

**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 THE OFFICE OF THE ATTORNEY GENERAL'S FIRST REQUESTS  
FOR INFORMATION**

Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water” or the “Company”), by counsel, files its responses to the Office of the Attorney General’s First Request for Information, issued in the above-captioned case on February 16, 2026.

**FILED:        March 2, 2026**

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**REQUEST NO. 1-1: Annual Reports. Please advise if an annual report for 2024 has  
been filed with the Commission.**

- a. If the 2024 annual report is available, please provide a copy.**
- b. If the 2024 annual report has not been filed, please explain why not.**
- c. If the 2024 annual report has not been filed, please advise when it will be filed.**

**RESPONSE:** Yes, a 2024 Annual Report was filed with the Commission. Please see Exhibit OAG 1-1, which includes copies of Bluegrass Water's 2024 Annual Report filed with the Commission.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-3: Refer to the Application generally.**

- a. Discuss the feasibility of billing on a volumetric basis at each system, including cooperation with local water utilities to obtain water usage information.**
- b. Has Bluegrass Water performed an analysis comparing billing equity under the current flat rate structure versus a metered volumetric rate structure for customers, including low usage households.**
- c. State whether Bluegrass Water has considered offering voluntary metering, or hybrid flat/volumetric options, and provide any cost/benefit analyses performed including all workpapers.**

**RESPONSE:**

a. Volumetric wastewater billing is generally not feasible across the Company's systems because wastewater discharge is not metered and would require reliance on water usage data from third party water utilities. Based on CSWR's experience across its 11-state footprint, water utilities are not consistently willing to provide usage data, or will do so only at additional cost, which would ultimately be borne by customers. As a result, flat wastewater rates remain the most practical and administrable approach for most systems.

b. No. The Company has not performed a comparative billing equity analysis between flat wastewater rates and a fully metered volumetric structure. Based on the largely fixed and capacity-driven nature of wastewater costs, the Company believes flat rates provide predictability

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and equity for residential customers, including low-usage households, without introducing additional complexity or administrative burden. Additionally, the Company doesn't have the necessary data to conduct an analysis of low usage households in its footprint.

c. The Company has not proposed voluntary metering or hybrid flat/volumetric wastewater rate options and has not performed cost-benefit analyses related to such alternatives. Implementing these options would require additional infrastructure, coordination with third-party water utilities, and ongoing administrative oversight, without corresponding benefits that would justify the associated costs. Accordingly, the Company continues to believe its proposed rate structures are reasonable and appropriate.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory Operations**

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**REQUEST NO. 1-7: Refer to the Application generally. Identify whether Bluegrass  
Water conducted any public meetings, formational sessions, or stakeholder outreach prior  
to filing this case.**

**RESPONSE:** Bluegrass Water did not conduct any public meetings, informational  
sessions, or stakeholder outreach prior to filing this case.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory  
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**REQUEST NO. 1-8: Refer to the Application generally.**

- a. **State Bluegrass Water's criteria for determining when rate unification is appropriate, including whether similarity of cost, geography, or infrastructure conditions were evaluated.**
- b. **Provide any alternative rate structures considered that would have mitigated large percentage increases for customers in historically lower-cost systems, and why they were rejected.**
- c. **State whether Bluegrass Water evaluated phased in-rates, or system-specific transition mechanisms.**

**RESPONSE:** Bluegrass Water objects to subparts (a) and (b) of this Request to the extent they call for legal conclusions as to what constitutes fair, just, and reasonable rates. Bluegrass Water further objects to subpart (b) of this Request to the extent it seeks information regarding alternative rate structures, which may be irrelevant to whether the Company's proposed rates in this case are fair, just, and reasonable pursuant to KRS 278.030(1). Subject to and without waiving the foregoing objections, Bluegrass Water states as follows.

- a. Please refer to Exhibit 1 to the Application - Direct Testimony of Josiah Cox, Section V. Rate Consolidation, pages 15-19. Rate consolidation allows Bluegrass Water to create economies of scale and levelize costs in the long-term, that way customers in dilapidated systems are less likely to be faced with rate shock when the Company invests in key

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infrastructure and improvements.

