COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:	)	
	)	
ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT TO ITS RATES	)	**CASE NO. 2025-00354**

DIRECT TESTIMONY AND EXHIBITS OF

MICHAEL P. GORMAN

ON BEHALF OF

SCOTT COUNTY, KENTUCKY

August 13, 2026

BRUBAKER & ASSOCIATES, INC.

Project 12010

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: **ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT TO ITS RATES**	**CASE NO. 2025-00354**

Table of Contents to the
Direct Testimony and Exhibits of Michael P. Gorman

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: **ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT TO ITS RATES**	**CASE NO. 2025-00354**

Direct Testimony of Michael P. Gorman

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. Michael P. Gorman. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q. WHAT IS YOUR OCCUPATION?

A. I am a consultant in the field of public utility regulation and a Managing Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE.

A. This information is included in Appendix A to my testimony.

Q. ON WHOSE BEHALF ARE YOU APPEARING IN THIS PROCEEDING?

A. I am appearing in this proceeding on behalf of Scott County, Kentucky ("Scott County").

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?

A. I comment on Bluegrass Water's ("Bluegrass" and/or "Company") proposed adjustments to its wastewater rates to recover its estimated wastewater revenue deficiency of $2.8 million.

I am not addressing the Company's claimed revenue deficiency for wastewater operations, but rather, I am taking exception to Bluegrass Water's proposed adjustments in wastewater rates to recover its wastewater revenue requirement.

My silence with regard to other issues in this case should not be interpreted as an endorsement of the Company's position.

Q. HOW IS BLUEGRASS WATER PROPOSING TO ADJUST RATES TO RECOVER ITS WASTEWATER REVENUE REQUIREMENT IN THIS PROCEEDING?

A. Bluegrass is proposing to increase wastewater revenue collections by $2.8 million and is proposing to move toward uniform terms of service and tariff pricing across its various Kentucky wastewater systems, including recently acquired systems. Company witness Josiah Cox explains that the proposed wastewater increase is necessary to permit professional operation of the wastewater systems, to recover the significant capital investments made to upgrade its Kentucky systems, and to adjust rates for recently acquired systems to fully recover the cost of operating those systems.[1]

The Company's proposed spread of its claimed wastewater revenue deficiency across customer classes is shown in Table 1. As shown below in Table 1, the Company's proposed revenue spread does not produce a balanced impact on all

[1] Direct Testimony of Josiah Cox, Application Exhibit 1, at 11-12.

customers of the system and creates a very large and negative impact on several systems' customer rates.

TABLE 1

Current and Proposed Wastewater Revenues

Line	Description	Current	Proposed	Proposed Increase Amount	Proposed Increase Percent
		(1)	(2)	(3)	(4)
	Residential				
1	Single	$2,092,329	$3,067,073	$ 974,744	46.6%
2	Commonwealth	5,448	17,784	12,337	226.5%
3	Magruder Village	6,720	21,888	15,168	225.7%
4	Yung Farm	14,400	27,360	12,960	90.0%
5	Total Residential	$2,118,897	$3,134,105	$1,015,208	47.9%
6	Multi-Residential	$ 67,902	$ 99,535	$ 31,633	46.6%
7	Commercial	$ 2,369	$ 3,420	$ 1,051	44.4%
8	Delaplain Non-Residential	$ 508,751	$2,158,040	$1,649,288	324.2%
9	Late Fees	$ 14,244	$ 119,529	$ 105,285	739.2%
10	Total	$2,712,163	$5,514,629	$2,802,466	103.3%

Source:
807 KAR 5:001 Section 16 (8)(n)

The information in Table 1 is from the proof of revenue proposed by the Company, which is copied and attached to my testimony as Exhibit MPG-1.

Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED ADJUSTMENTS TO ITS WASTEWATER RATES TO RECOVER ITS INCREASED REVENUE REQUIREMENT.

