadsheet in Excel format that identifies and briefly describes the improvement, identifies the system to which the improvement was made, provides an itemized breakdown of the costs and, if not completed, the expected costs of the improvement, and provides the in-service or expected in-service date of the improvement.**

b. **Provide any engineering report, corrective action plan, or similar document that recommended or otherwise supports the need for the improvements identified in response to subpart a.**

c. **Explain how the amounts included in the "Retirements" column in Exhibit_PSC_2-52_-_Plant_in_Service.xlsx were determined.**

RESPONSE:

a. Please see "Exhibit PSC PH-25(a) - Plant Improvements Breakdown."

b. Please see the column "Notes" in the Exhibit "PSC 8-25 - Plant Improvements Breakdown," which provides rationale for each improvement and reference to attached supporting documentation for the improvements where appropriate. Please also see Exhibit PSC 8-25(b) – Plant Improvements Breakdown Supporting Documentation, which contains CONFIDENTIAL critical infrastructure information related to the Great Oaks system.

c. The Company identified assets as retirements due to them being replaced by assets placed into service.

Witness: Brent Thies, Senior Vice President, Accounting & Finance

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 26:

Provide the date Bluegrass Water stopped recording the regulatory liability related to late fees.

RESPONSE: Bluegrass Water records up to $14,244 of annual late fee revenue as operating revenue, consistent with the amount reflected in the Commission's prior order. To the extent annual late fee billings exceed that amount, Bluegrass Water tracks and records the excess in a regulatory asset or regulatory liability account, as directed by the Commission. This accounting treatment will be reviewed and recorded as part of the Company's ongoing regulatory accounting process, and will continue pending further order of the Commission.

Witness: Brent Thies, Senior Vice President, Accounting & Finance

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 27:

Provide the amount of late fees from April 1, 2024, through the year-to-date 2026, by month.

RESPONSE: Please see CONFIDENTIAL "Exhibit PSC PH-27 - KY Late Fees by month April 2024-Sept 2026."

Witness: Aaron Silas, Vice President

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 28:

Refer to Bluegrass Water's response to Commission Staff's Fifth Request for Information (Staff's Fifth Request), Item 1.

a. State whether Bluegrass Water used 1.00 percent or 1.50 percent to calculate the bad debt expense included in the test year.

b. Provide the basis for the 1.50 percent estimate.

RESPONSE:

a. The Company used 1.00 percent to calculate the bad debt expense in the test year.

b. Bluegrass Water's increase in the bad debt expense factor from 1.0% to 1.5% reflects actual historical collection experience and is intended to ensure that bad debt expense is more accurately aligned with current operating conditions. However, as noted in subpart (a), the Company only used 1% to calculate bad debt expense in the test year.

Witness: Brent Thies, Senior Vice President, Accounting & Finance

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 29:

Refer to Thies HVT at 12:00:10–12:00:37.

a. Explain the lack of bad debt write-offs for wastewater in 2021 and 2025.

b. Provide the net write-offs for wastewater in 2021.

RESPONSE:

a. There were bad debt write-offs for 2021, totaling $1,419. Management evaluates the status of accounts receivable at year end for delinquent accounts. At the end of 2025, management decided there was not a need to write-off any accounts.

b. Net write-offs for wastewater in 2021 totaled $1,419.

Witness: Brent Thies, Senior Vice President, Accounting & Finance

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 30:

Refer to Thies HVT, at approximately 12:05:00. Refer also to the final Order in Case No. 2022-00432, at 34-35, in which the Commission declined to include alleged stranded costs in rate base. Explain the difference, both narratively and using specific amounts, between the request in this application and the request in the previous rate adjustment as it relates to the acquisition of Randview.

RESPONSE: The Company's request in this proceeding differs from the issue addressed in Case No. 2022-00432. When filing its Application in Case No. 2022-00432, the proceeding requesting that the Randview system be sold was still pending before the Commission. As a result, the Company's proposed revenue requirement in the Application and requested rates included the Randview system. During the pendency of that rate case, the Commission entered an order approving the sale of the Randview system to the City of Mayfield. Accordingly, the Company updated its requested revenue requirement to remove plant in service and ongoing expenses related to Randview, in acknowledgement that those expenses would not be incurred in the future due to the Commission approving the sale. To be clear, the Company did not request to recover any stranded investment in the prior rate case, nor did the Commission decline to allow recovery of any stranded costs. Consistent with the Company's request, the Commission simply adjusted the revenue requirement to remove costs and expenses related to Randview in acknowledgement that the Company would no longer be operating the Randview system.

