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

SCOTT COUNTY, KENTUCKY RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

Comes now Scott County, Kentucky ("Scott County"), by and through counsel, and tenders its Response to Commission Staff's First Request for Information.

WHEREFORE, Scott County respectfully submits its Response to Commission Staff's First Request for Information.

Respectfully submitted,

/s/ David E. Spenard

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NOTICE AND CERTIFICATION FOR FILING

Undersigned counsel provides notices that the electronic version of the paper has been submitted to the Commission by uploading it using the Commission's E-Filing System on this 3rd day of September. Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), the paper, in paper medium, is not required to be filed.

/s/ David E. Spenard

NOTICE CONCERNING SERVICE

The Commission has not yet excused any party from electronic filing procedures for this case.

/s/ David E. Spenard

SCOTT COUNTY, KENTUCKY RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

1. Refer to the August 13, 2026 Direct Testimony of Michael P. Gorman (Gorman Direct Testimony). Provide Exhibits MPG-1, MPG-2, and MPG-3 in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Witnesses Responsible:

Michael P. Gorman

Response:

Please see Attachment 1 (in both PDF and Excel).

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)

Bluegrass Operating Company, LLC
2025-00354
Rate Design - Wastewater

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		Factor		Res/Non-res Split	
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		1.00		60.00%	
4	Gallonage Revenue															40.00%	
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		1.00		$2,092,329	$3,067,073
8	Gallonage Revenue															$ 5,448	$ 17,784
9																$ 6,720	$ 21,888
10	**Magruder Village Residential Rate**															$ 14,400	$ 27,360
11	All Meter Sizes	192		$ 35.00	$ 6,720	$ 15,168	$ 21,888	$ 114.00	$ 79.00	225.7%	$35.00	$114.00		1.00			
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		1.00			
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	$331,768	0.75	232,233		
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		2.50			
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		2.50			
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)																
						$ -											
							$ 5,395,099										
					18.9%		40.0%										

Bluegrass Operating Company, LLC
2025-00354
Rate Design - Wastewater Uniform Change

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		Factor		Res/Non-res Split			Revised Proposed Revenue	Revised Proposed Charge	Percentage Increase
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	98.4%	1.00		60.00%			$ 4,151,341	$ 154.30	98.4%
4	Gallonage Revenue															40.00%					
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	341.9%	1.00		#######	#######		$ 24,071	$ 154.30	341.9%
8	Gallonage Revenue															$ 5,448	$ 24,071				
9																$ 6,720	$ 29,626				
10	**Magruder Village Residential Rate**															$ 14,400	$ 37,032				
11	All Meter Sizes	192		$ 35.00	$ 6,720	$ 22,906	$ 29,626	$ 154.30	$ 119.30	340.9%	$35.00	$154.30	340.9%	1.00					$ 29,626	$ 154.30	340.9%
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	157.2%	1.00					$ 37,032	$ 154.30	157.2%
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	98.4%	0.75	#######				$ 134,722	$ 115.73	98.4%
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	95.4%	2.50					$ 4,629	$ 385.75	95.4%
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	95.4%	2.50					$ 162,017	$ 385.75	95.4%
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	100.0%						$ 851,661	$ 23.34	100.0%
											$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%										Total	$ 5,395,099		
31																		Allocate:	$ 1,186,678		
32	**Late Fees**				**$ 14,244**	**$ 105,285**	**$ 119,529**														
33	**NSF Fees**				**$ -**	**$ -**	**$ -**														
34	**Total:**				**$ 2,712,163**	**$ 2,802,466**	**$ 5,514,629**												EQUAL?	YES	

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

Bluegrass Operating Company, LLC
2025-00354
Rate Design - Wastewater Uniform Change

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		Factor		Res/Non-res Split			Revised Proposed Revenue	Revised Proposed Charge	Percentage Increase
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	89.2%	1.00		60.00%			$ 3,958,164	$ 147.12	89.2%
4	Gallonage Revenue															40.00%					
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	321.3%	1.00		#######	#######		$ 22,951	$ 147.12	321.3%
8	Gallonage Revenue															$ 5,448	$ 22,951				
9																$ 6,720	$ 28,247				
10	**Magruder Village Residential Rate**															$ 14,400	$ 35,309				
11	All Meter Sizes	192		$ 35.00	$ 6,720	$ 21,527	$ 28,247	$ 147.12	$ 112.12	320.3%	$35.00	$147.12	320.3%	1.00					$ 28,247	$ 147.12	320.3%
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	145.2%	1.00					$ 35,309	$ 147.12	145.2%
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	89.2%	0.75	#######				$ 128,453	$ 110.35	89.2%
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	86.3%	2.50					$ 4,414	$ 367.80	86.3%
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	86.3%	2.50					$ 154,478	$ 367.80	86.3%
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	100.0%						$ 851,661	$ 23.34	100.0%
											$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%										Total	$ 5,183,677		
31																		Allocate:	$ 975,256		
32	**Late Fees**				**$ 14,244**	**$ 100,601**	**$ 114,845**														
33	**NSF Fees**				**$ -**	**$ -**	**$ -**														
34	**Total:**				**$ 2,712,163**	**$ 2,586,359**	**$ 5,298,522**												EQUAL?	NO	