A. As noted above, the Company provided a proof-of-revenue that illustrated the proposed adjustment of its system wastewater rates to recover its projected increase in wastewater revenue requirement. The Company proposes to increase its annual wastewater service revenue requirement by 103.5%, from $2.71 million to $5.51 million. Also, the Company proposes continuing with its unified wastewater rates for residential, multi-residential, and commercial rates that the Commission approved in the Company's last rate case.[2] These unified rates will be applied to the three new wastewater systems the Company has acquired since its last rate case. Also, the Company proposes to retain a separate non-residential wastewater rate structure for the Delaplain service area.[3]

The Company's actual proposed change in wastewater rates, as illustrated on my Exhibit MPG-1, is to increase all fixed meter size charges to a uniform rate across all districts by residential, multi-residential, and commercial customers, and a very significant (378.9%) increase to the volumetric charge that applies only to Delaplain non-residential customers. The Company proposes to include the three newly acquired wastewater systems in a single pricing group. These three newly acquired systems are currently priced at the rate that existed when the Company acquired the systems. Increasing the residential rate for the newly acquired systems results in setting all Kentucky residential rates at a uniform residential rate, but results in large increases for the residential customers in the Commonwealth, Magruder Village and the Yung Farm systems. However, the rates to these acquired systems have not been adjusted in "years or decades," and the legacy rates do not align with the Company's cost of providing wastewater service.[4] In contrast, the Delaplain non-residential customers' rates were

[2] Company witness Silas, Applicant Exhibit 5 at 18. The details of the system wastewater rate changes were sponsored by Mr. Lyons on Applicant Exhibit 11.
[3] *Id.*
[4] Exhibit 1, Cox Direct at 12.

significantly increased in the Company's last rate case.[5] Indeed, Company witness Aaron Silas stated that the Delaplain non-residential fixed rate component was increased by 522.16% and the volume rate was increased by 31.27% in the last rate case in 2022.[6]

Q. DID THE COMPANY DETERMINE ITS REVENUE SPREAD AND ADJUSTMENT TO ITS WASTEWATER RATES USING A CLASS COST OF SERVICE STUDY?

A. No. The Company did not offer a traditional class cost of service study. Instead, the Company estimated cost of service based on class equivalencies, and that study found that generally, commercial/non-residential customers imposed a demand that is 2.5 times the residential class. However, Mr. Silas makes no mention of the collector system cost differences nor the impact on collector line distance and related Infiltration and Inflow ("I&I") impacts on wastewater strength, nor class demands on the wastewater treatment plant.[7] The Company's Delaplain Disposal - Delaplain WWTP engineering memorandum discusses I&I impacts on wastewater strength and contributions to peak flow.[8] I&I is typically attributable to all customers, not just non-residential, because I&I can include effluent across asphalt roofs, parking lots, and other sources of wastewater contaminants. However, Mr. Silas makes no mention of these impacts on the wastewater strength, demands, and volumes in developing his proposed customer class allocation of the total system wastewater revenue requirement.

For this case, Mr. Silas states at page 23 of his testimony, the Company proposed a direct allocation of 40% of its wastewater revenue requirement to the Delaplain non-

---

[5] Direct Testimony of Aaron Silas, Application Exhibit 5, at 22.
[6] *Id.* Exhibit 5 at 21-22.
[7] *Id*. at 21.
[8] Bluegrass Water response to SC 1-9, Exhibit SC 1-9 page 1 of 9.

residential rate. Mr. Silas argues that Bluegrass is planning significant capital investments to bring the Delaplain system into regulatory compliance. The improvements are primarily needed because of the strength characteristics of the non-residential wastewater effluent. Mr. Silas opines that allocating 40% of Bluewater's wastewater revenue requirement to the non-residential customers is consistent with ratemaking principles of cost causation and ensures that residential customers do not subsidize industrial customers.[9]

Q. DO YOU AGREE THAT ALLOCATING 40% OF BLUEGRASS' WASTEWATER REVENUE REQUIREMENT TO THE DELAPLAIN NON-RESIDENTIAL CUSTOMERS IS CONSISTENT COST CAUSATION PRINCIPLES?

A. No, the Company has not provided any cost justification for this direct assignment of its total system wastewater revenue requirement to the Delaplain non-residential customers. Indeed, this wastewater revenue requirement direct assignment proposal is completely arbitrary! In the Company's last rate case, its cost of service study indicated that about 20% of its wastewater revenue requirement was needed to recover its cost of serving the Delaplain non-residential customers in.[10] The Company has not provided any cost justification for increasing the direct assignment up to 40% in this case from 20% in the last rate case.