- b. Bluegrass Water proposed a rate structure consistent with the rate structure that has been approved by the Commission in Bluegrass Water's last two rate cases, in which the Commission determined that Bluegrass Water's customers would be best served by a unified rate structure. As a result, Bluegrass Water did not seek to deviate from prior Orders of the Commission and did not consider alternative rate structures.
- c. Bluegrass Water did not evaluate phased-in rates or system specific transition mechanisms.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory  
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**REQUEST NO. 1-10: Refer to the Application generally. With respect to Bluegrass**

**Water's proposal, specifically with regard to commercial customers:**

- a. State whether Bluegrass Water has conducted any analysis of "rate shock" or affordability impacts on commercial customers. If so, provide the complete analysis, including all workpapers, models, and spreadsheets with formulas intact.**
- b. Define how the Bluegrass Water measures "rate shock" and state whether Bluegrass Water applied any such threshold in designing its proposed commercial rates.**
- c. State whether Bluegrass considered any alternative rate designs to mitigate rate shock for small commercial customers. If so, describe each alternative considered and explain why it was rejected.**

**RESPONSE:** Bluegrass Water objects to this Request to the extent it calls for legal conclusions as to what constitutes fair, just, and reasonable rates. Bluegrass Water further objects to this Request to the extent it seeks information which may be irrelevant to whether the Company's proposed rates in this case are fair, just, and reasonable pursuant to KRS 278.030(1) or implies that Bluegrass Water was required to perform any specific analysis to arrive at a fair,

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just, and reasonable rate. Bluegrass Water further objects to the request on the basis that “rate shock” is vague, unclear, and undefined. Subject to and without waiver of the foregoing objections:

- a. No. Bluegrass Water has not conducted a separate analysis of “rate shock” or affordability impacts specific to commercial customers.
- b. Bluegrass Water does not have a formal definition, metric, or threshold for “rate shock” in designing commercial rates.
- c. No. Bluegrass Water did not consider alternative rate designs specific to small commercial customers for the purpose of mitigating “rate shock.” The Company believes its proposed commercial rate structure appropriately balances cost recovery, consistency, and administrative simplicity.

**Witness:**      **Aaron Silas, Assistant Vice President of Customer Experience & Regulatory  
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**REQUEST NO. 1-11: Refer to the Application generally. With respect to Bluegrass**

**Water's proposed rates and the impact on residential customers:**

- a. State whether Bluegrass Water conducted any analysis of residential affordability or rate shock in developing its proposed rates. If so, provide the complete analysis, including all workpapers, models, and spreadsheets with formulas intact.**
- b. Define how Bluegrass Water identifies or measures "rate shock" for residential customers, and state whether the Bluegrass Water applied any such stand in designing the proposed rates.**
- c. State whether Bluegrass Water conducted any analysis of the impact of the proposed rates on residential customers with fixed incomes, including but not limited to retirees and Social Security recipients. If so:**
  - i. Provide the analysis and supporting workpapers.**
  - ii. Identify any data sources used to estimate the number of such customers within the service territory.**
  - iii. State whether Bluegrass Water evaluated the percentage of household income that would be required to pay the proposed residential bill increase.**

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- d. State whether Bluegrass Water considered any mitigation measures to reduce rate shock or affordability concerns for residential customers. For each alternative considered, describe the analysis performed and explain why it was not adopted.**

**RESPONSE:** Bluegrass Water objects to this Request to the extent it calls for legal conclusions as to what constitutes fair, just, and reasonable rates. Bluegrass Water further objects to this Request to the extent it seeks information which may be irrelevant to whether the Company's proposed rates in this case are fair, just, and reasonable pursuant to KRS 278.030(1) or implies that Bluegrass Water was required to perform any specific analysis to arrive at a fair, just, and reasonable rate. Bluegrass Water further objects to the request on the basis that "rate shock" is vague, unclear, and undefined. Subject to and without waiver of the foregoing objections:

- a. No. Bluegrass Water did not conduct a separate, system-specific affordability or "rate shock" analysis for residential customers in developing its proposed rates.
- b. Bluegrass Water does not have a formal definition, metric, or threshold for "rate shock" in residential rate design. The Company's proposed rates are developed based on recovery of the proposed cost of service using traditional ratemaking principles.
- c. No. Bluegrass Water did not conduct a separate analysis of the impact of the proposed rates on residential customers with fixed incomes, including retirees or

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Social Security recipients, and therefore did not develop supporting workpapers, customer counts, or income-percentage calculations.

- d. In developing its proposal, Bluegrass Water considered affordability at a high level through both its acquisition practices and its proposed rate design. Prior to acquiring systems, the Company evaluates community-level household income and affordability using commonly accepted benchmarks, including measures based on median household income, to assess the financial capability of the system and the reasonableness of anticipated rates. These benchmarks are used as general reference points and are not applied as rigid thresholds, recognizing that affordability conditions vary by community.