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

In this proceeding, the Company is not seeking recovery of the Randview assets through rate base. Rather, the Company has reflected the effects of the completed transaction, including the net impact of the assets, construction work in progress, and other amounts associated with Randview after consideration of the purchase price received from the sale.

The specific amounts and components included in the Company's calculation are provided in the Company's response to OAG Request No. 1-153 and the associated supporting schedules. Accordingly, for the detailed breakout of the amounts associated with the completed Randview transaction and how those amounts differ from the rate base treatment addressed in Case No. 2022-00432, please refer to the Company's response to OAG Request No. 1-153.

Witness: Brent Thies, Senior Vice President, Accounting & Finance

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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 31:

Refer to Thies HVT, at approximately 12:06:15. Refer also to the final Order in Case No. 2022-00432, at 34-36, in which the Commission declined to include alleged stranded costs in rate base but also noted that the costs included attorney fees that the Commission determined should not have been capitalized for other reasons.

a. **Provide an itemized breakdown of the $173,410 figure of the stranded costs related to the Randview system, including an itemized breakdown of all investment in the Randview system that Bluegrass Water seeks to recover and an itemized breakdown of the amounts received to date to offset that investment.**

b. **Explain whether the investment Bluegrass Water is seeking recovery as stranded costs related to the Randview system includes attorney fees that the Commission determined could not be capitalized in Case No. 2022-00432, and if so, identify the amount of those attorney fees included.**

RESPONSE:

a. Please refer to previously provided response to PSC Request No. 2-27, as well as, previously provided invoice support to PSC Request No. 4-35. Please also see the Response to PSC No. PH-30.

b. The amount of attorney fees included in the Randview stranded costs excluded from plant in service in the 2022-00432 case is $68,367. Therefore, the remaining amount for stranded cost for Randview would be $104,773.

Witness: Brent Thies, Senior Vice President, Accounting & Finance

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 32:

Refer to Bluegrass Water's Response to the Attorney General's Fourth Request for Information, Item 14, Exhibit OAG 4-14. Refer also to the final Order in Case No. 2022-00432 at 8. The difference in Bluegrass Water's "Acquisition Adjustment" component of rate base between Case No. 2022-00432 and the instant proceeding is the inclusion of acquisition adjustments for the Commonwealth Wastewater and Woodland Acres systems. However, in Case No. 2022-00432, it was noted that Bluegrass assigned the purchase price of Woodland Acres to its Plant in Service balances. Confirm that the $10,000 included in Bluegrass Water's "Acquisition Adjustment" component of rate base is not duplicative to the plant in service addition approved in Case No. 2022-00432.

RESPONSE: Confirmed. The $10,000 that is included as an Acquisition Adjustment in this case is not duplicative to the plant in service approved in Case No. 2022-00432. Rather, the $10,000 represents the portion of the Woodland Acres acquisition purchase price that exceeded the system's net book value at the time of acquisition. The amount was recorded as an acquisition adjustment and is separate from the underlying plant in service balance.

Witness: Brent Thies, Senior Vice President, Accounting & Finance

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 33:

Provide a calculation of the cash working capital without non-cash items using the 1/8th method.

RESPONSE: Please see "Exhibit PSC PH-33 Cash Working Capital."

Witness: Brent Thies, Senior Vice President, Accounting & Finance

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 34:

Provide a detailed monthly income statement for the test year.

RESPONSE: Please refer to Exhibit 9, "Income Statement Detail WW" and "Income Statement Detail Water" tabs. To see monthly balances, open the expanders at the top of the workbook above columns BR, CE, CR.

Witness: Brent Thies, Senior Vice President, Accounting & Finance

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 35:

Provide a copy of the wage and benefit study performed for Bluegrass Water from the most recent application for a general rate adjustment, Case No. 2022-00432.

RESPONSE: Please see "Exhibit PSC PH-35," which contains the wage and benefit study prepared for Bluegrass Water and previously attached to the Direct Testimony of Quentin M. Watkins in Case No. 2022-00432, https://psc.ky.gov/pscecf/2022-00432/kerry.ingle%40dinslaw.com/02272023042552/Application_Exhibit_12_-_Direct_Testimony_of_Quentin_M._Watkins.pdf.