The Company's evidence does show that the planned capital investment for Delaplain is greater than those planned for other systems. However, the Company has not developed a class cost of service justification that tracks its revenue collection from

[9] *Id.* at 23.
[10] Silas Direct, Exhibit 5 at 22.

the Delaplain non-residential class versus its projected change in cost of service for these customers. This is critical because the Company's evidence shows that the Delaplain non-residential customers are already paying about 20% of the Company's wastewater revenue requirement at current approved rates, and again, this aligns with the Company's proposal in its last rate case.[11] The Delaplain non-residential customers' rates were significant increased in the last rate case based on a modified cost of service study that targeted a large increase to these customers in the last rate case.[12] The Company chose not to update the class cost of service study in this case, and has no cost justification for another large increase in this rate case.[13] Further, on a "Per Bill" basis, Delaplain non-residential customers are paying wastewater bills that are over $1,211 per month, which is 5x more than Bluegrass' other commercial rate of $197.43 per month. However, the Company has not provided any proof that doubling the portion of the Company's total wastewater revenue requirement (to 40% from 20%) recovered from Delaplain non-residential class rates is justified based on cost of service.

Q. DID THE COMPANY PROVIDE EVIDENCE THAT IMPROVEMENTS TO THE DELAPLAIN SYSTEM JUSTIFY THE PROPOSED INCREASE IN DELAPLAIN NON-RESIDENTIAL RATES?

A. No, the increase in the Delaplain non-residential rate is not based on cost justification. Mr. Silas attributes the Delaplain improvements to the strength and characteristics of wastewater effluent from non-residential users, based on Company witness Josh

[11] See my Exhibit MPG-1, lines 27 and 28 under Test year present Rates revenue divided by line 30 on the same column.
[12] Silas Direct, Exhibit 5 at 22-3.
[13] *Id*. at 22-23.

Freeman's testimony.[14] However, Mr. Freeman described the improvements to the Delaplain system as necessary due to poor conditions of the facility because of: prior-owner neglect and deferred maintenance, and components "that had reached the end of their useful life"; treatment processes that "had been bypassed" rather than repaired; steel deterioration reflecting "a failure to properly maintain coatings"; a comminutor taken out of service; leaking aeration piping and poorly configured aeration patterns; a clarifier passing solids; and a disinfection history reflecting "a failure to properly operate the facility and precisely dose disinfection chemicals."[15] [16]

Contrary to Mr. Silas' assertions, these conditions are not solely attributed to non-residential loading. Mr. Freeman does identify one non-residential issue (oil and automotive waste at the headworks) but he attributes it to "violations of the customer service agreements by some commercial connections, as well as a failure by the previous owners to enforce the prohibition."[17] The remedy for permit violations by particular customers is enforcement and pretreatment, not a class-wide revenue requirement assignment borne equally by both compliant and non-compliant customers, rather than only non-compliant customers.[18]

Moreover, the Company also has no data supporting its wastewater strength claims. It states that: "strength and characteristics" refers to "volume, flow patterns, and loading characteristics rather than customer specific laboratory strength measurements"; that it does not collect customer-specific strength data; and that

[14] Exhibit 5 at 23.
[15] Direct Testimony of Aaron Silas, Application Exhibit 5, at 23.
[16] Direct Testimony of Jacob Freeman, Application Exhibit 8, at 53-57.
[17] *Id.* at 58.
[18] *Id*. at 58.

"customer specific wastewater strength data or quantifications of pollutant loadings do not exist for ratemaking purposes." It further states that it does not assert that strength is uniform across the class, and that for rate design purposes, it does not distinguish between commercial and industrial customers within the class.[19] [20]

For all of these reasons, the proposal to increase the direct assignment to 40% of total revenue requirement from 20% to the Delaplain non-residential customers is not cost justified, as the Delaplain improvements have not been proven to be caused by non-residential customers' effluent strength and the Company is not able to prove such a claim because it has never been measured and does not collect data on the wastewater strength among the customers on its system. Therefore, it has no proof for its claim that the Delaplain non-residential customers' effluent strength is excessive.