With respect to mitigation, the Company has proposed consolidated rates across systems, which helps reduce rate shock by spreading the cost of necessary infrastructure improvements over a broader customer base rather than concentrating those costs on customers served by small or historically under-invested systems. The Company believes consolidation, combined with flat residential rates, represents the most effective and administrable means of addressing affordability concerns while ensuring recovery of the cost of providing safe and reliable service.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory Operations**

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**REQUEST NO. 1-12:** Refer to the Application generally. With respect to the proposed increase in the residential rates, provide the following:

- a. State whether Bluegrass Water conducted any analysis of the potential impact of the proposed residential rate increases on:
  - i. Residential housing affordability.
  - ii. Home resale value.
  - iii. Marketability of homes within the service territory.
- b. If such analysis was conducted, provide the complete analysis, including all supporting documents, workpapers and consulting reports.
- c. State whether Bluegrass Water evaluated how the proposed increase compares to:
  - i. Drinking and wastewater charges in adjacent utility service territories.
  - ii. Regional averages for similarly situated communities.
- d. Identify and produce all research and analyses discussion potential economic, housing, demographic, and community-development impacts of the proposed rate increases.

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**RESPONSE:** Bluegrass Water objects to all subparts of this Request to the extent they call for legal conclusions as to what constitutes fair, just, and reasonable rates. Bluegrass Water further objects to all subparts of this Request as misstating and misapplying the standard established by KRS 278.030(1). Bluegrass Water further objects to this Request to the extent that it implied or suggests that any analysis referenced in the Request is required. Subject to and without waiving the foregoing objections, the Company states as follows.

- a. No. Bluegrass Water did not conduct separate analyses of the potential impacts of the proposed residential rate increases on housing affordability, home resale value, or the marketability of homes within the service territory.
- b. Not applicable. No such analyses were conducted.
- c. Bluegrass Water did not perform a formal comparative analysis of residential rates across adjacent service territories or against regional averages. The proposed rates were developed based on recovery of the proposed cost of service and the specific operational, regulatory, and capital investment needs of the systems serving Bluegrass Water's customers.
- d. Bluegrass Water did not prepare separate research or analyses evaluating broader economic, housing, demographic, or community-development impacts of the proposed rate increases. The proposed rates are driven by the need to recover prudently incurred costs associated with operating, maintaining, and reinvesting in infrastructure to ensure safe, reliable, and compliant service. The Company's focus

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in developing its proposal was on aligning rates with the cost of service necessary  
to support ongoing investment, regulatory compliance, and long-term system  
sustainability.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory  
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**REQUEST NO. 1-14: Refer to the Application generally. Describe the methodology used to calculate monthly flat residential and commercial bills under the proposed revenue increase.**

**RESPONSE:** See pages 18 through 25 of the testimony of Aaron Silas, Exhibit 5 to the Application, which describe the methodology used to determine the proposed flat residential and commercial wastewater rates based on recovery of the approved revenue requirement.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory Operations**

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**REQUEST NO. 1-19: Refer to the Application generally. Describe Bluegrass Water's  
process for selecting contractors, including whether competitive bidding is required.**

**RESPONSE:** Bluegrass Water utilizes a competitive bidding process for the selection of  
contractors.

As described in the Application, the Company prepares and distributes a Request for  
Bidders package to all interested and qualified parties for applicable projects. Contractors submit  
bids in response to the defined scope of work and project specifications. Contracts are awarded  
based on objective evaluation of price, qualifications, experience, and overall value to ensure  
fairness, transparency, and cost control. Please see Exhibit 20 to the Application, Direct Testimony  
of Todd Thomas.

**Witness:      Todd Thomas, Senior Vice President**

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**REQUEST NO. 1-23: Refer to the Application generally.**

- a. Provide an organizational chart of Bluegrass Water. Designate what city each position is located in, and whether any position is vacant. If a position is based outside of Kentucky, provide the city and state where it is located.**
- b. Provide an organizational chart that demonstrates a simplistic demonstration of all the affiliated companies that are associated with Bluegrass Water. For each entity, identify the names of the owner(s) and the percentage of ownership.**
- c. Provide a map of Bluegrass Water's service area, identifying both drinking water and sewage customers.**

**RESPONSE:** Bluegrass Water objects to subpart (a) of this Request as vague and unclear as to what kind of "organizational chart" the Office of the Attorney General is requesting. Subject to and without waiving the foregoing objections:

- a. Bluegrass Water does not maintain a position-by-position employee organizational chart because Bluegrass Water has no employees.
- b. Please refer to Exhibit JC-1 found in Application Exhibit 2, for the corporate entity organizational chart showing subsidiaries and affiliates
- c. Please refer to Exhibit TT-1 found in Application Exhibit 20, for a map of the Bluegrass Water's water and wastewater systems.