Witness: Brent Thies, Senior Vice President, Accounting & Finance

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 36:

Refer to Thies HVT at 12:15:57–12:16:04. Provide a breakdown of the bonuses and state the reason the bonus was granted for all employees listed in Bluegrass Water's response to the Attorney General's First Request for Information, Item 25, Confidential Exhibit 1-25 as well as the directors and executives. In the response, indicate if the bonus was received for performance based on an acquisition, and if so, how many connections were associated with that acquisition.

RESPONSE: Please see CONFIDENTIAL "Exhibit PSC PH-36 Bonus Detail."

Witness: Brent Thies, Senior Vice President, Accounting & Finance

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 37:

Refer to Thies HVT at 12:20:53–12:21:38. Provide the most recently authorized cost of long-term debt for each CSWR affiliate. Further, provide the docket number in which a Commission authorized that cost of long-term debt.

RESPONSE: Please see "Exhibit PSC PH-37 - Affiliate Long-Term Debt."

Witness: Brent Thies, Senior Vice President, Accounting & Finance

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 38:

Refer to Thies HVT at 12:31:32–12:31:42. Provide the revenue requirement for each system that Bluegrass Water owns.

RESPONSE: Please see "Exhibit PSC PH-38 Revenue Requirement by System."

Witness: Brent Thies, Senior Vice President, Accounting & Finance

REQUEST NO. 39:

Refer to the September 22, 2026 Cox HVT, approximately 12:54:00, Silas HVT at 10:03:09–10:03:41 and Bluegrass Water's response to Staff's Fourth Request, Item 49, Confidential Exhibit PSC 4-29.

a. **Identify the expenses or costs related to moving operations in-house that actually increased as a result of the termination of the Clearwater Solutions contract.**

b. **Provide the difference between the estimated in-house study expense and the actual in-house operations expense. Explain where the actual expense is more than the expense expected based on the study and explain how Bluegrass Water determined that the expense was greater.**

c. **Provide an explanation as to how Bluegrass Water is allocating the actual costs and expenses between its water and wastewater operations. In the response include the breakdown for the actuals from May 2026 to present.**

d. **For each item listed on the "Total Cost" tab of Confidential Exhibit PSC 4-29 as an expected expense, identify the account or accounts in which Bluegrass Water has or expects to record those amounts.**

e. **For each account identified in response to subpart b., provide the amounts actually recorded in each account from May 2026 to present, the amounts recorded in each account during the same period of 2025, and the amounts**

Bluegrass Water projected would be recorded in each of those accounts in each month of the forecasted test year when calculating its proposed revenue requirement.

f. Identify any transportation equipment or tools purchased for the operations employees, provide an itemized breakdown of the cost of that transportation equipment and tools, and explain any differences between the actual cost and the costs as reflected on the "Equip" tab of Confidential Exhibit PSC 4-29.

RESPONSE:

a. The expenses associated with bringing operations in-house that increased or were newly incurred include direct operations labor; payroll taxes and payroll-processing expenses attributable to operations personnel; employee benefits, including healthcare, retirement, and other applicable benefits; vehicle-related costs, including fuel, transportation, and insurance; materials and supplies used by the in-house operations team; information technology and operational-support costs; and certain testing, maintenance, and other system-level operating costs previously performed or coordinated by the contract operator.

b. Please see CONFIDENTIAL "Exhibit PH-39b Cost Comparison."

c. Bluegrass Water allocates costs and expenses between its water and wastewater operations based on the nature of the work performed and the utility function benefiting from the expense. Many operating activities are dedicated exclusively to either water or wastewater operations and are assigned directly to the applicable utility operation. For example, field operations personnel are generally assigned based on the licenses, certifications, and operational

responsibilities required for either water or wastewater systems, allowing those labor costs to be directly attributed to the appropriate utility operation.

Similarly, operating and maintenance activities are generally performed at the individual service-area level. Expenses associated with a specific water system or wastewater system, including contractor costs, repairs, maintenance activities, compliance activities, and other system-specific work, are recorded directly to the applicable service area and utility function.

When an expense benefits both water and wastewater operations and cannot be directly assigned, the Company allocates the expense using a reasonable allocation methodology. Generally, such shared costs are allocated based on the relative customer counts of the affected water and wastewater operations. This approach allows the Company to directly assign costs whenever possible while allocating shared costs in a consistent and reasonable manner.

d. Please see the Company's response to subpart b and CONFIDENTIAL "Exhibit PSC PH-39d Total Cost Account Listing."

e. Please see "Exhibit PSC PH-39e Cost Breakdown."

f. Please see the attached documentation identifying the transportation equipment and tools purchased for operations employees and the associated itemized costs.