Q DID THE COMPANY PROVIDE CAPITAL INVESTMENT DATA THAT SUGGEST ITS COST OF SERVICE IS INCREASING FOR THE DELAPLAIN SYSTEM?

A. Yes. I have summarized the Company's projected capital budgeted spend across its system in Table 2 below.

[19] Bluegrass Water Response to Scott County Request No. 1-18(a), (i), and (l).
[20] *Id*. at (e) and (j).

Table 2
Bluegrass Water
3 -Year WW Capital Spend Budget by Service Area

Service Area	Estimated Cost
KY-Delaplain	$2,634,000
All Facilities	$375,000
KY-Springcrest	$258,757
KY-Marshall Ridge	$250,000
KY-Yung Farm Estates	$234,000
KY-Timberland	$154,049
KY-River Bluffs	$123,000
KY-Kingwood	$116,477
KY-Magruder Village	$100,000
KY-Fox Run	$73,420
KY-Airview	$71,361
KY-Great Oaks	$40,000
KY-Lake Columbia	$10,000
KY-Woodland	$10,000
KY-Persimmon Ridge	$7,819
Total	**$4,457,883**

However, this capital budget does not support the Company's proposal to directly assign 40% of its wastewater revenue requirement to the Delaplain non-residential customers. As discussed above, the Delaplain non-residential customers' current wastewater rates are already significantly higher (5x more expensive on a bill basis) than the wastewater rates paid by all other customers on the Company's system. Hence, the current wastewater rate paid by the Delaplain non-residential customers will support a much larger capital budget relative to the rate revenue collection from the other customers.

Also, the capital spend at the Delaplain system is not shown to be needed to serve only the non-residential customers. Rather, the capital spend is needed to modernize the Delaplain system to allow it to serve all customers, including those served on statewide uniform Residential and Commercial rates. The Company's data shows that the Delaplain system has approximately 343 connections, and its revenue proof indicates that only 35 of the Delaplain connections are for non-residential customers.[21] Again, the Company's proposal to increase the direct assignment of total revenue requirement to 40% from the 20% that was based on a cost of service study in the last rate case is not cost justified.

Q. IS THE COMPANY'S PROPOSAL TO DIRECTLY ASSIGN 40% OF ITS WASTEWATER REVENUE REQUIREMENT TO THE DELAPLAIN NON-RESIDENTIAL CUSTOMERS CONSISTENT WITH THE COMPANY'S ASSERTED BENEFITS OF A CONSOLIDATED PRICING PLAN?

A. No. The Company's proposed adjustments to rates directly assign a large portion of the wastewater revenue requirement increase to the Delaplain system based on the planned large capital investment to that system. The Company maintains that the Delaplain system is not operated well and requires investment to improve its operation. However, the Company argues that uniform statewide rates can mitigate large increases to customers within a system that requires large improvements by spreading the cost of service increase across statewide customers. The Company's proposal does not mitigate the rate impact on Delaplain non-residential customers in this manner and therefore does not work toward the long-term system benefits expected by the Company from uniform statewide rates.

---

[21] Direct Testimony of Freeman, Exhibit 8, at 52, and 807 KAR 5:001, section 16 (8)(n), and my Exhibit MPG-1.

Specifically, the Company makes three arguments in support of statewide cost of service and uniform rates. First, Company witness Mr. Cox asserts that the public benefits of a consolidated pricing plan that encourages the consolidation of small wastewater systems into a larger utility has public benefits. He testified that unified rates supported Bluegrass Water's initiative to acquire additional wastewater systems.[22] Second, he opines that a larger wastewater utility is better able to serve customers while making necessary system improvements to comply with regulatory public protections. Third, he opines that unified pricing can result in customers being served by well-operated systems bearing a portion of Bluegrass Water's costs to remediate service deficiencies at other systems that are not well-operated, which can impact customers in the short-term, but in the long-run, all customers benefit.[23]

Q. PLEASE DESCRIBE THE COMPANY'S PROPOSED CHANGE IN THE NON-RESIDENTIAL WASTEWATER RATES ACROSS ALL EXISTING COMMERCIAL RATES.