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**Witness:**     **Aaron Silas, Assistant Vice President of Customer Experience & Regulatory  
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**REQUEST NO. 1-24: Refer to the Application generally. Provide the following information for CSWR, LLC's executive staff employees.**

- a. Provide the position, title, and salary for each executive staff employee for the years 2020-2026.
- b. Provide the average bonus that each executive staff employee received, or will receive, for the years 2020-2026.
- c. Provide all vehicle allowances given to the executive staff employees for the years 2020-2026.
- d. Provide all incentive compensation given to the executive staff employees for the years 2020-2026.
- e. Provide a detailed explanation of the insurance benefits provided to the Company's executive staff employees, including, but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's executive staff employees, premiums paid by the Company or parent company on the executive staff employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
- f. Provide a detailed explanation of the retirement benefits provided to the Company's executive staff employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
- g. Explain whether any of the executive staff employees are members of a union.

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**RESPONSE:** Bluegrass Water objects to subparts (a)-(d) of this Request as overly broad, unduly burdensome, and seeking information about expenses that predate the Company's last wastewater rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, Bluegrass Water hereby provides the requested information for the period beginning on November 1, 2023, which aligns with the close of evidence in Case No. 2022-00432, to the present.

- a. Please see attached Exhibit OAG 1-24a – Executive Staff.
- b. Please refer to the response provided in part a.
- c. Please refer to the response provided in part a.
- d. No additional incentive compensation is given to the executives.
- e. Please see attached Exhibit OAG 1-24e – Insurance & Retirement Benefits.
- f. Please refer to the response provided in part e.
- g. None of the executive staff employees are members of a union.

**Witness:      Brent Thies, Vice President and Corporate Controller**

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**REQUEST NO. 1-27: Refer to the Application generally. Explain whether any vacant position costs are included in the proposed revenue requirement. If so, provide the job title, salary/wage/benefit amounts, necessity of the position, date the job was created and vacated, explanation as to why the position is currently vacant, and an estimated date as to when the position will be filled.**

**RESPONSE:** Bluegrass Water did not include vacant position costs in the proposed revenue requirement.

**Witness: Caitlin O'Reilly, Accounting Manger – Regulatory Accounting**

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**REQUEST NO. 1-28: Refer to the Application generally. Explain in detail whether any expenses have been removed from the proposed rates for ratemaking purposes. Provide a detailed list of the removed expenses and explain why Bluegrass Water removed each expense from the rate case.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information outside the scope of this rate case or information about expenses that are not included in its rate base. Subject to and without waiver of the foregoing objections, please see Exhibit OAG 1-28 Expense K&M, for the list of known and measurable to base period expenses.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-29: Refer to the Application generally. Explain in detail whether Bluegrass Water provides annual reports of any kind to the cities/counties that it operates in. Explain why or why not.**

**RESPONSE:** Bluegrass Water objects to this Request to the extent that it implies or suggests that any such annual report is required to be provided to any city or county in which Bluegrass Water operates. Bluegrass Water further objects to this Request as vague because it is unclear as to what is meant by “annual reports.” Subject to and without waiver of the foregoing objections, Bluegrass Water does not provide separate annual reports to the individual cities or counties in which it operates. As a regulated utility, Bluegrass Water’s reporting obligations are established by, and satisfied through, its filings with the Kentucky Public Service Commission and other applicable regulatory authorities.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-31: Refer to the Application, pages 3 and 4, in which Bluegrass Water states that it provides water and wastewater services to Kentucky counties of Boyle, Bullitt, Calloway, Campbell, Franklin, Garrard, Graves, Hardin, Jessamine, Madison, Marshall, McCracken, Oldham, Scott, and Shelby.**

**a. Based upon the most recent United States Census information, the poverty rates for Bluegrass Water's service area are as follows:**

- Boyle County – 14.8%,**
- Bullitt County – 8.5%,**
- Calloway County –15.9%,**
- Campbell County –11.3%,**
- Franklin County – 12.3%<sup>1</sup>,**
- Garrard County –14.3%,**
- Graves County – 16.6%,**
- Hardin County – 12.7%,**
- Jessamine County - 12.6%,**
- Madison County -16.4%<sup>2</sup>,**
- Marshall County -10.7%,**

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<sup>1</sup><https://www.census.gov/quickfacts/fact/table/franklincountykentucky,campbellcountykentucky,callowaycountykentucky,bullittcountykentucky,boylecountykentucky,US/IPE120224>

<sup>2</sup><https://www.census.gov/quickfacts/fact/table/madisoncountykentucky,jessaminecountykentucky,hardincountykentucky,gravescountykentucky,garrardcountykentucky,US/IPE120224>