The attached vendor documentation provides the itemized tools, safety equipment, and operating supplies purchased in connection with the transition to in-house operations, including the quantity, unit price, and total price of each item.

The amounts reflected on the "Equip" tab of CONFIDENTIAL Exhibit PSC 4-29 were planning estimates developed before the equipment was purchased. The actual purchases differ

from those estimates because the equipment ultimately obtained was based on the number of employees hired, the vehicles and equipment available at the time of purchase, actual vendor pricing, taxes and freight, and the specific tools and safety equipment determined to be necessary for field operations. Certain estimated items may have been replaced with comparable equipment, purchased in different quantities, leased rather than purchased, or not purchased. Conversely, certain items necessary for actual field operations may not have been separately identified in the original estimate.

Witness: Aaron Silas, Vice President

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 40:

Refer to the September 22, 2026 Silas HVT at 10:05:20–10:20:45 and Bluegrass Water's response to Staff's Fourth Request, Item 49, Confidential Exhibit PSC 4-29.

a. **Explain what costs are capitalized at 25 percent within the in-house study.**

b. **State what actual costs are capitalized for in-house operations.**

c. **Provide the capitalization rate for CSWR's affiliates in Missouri and Louisiana.**

d. **Provide a breakdown of the training costs listed on the total cost tab, column D, line 44.**

e. **Provide the annual fee for each Bluegrass Water operator to be licensed and certified.**

f. **State whether an office structure or office trailer exists for Bluegrass Water in-house operations. Provide in the response an estimated date that it will be open, or, if already installed, the date it opened.**

g. **Provide an explanation as to how the HR Expenses and Workers' Comp Insurance Expense on the Assumptions tab were determined.**

h. **Identify by job title any operations personnel retained to bring the work of the contractor in house and provide a breakdown of their base salaries similar to that provided in the "Staffing Plan" tab of Confidential Exhibit PSC 4-29.**

i. Explain how the data on the Distance Tab was determined and provide an explanation as to how it differs from the actual data now that employees have been hired. Include in the response if Bluegrass Water anticipates the data changing if an office structure is opened.

RESPONSE:

a. The 25 percent capitalization rate was used as a planning assumption in the in-house operations study based on historical capitalization experience associated with operations activities in Kentucky. The study did not identify or assign specific categories of labor, materials, vehicle costs, or other expenses to be capitalized. Rather, the 25 percent factor was applied as a general assumption to estimate the portion of operations-related costs that would ultimately be capitalized based on historical experience.

b. The Company capitalizes costs associated with activities that directly relate to the construction, installation, replacement, or improvement of utility plant. These costs generally include direct labor, materials and supplies, vehicle and equipment usage, and other costs directly attributable to capital projects. Costs associated with routine operations, maintenance, repairs, inspections, administrative functions, and other non-capital activities are generally expensed. Capitalization determinations are based on the nature of the work performed and are recorded in accordance with the Company's accounting policies.

c. The most recent capitalization rate for Missouri was 55.62%. For Louisiana, the most recent capitalization rate was 31.46%.

d. The amount reflected on Line 44 represents a budget assumption used in the development of the in-house operations study. It does not reflect specific incurred training expenses or a detailed training plan. Accordingly, there is no itemized breakdown supporting this amount.

e. Operator certification fees vary depending on the certification sought and whether the fee relates to initial testing or renewal. At a high level, certification testing costs approximately $250 per individual for either water or wastewater operator certifications. Renewal fees are generally $200 and are required every two years.

f. No. Due to the geographically dispersed nature of its operations, Bluegrass Water does not currently maintain an office building, office structure, or office trailer for its in-house operations staff in Kentucky. For business and regulatory purposes, the Company utilizes the Delaplain address. Accordingly, there is no office structure currently open and the Company has not established a date for opening an office structure.

g. The HR Expense assumption was intended to reflect the estimated incremental human resources support costs associated with the additional operations personnel contemplated by the in-house operations study.