A. A comparison of the Delaplain current and proposed non-residential wastewater rates are shown in Table 3 below.

[22] Exhibit 1 at 17-18.
[23] *Id.* at 18.

TABLE 3

Non-Residential Rates

Line	Description	Current	Proposed	Increase
Delaplain Non-Residential Rate				
1	Monthly Flat Rate	$ 197.43	$ 285.00	44.4%
2	C&I Usage Charge ($/kgal)	$ 11.67	$ 55.86	378.7%
Commercial Flat Rate				
3	All Meter Sizes	$ 197.43	$ 285.00	44.4%

Bluegrass Water's commercial rates are not uniform and do not fairly distribute the cost burden of providing wastewater service across its customer classes.

Q. ABSENT A CLASS COST OF SERVICE STUDY THAT HELPS TO IDENTIFY WHETHER OR NOT THE SYSTEM RATES ARE CLOSER OR FURTHER AWAY FROM COST OF SERVICE, IS THERE A MORE BALANCED METHOD OF SPREADING THE REVENUE INCREASE ACROSS THIS RATE CLASS OF ITS CUSTOMERS?

A. Yes. I do not oppose increasing the newly acquired districts' residential rates up to the Company's uniform residential rates. Per Company witness Cox, these districts' rates have not been increased in some time and do not fully recover the cost of wastewater service. However, all existing district rates were adjusted to the Commission-approved cost of service in the Company's last rate case. Hence, an equitable spread of the increase in revenue requirement in this case versus the last case is to simply adjust all wastewater rate elements by a uniform percentage change The percentage increase should be set at the percentage increase in the forecasted year revenue requirement relative to the revenue at current rates.

The spread of this uniform process change across rate classes is shown on my Exhibit MPG-2.

Q. CAN YOUR PROPOSED ALLOCATION OF THE WASTEWATER REVENUE REQUIREMENT BE APPLIED TO RECOMMENDATIONS MADE BY OTHER REVENUE REQUIREMENT WITNESSES IN THIS CASE?

A. Yes. I have applied my modified proposed wastewater revenue requirement allocation across the uniform rate classes and the Delaplain non-residential customers that are recommended by the Office of the Attorney General of the Commonwealth of Kentucky witness John DeFever on my Exhibit MPG-3.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes, it does.

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF: **ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC FOR AN ADJUSTMENT TO ITS RATES**	)))))))))	**CASE NO. 2025-00354**

Verification of Michael P. Gorman

Michael P. Gorman, being first duly sworn, on his oath states:

1. My name is Michael P. Gorman. I am a Managing Principal with Brubaker & Associates, Inc., 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017. We have been retained by Scott County, Kentucky to testify in this proceeding on its behalf.

2. Attached hereto and made a part hereof for all purposes are my Direct Testimony and Exhibits, which were prepared in written form for introduction into evidence in the Commonwealth of Kentucky before the Public Service Commission of Kentucky in the above-styled case.

3. I hereby swear and affirm that the testimony and exhibits are true and correct to the best of my information, knowledge, and belief, and that they show the matters and things that they purport to show.

Michael P. Gorman

Subscribed and sworn to before me this 13th day of August, 2026.

ADRIENNE J. FOLLETT
Notary Public - Notary Seal
STATE OF MISSOURI
Jefferson County
My Commission Expires: Mar. 22, 2029
Commission # 21989987

Notary Public

Appendix A

Qualifications of Michael P. Gorman

Q PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A Michael P. Gorman. My business address is 16690 Swingley Ridge Road, Suite 140, Chesterfield, MO 63017.

Q PLEASE STATE YOUR OCCUPATION.

A I am a consultant in the field of public utility regulation and a Managing Principal with the firm of Brubaker & Associates, Inc. ("BAI"), energy, economic and regulatory consultants.

Q PLEASE SUMMARIZE YOUR EDUCATIONAL BACKGROUND AND WORK EXPERIENCE.

A In 1983 I received a Bachelor of Science Degree in Electrical Engineering from Southern Illinois University, and in 1986, I received a Master's Degree in Business Administration with a concentration in Finance from the University of Illinois at Springfield. I have also completed several graduate level economics courses.