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**McCracken County -13.9%,**

**Oldam County -6.0%,**

**Scott County – 8.8% and,**

**Shely County - 9.9%<sup>3</sup>**

**Confirm that Bluegrass Water is aware of the above poverty rate percentages of its  
natural gas customers who live in the aforementioned counties.**

**RESPONSE:** Bluegrass Water objects to this Request because Bluegrass Water does not have natural gas customers. Bluegrass Water further objects to this Request as seeking information that is beyond the scope of this rate case and that may not be relevant to whether the Company's proposed rates are fair, just, and reasonable. Bluegrass Water objects to the extent this Request calls for an improper legal conclusion relating to whether its proposed rates are fair, just, and reasonable pursuant to KRS 278.030(1).

**Witness: Counsel**

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<sup>3</sup><https://www.census.gov/quickfacts/fact/table/shelbycountykentucky,scottcountykentucky,oldhamcountykentucky,mccrackencountykentucky,marshallcountykentucky,US/IPE120224>

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**REQUEST NO. 1-32: Refer to the Direct Testimony of Brent Thies, page 13. Confirm that Bluegrass Water's request to increase its wastewater revenues from \$2,712,163 to \$5,514,629, is an approximately 103.33% increase in wastewater revenues. If not confirmed, explain why not.**

**RESPONSE:** Confirmed.

**Witness: Brent Thies, Vice President and Corporate Controller**

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**REQUEST NO. 1-33: Refer to the Direct Testimony of Brent Thies, page 14. Confirm that Bluegrass Water's request to increase its water revenues from \$261,377 to \$362,305, is an approximately 38.614% increase in water revenues. If not confirmed, explain why not.**

**RESPONSE:** Confirmed.

**Witness: Brent Thies, Vice President and Corporate Controller**

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**REQUEST NO. 1-35: Refer to the Application, page 5. Confirm that Bluegrass Water is requesting for the residential wastewater monthly customer charge to increase from \$77.77 to \$114,00, which is a 46.6% increase. If not confirmed, explain in detail why not.**

**RESPONSE:** Please see Exhibit AJS-4A to the Direct Testimony of Aaron Silas and Bluegrass Water's Deficiency Cure – Affidavit of Aaron Silas and Customer Notices, which speak for themselves.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory Operations**

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**REQUEST NO. 1-36: Refer to the Direct Testimony of Aaron Silas, Exhibit A, page**

**1. Confirm that Bluegrass Water is requesting for the multi-residential wastewater monthly customer charge to increase from \$53.33 to \$85.50, which is a 46.6% increase. If not confirmed, explain in detail why not.**

**RESPONSE:** Bluegrass Water is seeking to increase the multi-residential wastewater rate from \$58.33 per month to \$85.50 per month. Please see Exhibit AJS-4A to the Direct Testimony of Aaron Silas and Bluegrass Water's Deficiency Cure – Affidavit of Aaron Silas and Customer Notices, which speak for themselves.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory Operations**

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**REQUEST NO. 1-37: Refer to the Direct Testimony of Aaron Silas, Exhibit A, page**

**1. Confirm that Bluegrass Water is requesting for the commercial wastewater monthly customer charge to increase from \$197.43 to \$285.00, which is a 44.4% increase. If not confirmed, explain in detail why not.**

**RESPONSE:** Please see Exhibit AJS-4A to the Direct Testimony of Aaron Silas and Bluegrass Water's Deficiency Cure – Affidavit of Aaron Silas and Customer Notices, which speak for themselves.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory Operations**

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**REQUEST NO. 1-38: Refer to the Application, page 5. Confirm that Bluegrass Water is requesting for the residential water monthly customer charge to increase from \$77.63 to \$106.12, which is a 36.7% increase. If not confirmed, explain in detail why not.**

**RESPONSE:** Please see Exhibit AJS-3A to the Direct Testimony of Aaron Silas and Bluegrass Water's Deficiency Cure – Affidavit of Aaron Silas and Customer Notices, which speak for themselves.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory Operations**

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**REQUEST NO. 1-40: Refer to the Application generally.**

- a. Provide the union labor and non-union labor cost increases that were assumed and included in the pending case.**
- b. Provide a discussion as to the status of any negotiations of the union labor agreements as well as the union labor cost increases. Consider this an ongoing request.**
- c. Provide a copy of the most updated union labor contract.**
- d. Explain whether Bluegrass Water awards the same cost increase to non-union employees that the union employees receive. If not, explain how Bluegrass Water negotiates with the union versus non-union employees on wage/benefit increases.**
- f. Explain what employees are eligible to join a union at Bluegrass Water each of the years 2020 – 2026.**

**RESPONSE:** Bluegrass Water objects to subpart (b) of this Request to the extent it seeks information by the attorney-client privilege or the work product doctrine. Bluegrass Water further objects to subpart (f) of this Request as it calls for a legal conclusion. Subject to and without waiving the foregoing objections, Bluegrass Water does not have any employees, and all CSWR employees for which costs are allocated to Bluegrass Water are non-union employees.