The Workers' Compensation Insurance Expense assumption was developed using the estimated workers' compensation cost per employee applicable at the time the study was prepared and applying that cost to the anticipated staffing levels included in the study.

h. Please see CONFIDENTIAL PSC "Exhibit PH - 40h Salaries."

i. The Distance tab was developed using the geographic locations of the facilities included in the study and the drive distances between those facilities as determined through mapping software. The purpose of the analysis was to estimate travel requirements associated with operating the systems. Actual employee home locations were not used in the development of the study. While actual travel patterns may differ from the assumptions used in the study, the underlying distances between facilities remain unchanged. Therefore, the Company does not expect the opening of an office location to materially affect the distances reflected on the Distance tab, although actual routing and travel patterns could differ.

Witness: Aaron Silas, Vice President

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 41:

Refer to Bluegrass Water's response to Staff's Fourth Request, Item 9. Explain whether the labor included in the calculation of the inspection fee is contracted or in-house labor.

RESPONSE: The calculation is based on contracted labor. The Company believes this continues to be a reasonable estimate of the actual cost of performing an inspection.

Witness: Aaron Silas, Vice President

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 42:

Refer to Bluegrass Water's response to Staff's Fourth Request, Item 13b. Explain and provide a detailed cost breakdown for how much it would cost to implement a customer outreach program similar to other CSWR affiliates.

RESPONSE: Bluegrass Water already conducts the same outreach efforts as other CSWR affiliates. As such, no additional costs would be incurred.

Witness: Aaron Silas, Vice President

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 43:

Refer to the September 21, 2026 Cox HVT at 10:03:19–10:04:01. It was stated that gradually phasing in rates would be more expensive for customers due to carrying costs. Explain and provide a detailed cost breakdown of a 3-year phase-in of rates for the recently acquired systems.

RESPONSE: Bluegrass Water has not prepared a detailed cost breakdown for a hypothetical three-year phase-in of rates and cannot provide such a calculation with reasonable accuracy. The costs associated with a phase-in would depend on numerous unknown factors, including: (1) the revenue requirement ultimately approved by the Commission; (2) the specific phase-in schedule adopted; (3) the amount of revenues deferred during the phase-in period; (4) how any resulting regulatory asset would be recovered; (5) the timing of such recovery; and (6) required carrying costs, including a return on or return component.

Mr. Cox's testimony was intended to explain the general ratemaking principle that a phase-in increases the total amount ultimately paid by customers when compared to implementation of approved rates upon the effective date of a final order. Under a phase-in, a utility collects less than its authorized revenue requirement during the transition period, creating revenue deficiencies that must be recovered in the future. Customers may ultimately pay not only the deferred revenue amounts but also any approved carrying costs associated with those deferred balances. Accordingly, while the magnitude of any increased cost cannot be determined without a specific phase-in proposal and corresponding ratemaking treatment, for the reasons previously provided a

phase-in almost certainly will result in greater total customer payments over time than immediate implementation of approved rates.

Witness: Aaron Silas, Vice President

REQUEST NO. 44:

Refer to Bluegrass Water's Response to Staff's Seventh Request, Item 11. Refer also to the Silas HVT at 09:41:51–09:43:06.

a. **Explain whether the variance of usage flow between the Delaplain non-residential users is typical for commercial customer classes among the CSWR affiliates.**

b. **Explain whether Bluegrass Water has analyzed further classifying the Delaplain nonresidential customers in subclasses based on usage flow (small commercial, commercial, and industrial).**

RESPONSE:

a. Yes. The Company's experience across CSWR affiliates is that non-residential customers often exhibit significant differences in water usage and wastewater flow based on the nature, scale, and operating characteristics of their businesses. Industrial facilities, manufacturers, warehouses, transportation-related businesses, restaurants, retail establishments, and governmental entities can have materially different usage patterns, resulting in substantial variation in flow volumes within a non-residential customer class. The variability reflected in the Delaplain non-residential customer group is therefore not unusual for a commercial and industrial service area.

b. No. Bluegrass Water has not analyzed creating separate small commercial, commercial, and industrial subclasses within the Delaplain non-residential customer class for

purposes of this proceeding. As discussed in prior Company responses, the Company does not collect customer-specific wastewater strength data and does not distinguish between commercial and industrial customers within the Delaplain non-residential class for rate-design purposes. Instead, differences in customer impact are reflected through the Delaplain-specific volumetric charge, which is based on water-usage data obtained from the water utility. Under this approach, customers with greater usage volumes pay correspondingly higher volumetric charges, while customers with lower usage volumes are primarily subject to minimum applicable charges.