In August of 1983, I accepted an analyst position with the Illinois Commerce Commission ("ICC"). In this position, I performed a variety of analyses for both formal and informal investigations before the ICC, including: marginal cost of energy, central dispatch, avoided cost of energy, annual system production costs, and working capital. In October of 1986, I was promoted to the position of Senior Analyst. In this position, I assumed the additional responsibilities of technical leader on projects, and my areas of responsibility were expanded to include utility financial modeling and financial analyses.

In 1987, I was promoted to Director of the Financial Analysis Department. In this position, I was responsible for all financial analyses conducted by the Staff. Among other things, I conducted analyses and sponsored testimony before the ICC on rate of return, financial integrity, financial modeling and related issues. I also supervised the development of all Staff analyses and testimony on these same issues. In addition, I supervised the Staff's review and recommendations to the Commission concerning utility plans to issue debt and equity securities.

In August of 1989, I accepted a position with Merrill-Lynch as a financial consultant. After receiving all required securities licenses, I worked with individual investors and small businesses in evaluating and selecting investments suitable to their requirements.

In September of 1990, I accepted a position with Drazen-Brubaker & Associates, Inc. ("DBA"). In April 1995, the firm of Brubaker & Associates, Inc. was formed. It includes most of the former DBA principals and Staff. Since 1990, I have performed various analyses and sponsored testimony on cost of capital, cost/benefits of utility mergers and acquisitions, utility reorganizations, level of operating expenses and rate base, cost of service studies, and analyses relating to industrial jobs and economic development. I also participated in a study used to revise the financial policy for the municipal utility in Kansas City, Kansas.

At BAI, I also have extensive experience working with large energy users to distribute and critically evaluate responses to requests for proposals ("RFPs") for electric, steam, and gas energy supply from competitive energy suppliers. These analyses include the evaluation of gas supply and delivery charges, cogeneration and/or combined cycle unit feasibility studies, and the evaluation of third-party asset/supply management agreements. I have participated in rate cases on rate design and class cost of service for electric, natural gas, water and wastewater utilities. I have also analyzed commodity pricing indices and forward pricing methods for third party supply agreements, and have also conducted regional electric market price forecasts.

Q HAVE YOU EVER TESTIFIED BEFORE A REGULATORY BODY?

A Yes. I have sponsored testimony on cost of capital, revenue requirements, cost of service and other issues before the Federal Energy Regulatory Commission and numerous state regulatory commissions including: Alaska, Arkansas, Arizona, California, Colorado, Delaware, the District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont, Virginia, Washington, West Virginia, Wisconsin, Wyoming, and before the provincial regulatory boards in Alberta, Nova Scotia, and Quebec, Canada. I have also sponsored testimony before the Board of Public Utilities in Kansas City, Kansas; presented rate setting position reports to the regulatory board of the municipal utility in Austin, Texas, and Salt River Project, Arizona, on behalf of industrial customers; and negotiated rate disputes for industrial customers of the Municipal Electric Authority of Georgia in the LaGrange, Georgia district.

Q PLEASE DESCRIBE ANY PROFESSIONAL REGISTRATIONS OR ORGANIZATIONS TO WHICH YOU BELONG.

A I earned the designation of Chartered Financial Analyst ("CFA") from the CFA Institute. The CFA charter was awarded after successfully completing three examinations which covered the subject areas of financial accounting, economics, fixed income and equity valuation and professional and ethical conduct. I am a member of the CFA Institute's Financial Analyst Society.

582744

Bluegrass Operating Company, LLC
2025-00354
Rate Design - Wastewater: Company Recommended Wastewater Revenue Requirement