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**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-41: Refer to the Application generally.**

- a. **Please confirm if low-income assistance funds have been provided to Bluegrass Water's customers.**
- b. **Provide all of the low-income utility assistance agencies that Bluegrass Water has received funds from for each of the years 2022 through 2026.**
- c. **Provide the monetary amount of low-income utility assistance funds that Bluegrass Water has received from agencies for each of the years 2022 through 2026.**

**RESPONSE:** No low-income assistance funds have been received by Bluegrass Water from 2022-2026.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory Operations**

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**REQUEST NO. 1-43: Refer to the Application generally. Has Bluegrass Water obtained and/ or is the Company seeking any funds/grants from federal, state, or local sources which have been or will be made available? If so, identify the source and amount of those funds/grants. If not, and the funds/grants are available for which the Company is eligible, explain why the Company is forgoing those opportunities.**

**RESPONSE:** No, Bluegrass Water is not aware of any funds or grants available for which the Company is eligible.

**Witness: Brent Thies, Vice President and Corporate Controller**

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**REQUEST NO. 1-44: Refer to the Application generally.**

- a. Explain how seeking to increase the monthly residential wastewater customer charge from \$77.77 to \$114.00, and an adjustment of monthly residential water from \$77.63 to \$106.12, along with unification of recently acquired system rates is in line with the principle of gradualism.
- b. Provide a list of all water and wastewater utilities with the corresponding monthly residential customer charge, residential volumetric charge, average bill, and rank the utilities from lowest to highest average bill. Ensure to include Bluegrass Water's proposed residential customer charge, average bill, and rank based upon its proposed revenue requirement.

**RESPONSE:** Bluegrass Water objects to subpart (a) of this Request as seeking an improper legal conclusion. Bluegrass Water further objects to subpart (a) of this Request as misstating the standard set forth in KRS 278.030(1). In addition, Bluegrass Water objects to subpart (b) of this Request as being overly broad, unduly burdensome, and seeking information that may be irrelevant to whether the Company's proposed rates are fair, just, and reasonable.

**Witness: Counsel**

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**REQUEST NO. 1-46: Advertising Expense. Refer to the Application generally.**

**Provide the total amount (direct, joint and indirect) of advertising expense by category for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information outside the scope of this rate case or information about expenses that are not included in the Company's rate base. Bluegrass Water further objects to this Request as overly broad, unduly burdensome, and seeking information that predates the Company's last wastewater rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, Bluegrass Water has not included advertising expenses in its rate base for purposes of this proceeding.

**Witness: Caitlin O'Reilly, Accounting Manger – Regulatory Accounting**

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**REQUEST NO. 1-48: Acquisition Related Costs-Attorney Fees. Refer to pages 24-31 of the order in Case No. 2022-00432 dated February 14, 2024. Provide the total amount of acquisition related attorney fees included in plant in service the in the base period and in the forecasted test year. Also include all corresponding amounts (accumulated depreciation, depreciation expense, etc.)**

**RESPONSE:** Bluegrass Water objects to this Request to the extent it calls for a legal conclusion based on the findings in the Commission's Order in Case No. 2022-00432. Subject to and without waiving the foregoing objection, please see response to data request PSC 2-51.

**Witness: Caitlin O'Reilly, Accounting Manger – Regulatory Accounting**

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**REQUEST NO. 1-49: Acquisition Adjustments. Refer to Exhibit 9. Provide all acquisition adjustments requested for recovery in the forecasted test year broken out by wastewater and water and system. Also identify which revenue requirement schedule where the acquisition adjustments are reflected.**

**RESPONSE:** Please see response to data request PSC 2-51.

**Witness: Brent Thies, Vice President and Corporate Controller**

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**REQUEST NO. 1-50: Annual Reports. Refer to the Application generally. Provide  
copies of or links to the last three annual reports filed at the Commission.**

**RESPONSE:** Bluegrass Water objects to this Request as unduly burdensome in calling  
for the production of public records readily available on the Commission's website.