Witness: Aaron Silas, Vice President

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 45:

Refer to Bluegrass Water's current wastewater tariff, PSC KY No. 1, 1st Revised Sheets No. 1.4, regarding the late payment penalty of 10 percent.

a. Explain whether the implementation of the 10 percent late payment fee has improved the level of late bill payments in general. Provide any supportive data in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

b. Explain how a 10 percent late payment fee incentivizes customers to make on-time payments more compared to a set dollar amount late payment fee.

RESPONSE:

a. Please see CONFIDENTIAL "Exhibit PSC PH-45 - Penalty 30 Day Past Due Impact." A 10 percent late payment fee was implemented for Kentucky Consolidated billing in April 2024. That month, 30-day debt decreased 20.26 percent, from $31,646.67 in March to $25,233.67 in April.

b. A 10 percent late payment fee creates a more effective payment incentive than a fixed-dollar late fee because it scales with the customer's bill amount. The fee remains meaningful regardless of account size, whereas a fixed-dollar charge may have little deterrent effect on larger balances. By proportionally increasing the cost of late payment, the percentage-based fee better encourages timely payment, promotes equitable treatment among customers, and helps mitigate the utility's costs associated with delayed collections and reduced cash flow.

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

Witness: Aaron Silas, Vice President

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 46:

Refer to Silas HVT at 09:53:31–09:55:14.

a. **Explain how Bluegrass Water ensures the internal policy of waiving late payment penalties is offered in a consistent manner.**

b. **Explain how the waiving of late payment penalties impacts Bluegrass Water's cost recovery.**

c. **Explain whether Bluegrass Water plans to propose any amendments to its tariff that outlines Bluegrass Water's discretionary policy pertaining to waiving late fees.**

RESPONSE:

a. Bluegrass Water seeks to ensure that requests for late-fee waivers are handled consistently through training, supervisory oversight, and account documentation. When a customer requests relief from late payment penalties, customer service personnel review the circumstances presented by the customer and apply the Company's internal guidelines. Any adjustment made to an account is documented within the customer's account record, which promotes consistency and accountability across customer interactions. The Company's objective is to apply its customer-service policies in a fair and reasonable manner while recognizing that individual customer circumstances may differ.

b. Waiving a late payment penalty results in the Company foregoing collection of that particular non-recurring charge from the affected customer. However, late payment penalties are

intended primarily to encourage timely payment and reduce collection-related costs rather than serve as a significant source of revenue. As previously recognized by the Commission, late fees help promote timely payment and limit costs associated with delinquent accounts that could otherwise be borne by other customers. Accordingly, while the waiver of an individual late fee reduces recovery of that specific charge, the Company does not believe occasional discretionary waivers have a material impact on overall cost recovery.

c. No. Bluegrass Water is not currently proposing amendments to its tariff to incorporate additional provisions regarding its discretionary practice of waiving late payment penalties. The Company's current tariff establishes the applicable late-payment charge, while customer-service practices regarding the application or waiver of those charges are administered on a case-by-case basis. Consistent with its current proposal, the Company is not seeking to modify the approved late-payment charge itself and is not proposing tariff revisions related to discretionary waivers.

Witness: Aaron Silas, Vice President

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 47:

Refer to Silas HVT at 10:00:40–10:00:57. Also refer to Bluegrass Water's Response to Staff's Fourth Request, Item 29. Break down the in-house study into water versus wastewater.

RESPONSE: The in-house operations study was not developed on a water-versus-wastewater basis. Rather, the study was prepared on a route and operational basis to estimate the resources necessary to operate the Bluegrass Water systems.

As reflected in the study, Route KY-1 consists of the Company's water systems, while the remaining routes consist of wastewater systems. Accordingly, Route KY-1 represents the portion of the operational plan associated with water operations and the remaining routes represent the portion associated with wastewater operations.

The study did not separately allocate the estimated labor, vehicle, equipment, facility, and other costs between water and wastewater operations. Therefore, the Company has not prepared a separate water-versus-wastewater cost breakdown from the study. To the extent the Commission Staff seeks to identify which systems were included in the water and wastewater portions of the study, those systems can be identified from the route assignments contained in CONFIDENTIAL Exhibit PSC 4-29.

Witness: Aaron Silas, Vice President

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES
CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE COMMISSION STAFF'S POST-HEARING REQUEST FOR INFORMATION

REQUEST NO. 48:

Refer to Thies HVT at 11:54:14–11:54:24. Provide the amount of sewer shut off valves that Bluegrass Water has installed.