Line Number	Customer Type	Test Year Bill Count	Usage Count (T-Gals)	Current Rate	Test Year At Present Rates Revenue	Proposed Revenue Increase	Test Year Proposed Revenue	Proposed Monthly Charge	Increase / Decrease	Percentage	Cost per Bill at Current rates	Cost per Bill at Proposed rates
1												
2	**Single Residential Rate**											
3	All Meter Sizes	26,904		$ 77.77	$ 2,092,329	$ 974,744	$ 3,067,073	$ 114.00	$ 36.23	46.6%	$77.77	$114.00
4	Gallonage Revenue											
5												
6	**Commonwealth Residential Rate**											
7	All Meter Sizes	156		$ 34.92	$ 5,448	$ 12,337	$ 17,784	$ 114.00	$ 79.08	226.5%	$34.92	$114.00
8	Gallonage Revenue											
9												
10	**Magruder Village Residential Rate**											
11	All Meter Sizes	192		$ 35.00	$ 6,720	$ 15,168	$ 21,888	$ 114.00	$ 79.00	225.7%	$35.00	$114.00
12	Gallonage Revenue											
13												
14	**Yung Farm Estates Residential Rate**											
15	All Meter Sizes	240		$ 60.00	$ 14,400	$ 12,960	$ 27,360	$ 114.00	$ 54.00	90.0%	$60.00	$114.00
16	Gallonage Revenue											
17												
18	**Multi Residential Rate**											
19	All Meter Sizes	1,164		$ 58.33	$ 67,902	$ 31,633	$ 99,535	$ 85.50	$ 27.17	46.6%	$58.33	$85.50
20	Gallonage Revenue											
21												
22	**Commercial Flat Rate**											
23	All Meter Sizes	12		$ 197.43	$ 2,369	$ 1,051	$ 3,420	$ 285.00	$ 87.57	44.4%	$197.43	$285.00
24	Gallonage Revenue											
25												
26	**Delaplain Non-Residential Rate**											
27	All Meter Sizes	420		$ 197.43	$ 82,921	$ 36,780	$ 119,700	$ 285.00	$ 87.57	44.4%	$197.43	$285.00
28	Gallonage Revenue		36,489	$ 11.67	$ 425,831	$ 1,612,509	$ 2,038,339	$ 55.86	$ 44.19	378.7%	$1,013.88	$4,853.19
											$1,211.31	$5,138.19
29												
30	**Subtotal:**	**29,088**	**36,489.34**		**$ 2,697,919**	**$ 2,697,181**	**$ 5,395,099**	100.0%				
31												
32	**Late Fees**				**$ 14,244**	**$ 105,285**	**$ 119,529**					
33	**NSF Fees**				**$ -**	**$ -**	**$ -**					
34	**Total:**				**$ 2,712,163**	**$ 2,802,466**	**$ 5,514,629**					

807 KAR 5:001 Section 16 (8)(n)

Bluegrass Operating Company, LLC
2025-00354
Rate Design - Wastewater Uniform Change: Company Recommended Wastewater Revenue Requirement

Line Number	Customer Type	Test Year Bill Count	Usage Count (T-Gals)	Current Rate	Test Year At Present Rates Revenue	Proposed Revenue Increase	Test Year Proposed Revenue	Proposed Monthly Charge	Increase / Decrease	Percentage	Cost per Bill Current rate	Cost per Bill Proposed rate
1												
2	**Single Residential Rate**											
3	All Meter Sizes	26,904		$ 77.77	$ 2,092,329	$ 2,059,012	$ 4,151,341	$ 154.30	$ 76.53	98.4%	$77.77	$154.30
4	Gallonage Revenue											
5												
6	**Commonwealth Residential Rate**											
7	All Meter Sizes	156		$ 34.92	$ 5,448	$ 18,624	$ 24,071	$ 154.30	$ 119.38	341.9%	$34.92	$154.30
8	Gallonage Revenue											
9												
10	**Magruder Village Residential Rate**											
11	All Meter Sizes	192		$ 35.00	$ 6,720	$ 22,906	$ 29,626	$ 154.30	$ 119.30	340.9%	$35.00	$154.30
12	Gallonage Revenue											
13												
14	**Yung Farm Estates Residential Rate**											
15	All Meter Sizes	240		$ 60.00	$ 14,400	$ 22,632	$ 37,032	$ 154.30	$ 94.30	157.2%	$60.00	$154.30
16	Gallonage Revenue											
17												
18	**Multi Residential Rate**											
19	All Meter Sizes	1,164		$ 58.33	$ 67,902	$ 66,821	$ 134,722	$ 115.73	$ 57.40	98.4%	$58.33	$115.73
20	Gallonage Revenue											
21												
22	**Commercial Flat Rate**											
23	All Meter Sizes	12		$ 197.43	$ 2,369	$ 2,260	$ 4,629	$ 385.75	$ 188.32	95.4%	$197.43	$385.75
24	Gallonage Revenue											
25												
26	**Delaplain Non-Residential Rate**											
27	All Meter Sizes	420		$ 197.43	$ 82,921	$ 79,096	$ 162,017	$ 385.75	$ 188.32	95.4%	$197.43	$385.75
28	Gallonage Revenue		36,489	$ 11.67	$ 425,831	$ 425,831	$ 851,661	$ 23.34	$ 11.67	100.0%	$1,013.88	$2,027.76
											$1,211.3	$2,413.52
29												
30	**Subtotal:**	**29,088**	**36,489.34**		**$ 2,697,919**	**$ 2,697,181**	**$ 5,395,099**	100.0%				
31												
32	**Late Fees**				**$ 14,244**	**$ 105,285**	**$ 119,529**					
33	**NSF Fees**				**$ -**	**$ -**	**$ -**					
34	**Total:**				**$ 2,712,163**	**$ 2,802,466**	**$ 5,514,629**					