**Witness: Counsel**

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**REQUEST NO. 1-55: Board of Director Meeting Minutes. Refer to the Application generally. Provide copies of all the BOD meeting minutes for each of the years 2024, 2025 and year-to-date 2026.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information outside the scope of this rate case or information that may be irrelevant to whether the Company's proposed rates are fair, just, and reasonable. Subject to and without waiver of the foregoing objections, Bluegrass Water does not have a board of directors and therefore has no BOD minutes to produce in response to this request.

**Witness:      Brent Thies, Vice President and Controller**

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**REQUEST NO. 1-57: Business Development Expenses. Refer to the Application generally. Provide the total business development expenses (direct, joint and indirect) for each of the years, 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information that predates the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Such expenses were addressed in the last rate case. Subject to and without waiver of the foregoing objections, CSWR, LLC removes costs related exclusively to business development activities before applying any overhead allocation factor. Therefore, no costs related exclusively to business development are included in the revenue requirement in this case.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-58: Business Development. Refer to page 68 of the order in Case No. 2022-00432 dated February 14, 2024, which states that “the Commission would encourage CSWR to require its employees to specifically identify any work done for business development...” Explain how the Company has implemented this directive and provide the information since the last rate case and forecasted for the base period and forecasted test year. If the Company did not implement this directive, explain why not.**

**RESPONSE:** Bluegrass Water objects to this Request to the extent it calls for a legal conclusion or analysis. Subject to and without waiving the foregoing objections, CSWR, LLC removes costs related exclusively to business development activities before applying any overhead allocation factor.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-59: Business Development. Refer to the Application generally.**

**Identify all employees that engage in business development activities on behalf of the Company. For each employee provide in schedule form:**

- a. Their total fully loaded compensation and the amounts charged to Bluegrass (direct, joint and indirect) for each of the years 2020, 2021, 2022, 2023, 2024, 2025, and included in the base period and forecasted the test year separately for water and wastewater and the accounts charged.**
- b. Provide the percent of time spent on business development activities in each of the years in subpart a, the base period and the forecasted test year.**
- c. Description of the business development activities and whether each is specific to Kentucky,**
- d. All company-paid or reimbursed expenses or allowances (direct, joint and indirect) for each of the years in subpart a and included in the base period and the forecasted test year separately for water and wastewater and the accounts charged.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information about business development expenses that were already addressed in the Company's last rate case, Case No. 2022-00432, to which the Office of the

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Attorney General was a party. Subject to and without waiving the foregoing objections, Bluegrass Water states as follows:

Bluegrass Water does not have employees.

- a. Business development costs are removed from the overhead allocation, and therefore none of the compensation of Business Development employees is included in the filing.
- b. Please refer to the response provided in subpart a.
- c. CSWR, LLC has one employee who has historically performed business development activities in the state of Kentucky. This includes research on systems that fit the profile of those Bluegrass Water owns and operates and contact and communicate with the system owners.
- d. These expenses are excluded from this case therefore are not included in the base or forecast period.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-62: Contingencies. Refer to the Application, page 9 of 22, Section**

**36.**

- a. **Identify the percentage and dollar amount of contingencies included in the base period and forecasted test year plant separately for water and wastewater.**
- b. **Provide an explanation of the Company's use of contingencies, (including supporting calculations and documents.**

**RESPONSE:**

- a. Bluegrass Water did not include any contingencies in the base period or forecasted test year.
- b. Please see the Response to subpart a.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-65: Credit card fees. Refer to the Application generally. Identify the total amount (direct, joint and indirect) of credit card fees for each of the years, 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information about expenses that predate the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, the Company did not include credit card fees in the base period or for recovery in the forecasted test year.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-68: Customer Information System. Refer to Exhibit 5, page 17.**

- a. Provide the year the project was implemented and the total cost to Bluegrass for the Muni-Link system.**
- b. Provide the annual cost associated with the MuniLink system included in the forecast test year.**

**RESPONSE:** (a) Bluegrass Water objects to subpart (a) of this Request as overly broad and unduly burdensome to the extent it seeks expense information that was already addressed in the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiver of the foregoing objection, the total implementation cost for Muni Link was \$ [REDACTED] and was paid by CSWR, LLC in 3 monthly installments in March 2022, April 2022, and May 2022. The cost was then allocated to each operating company, including Bluegrass Water, in the monthly overhead allocation per the CAM. While there is no way to determine the exact cost for Muni Link implementation that was incurred by Bluegrass Water, the total expense pool that is allocated down to Bluegrass from CSWR, LLC for 2022 was provided in Docket 2022-00432.