RESPONSE: Bluegrass Water has installed one sewer shutoff valve statewide.

Witness: Todd Thomas, Senior Vice President

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES, CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO COMMISSION STAFF'S POST-HEARING REQUESTS FOR INFORMATION

VERIFICATION

I, Jake Freeman, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Jake Freeman
Director of Engineering
Bluegrass Water Utility Operating Company, LLC

STATE OF MISSOURI)
) ss:
COUNTY OF ST. LOUIS)

SUBSCRIBED AND SWORN TO before me by Jake Freeman on this the 10th day of October, 2026.

My commission expires: 04-10-2027

Roshawne Vallandingham
Notary Public

ROSHAWNE VALLANDINGHAM
Notary Public - Notary Seal
Jefferson County - State of Missouri
Commission Number 23414639
My Commission Expires Apr 10, 2027

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES, CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO COMMISSION STAFF'S POST-HEARING REQUESTS FOR INFORMATION

VERIFICATION

I, Matthew Howard, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Matthew Howard
Director
ScottMadden, Inc.

COMMONWEALTH OF MASSACHUSETTS)
) ss:
COUNTY OF MIDDLESEX)

SUBSCRIBED AND SWORN TO before me by Matthew Howard on this the 12th day of October, 2026.

My commission expires: March 9, 2029

Kimberly H. Dial
My Commission Expires March 9, 2029
NOTARY PUBLIC
COMMONWEALTH OF MASSACHUSETTS

Notary Public

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES, CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO COMMISSION STAFF'S POST-HEARING REQUESTS FOR INFORMATION

VERIFICATION

I, Caitlin O'Reilly, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Caitlin O'Reilly
Director of Regulatory & Plant Accounting
Bluegrass Water Utility Operating Company, LLC

STATE OF MISSOURI)
) ss:
COUNTY OF ST. LOUIS)

SUBSCRIBED AND SWORN TO before me by Caitlin O'Reilly on this the 12th day of October, 2026.

My commission expires: 04-10-2027

Roshawne Vallandingham
Notary Public

ROSHAWNE VALLANDINGHAM
Notary Public - Notary Seal
Jefferson County - State of Missouri
Commission Number 23414639
My Commission Expires Apr 10, 2027

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES, CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO COMMISSION STAFF'S POST-HEARING REQUESTS FOR INFORMATION

VERIFICATION

I, Aaron Silas, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Aaron Silas
Vice President
Bluegrass Water Utility Operating Company, LLC

STATE OF MISSOURI)
) ss:
COUNTY OF ST. LOUIS)

SUBSCRIBED AND SWORN TO before me by Aaron Silas on this the 12th day of October, 2026.

My commission expires: 04-10-2027

Roshawne Vallandingham
Notary Public

ROSHAWNE VALLANDINGHAM
Notary Public - Notary Seal
Jefferson County - State of Missouri
Commission Number 23414639
My Commission Expires Apr 10, 2027

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES, CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO COMMISSION STAFF'S POST-HEARING REQUESTS FOR INFORMATION

VERIFICATION

I, Brent Thies, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Brent Thies
Senior Vice President, Accounting & Finance
Bluegrass Water Utility Operating Company, LLC

STATE OF MISSOURI)
) ss:
COUNTY OF ST. LOUIS)

SUBSCRIBED AND SWORN TO before me by Brent Thies on this the 15th day of October, 2026.

My commission expires: 04-10-2027

Roshawne Vallandingham
Notary Public

ROSHAWNE VALLANDINGHAM
Notary Public - Notary Seal
Jefferson County - State of Missouri
Commission Number 23414639
My Commission Expires Apr 10, 2027

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT OF WATER AND SEWAGE RATES, CASE NO. 2025-00354

BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO COMMISSION STAFF'S POST-HEARING REQUESTS FOR INFORMATION

VERIFICATION

I, Todd Thomas, verify, state, and affirm that the information request responses filed with this verification for which I am listed as a witness are true and accurate to the best of my knowledge, information, and belief formed after a reasonable inquiry.

Todd Thomas
Senior Vice President
Bluegrass Water Utility Operating Company, LLC

STATE OF MISSOURI)
) ss:
COUNTY OF ST. LOUIS)

SUBSCRIBED AND SWORN TO before me by Todd Thomas on this the 13th day of October, 2026.

My commission expires: 04-10-2027

Notary Public