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

TABLE 2

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%

**SCOTT COUNTY, KENTUCKY RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

2. Refer to the Gorman Direct Testimony, page 8. Explain how non-compliant customers should be charged for permit violations so that compliant customers do not bear the entire revenue requirement allocation.

Witnesses Responsible:

Michael P. Gorman

Response:

For customers that do not comply with permit violations should be subject to penalties, and also extra strength charges to the extent non-compliant, causes the Company to incur cost that are not covered in the tariff rate charges.

SCOTT COUNTY, KENTUCKY RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

3. Refer to the Gorman Direct Testimony, page 7, lines 9–11. Explain whether Scott County disagrees with Bluegrass Water Utility Operating Company, LLC's (Bluegrass Water) residential equivalent units for non-residential customers.

Witnesses Responsible:

Michael P. Gorman

Response:

Mr. Gorman did not evaluate the reasonableness of the residential equivalent unit proposed by Bluegrass Water Operating Company.

SCOTT COUNTY, KENTUCKY RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

4. Refer to the Gorman Direct Testimony, page 11, lines 2–4. State whether non-residential customers generally have higher "loading" than residential customers.

Witnesses Responsible:

Michael P. Gorman

Response:

In general, non-residential customers typically have a higher capacity factor than residential customers which means that relative to the peak demands non-residential customers have larger volume wastewater deliveries.

**SCOTT COUNTY, KENTUCKY RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION**

5. Explain whether Scott County considers a phase-in approach to implementing the increase in rates to be a reasonable possible option in this proceeding. If so, explain what Scott County would consider to be a reasonable length of time for a phase in, for both total length and time in between phases.

Witnesses Responsible:

Michael P. Gorman

Response:

The phase-in approach can be used to mitigate the price impacts on price-sensitive customers, for example, residential class. However, a form of phasing in the increase in Mr. Gorman's judgment would not include a subsidy paid by other rate classes but rather should be provided and funded by the utility.

SCOTT COUNTY, KENTUCKY RESPONSE TO
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

6. Refer to the Gorman Direct Testimony, page 9, page 13, and Exhibits MPG2 and MPG-3. Explain how the recommended revenue allocation takes into account the 20 percent direct assignment of the wastewater revenue requirement proposed by Mr. Gorman.

Witnesses Responsible:

Michael P. Gorman

Response:

Mr. Gorman's proposed revenue spread as shown on his Exhibit MPG-2 and MPG-3, which is based on a uniform increase rate adjustment across all customers, after new system addition rates are adjusted to the consolidated system rate. Increasing all rates by uniformed percent increase retains the direct assignment of 20% of the system wastewater revenue requirement to the Delaplain non-residential rate class, that was adopted by the Commission in Bluegrass Water Utility's last wastewater rate proceeding.

SCOTT COUNTY, KENTUCKY RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

7. Refer to the Gorman Direct Testimony, Exhibit MPG-3, and page 13. The recommendation made by Mr. Gorman suggests an across-the-board approach to the revenue allocation based on the overall percentage change in revenue. Explain how the proposed revenue allocation in Exhibit MPG-3 accomplishes an across-the-board increase to rates of approximately 92.1 percent.

Witnesses Responsible:

Michael P. Gorman

Response:

Exhibit MPG-2 and Exhibit MPG-3 adjust rates by a uniform percentage change, after new system additions are adjusted to the consolidated system rates.

SCOTT COUNTY, KENTUCKY RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

8. Refer to the Gorman Direct Testimony, Exhibit MPG-2 and Exhibit MPG-3. Explain how the balance of volumetric cost versus fixed cost recovery was considered in the development of the recommended revenue allocation for Delaplain Non-Residential customer class.

Witnesses Responsible:

Michael P. Gorman

Response:

Exhibit MPG-2 and Exhibit MPG-3 proposed a rate adjustment based on a uniform percentage change after new system additions are adjusted to the consolidated system rates. The rate changes therefore retained the recovery of wastewater revenue requirement within both fixed and volumetric rate elements.