807 KAR 5:001 Section 16 (8)(n)

Bluegrass Operating Company, LLC
2025-00354
Rate Design - Wastewater Uniform Change: AG Recommended Wastewater Revenue Requirement

Line Number	Customer Type	Test Year Bill Count	Usage Count (T-Gals)	Current Rate	Test Year At Present Rates Revenue	Proposed Revenue Increase	Test Year Proposed Revenue	Proposed Monthly Charge	Increase / Decrease	Percentage	Cost per Bill Current rate	Cost per Bill Proposed rate
1												
2	**Single Residential Rate**											
3	All Meter Sizes	26,904		$ 77.77	$ 2,092,329	$ 1,865,835	$ 3,958,164	$ 147.12	$ 69.35	89.2%	$77.77	$147.12
4	Gallonage Revenue											
5												
6	**Commonwealth Residential Rate**											
7	All Meter Sizes	156		$ 34.92	$ 5,448	$ 17,503	$ 22,951	$ 147.12	$ 112.20	321.3%	$34.92	$147.12
8	Gallonage Revenue											
9												
10	**Magruder Village Residential Rate**											
11	All Meter Sizes	192		$ 35.00	$ 6,720	$ 21,527	$ 28,247	$ 147.12	$ 112.12	320.3%	$35.00	$147.12
12	Gallonage Revenue											
13												
14	**Yung Farm Estates Residential Rate**											
15	All Meter Sizes	240		$ 60.00	$ 14,400	$ 20,909	$ 35,309	$ 147.12	$ 87.12	145.2%	$60.00	$147.12
16	Gallonage Revenue											
17												
18	**Multi Residential Rate**											
19	All Meter Sizes	1,164		$ 58.33	$ 67,902	$ 60,551	$ 128,453	$ 110.35	$ 52.02	89.2%	$58.33	$110.35
20	Gallonage Revenue											
21												
22	**Commercial Flat Rate**											
23	All Meter Sizes	12		$ 197.43	$ 2,369	$ 2,044	$ 4,414	$ 367.80	$ 170.37	86.3%	$197.43	$367.80
24	Gallonage Revenue											
25												
26	**Delaplain Non-Residential Rate**											
27	All Meter Sizes	420		$ 197.43	$ 82,921	$ 71,557	$ 154,478	$ 367.80	$ 170.37	86.3%	$197.43	$367.80
28	Gallonage Revenue		36,489	$ 11.67	$ 425,831	$ 425,831	$ 851,661	$ 23.34	$ 11.67	100.0%	$1,013.88	$2,027.76
											$1,211.3	$2,395.57
29												
30	**Subtotal:**	**29,088**	**36,489.34**		**$ 2,697,919**	**$ 2,485,758**	**$ 5,183,677**	92.1%				
31												
32	**Late Fees**				**$ 14,244**	**$ 100,601**	**$ 114,845**					
33	**NSF Fees**				**$ -**	**$ -**	**$ -**					
34	**Total:**				**$ 2,712,163**	**$ 2,586,359**	**$ 5,298,522**					

807 KAR 5:001 Section 16 (8)(n)