(b) While there is no specific cost associated with Muni Link included in the forecast test year, the total balance of NARUC account 903100 was inflated by the PCE inflationary factors described on page 9 in the direct testimony of Caitlin O'Reilly.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-69: Customer service metrics. Refer to Exhibit 5, pages 12-15.**

**Provide copies of the customer service metrics goals and actual results for Kentucky customers for the last five calendar years.**

**RESPONSE:** Bluegrass Water's customer service goals include an abandon rate below 5 percent, an average speed of answer of approximately 20 seconds or less, and average handle times generally between five and six minutes. Historical performance results are reflected in the Exhibit AG 1-69.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience and Regulatory  
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**REQUEST NO. 1-70: Caregiver Expenses. Refer to the Application generally.**

- a. **Does the Company provide any day care, elder care or pet care subsidy or reimbursement benefit to its employees? If so, please describe the benefit offered and identify which employees are eligible for the benefit.**
- b. **Provide the total amount (direct, joint and indirect) for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to subpart (b) of this Request as overly broad and unduly burdensome to the extent it seeks expense information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, Bluegrass Water does not provide any day care, elder care, or pet care subsidies or reimbursement programs to its employees. As a result, this expense is not included in the Company's rate base.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-71: Company/Corporate Aircraft and Watercraft. Refer to the  
Application generally.**

- a. Identify the total amount (direct, joint and indirect) of aircraft/watercraft costs included in rate base and in operating expenses in each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**
- b. Provide the year and model of each aircraft/watercraft the company/parent owns and leases.**
- c. Provide copies of the trip logs supporting the 2024 expenses.**
- d. For each of the trips in 2024, identify the purpose of the travel.**
- e. Does the company compare costs of commercial flights before utilizing the company/corporate aircraft or watercraft? If so, describe the process. If not, explain why not.**
- f. Provide a description of the Company's policy regarding spousal/non-employee companion travel.**
- g. Provide and explanation documentation supporting how use of the corporate/company aircraft/watercraft benefits ratepayers.**

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**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks expense information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, Bluegrass Water does not have a corporate/company aircraft or watercraft, nor does the Company pay for spousal/non-employee companion travel, as indicated in subpart f. As a result, there are no such expenses included in the base period or the forecasted test year.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-72: Company Events Expense. Refer to the Application generally.**

**Identify the total expense (direct, joint and indirect) for events (e.g., picnics/barbeques, fairs, 5-k's, etc.) for 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks expense information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, Bluegrass Water removed all company events expense from the rate base and therefore such expense is not included for recovery in the base period or the forecasted test year.

**Witness:** Caitlin O'Reilly, Accounting Manger – Regulatory Accounting

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**REQUEST NO. 1-73: Customer Deposits. Refer to Exhibits BT-4A and BT-4B.**

- a. **Explain why the company has not reflected customer deposits as a deduction to rate base.**
- b. **Provide the monthly customer deposit balances for 2020, 2021, 2022, 2023, 2024, 2025, the base period and forecasted test year separately for water and wastewater.**
- c. **Provide the interest rate applicable to customer deposit balances in the forecasted test year.**

**RESPONSE:** Bluegrass Water objects to subpart (b) of this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, Bluegrass Water states as follows.

- a. Bluegrass Water has not included customer deposits as a deduction to rate base because the Company does not require customers to place a deposit prior to starting wastewater or water service.
- b. Please see the response provided to subpart a. The Company's monthly customer deposit balance is \$0.
- c. Please see the response provided to subpart a.

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**Witness:      Brent Thies, Vice President and Corporate Controller**

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**REQUEST NO. 1-74: Deferred Income Taxes. Refer to Exhibits BT-4A and BT-4B.**

- a. Explain why the company has not reflected deferred income taxes in rate base.
- b. Provide the monthly deferred income tax balances for 2020, 2021, 2022, 2023, 2024, 2025, the base period and forecasted test year separately for water and wastewater.

**RESPONSE:** Bluegrass Water objects to subpart (b) of this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, Bluegrass Water states as follows:

- a. Given the Company's history of operating losses, the Company has made no tax elections that would result in deferred income tax deductions, therefore there is no amount to include in this filing.
- b. None.

**Witness: Brent Theis, Vice President and Corporate Controller**

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**REQUEST NO. 1-78: Customer Connections. Refer to page four of the Application.**

**Provide the total Bluegrass customer connections for each year: 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, please refer to Exhibit PSC 2-10 Revenue Forecast, on Excel tab labeled "Revenue Forecast Detail."

**Witness:      Emily Harlow, Manager of Rates and Revenue**

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**REQUEST NO. 1-79: Donations. Refer to the Application generally. Provide the annual donations expense (direct, joint and indirect) for 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, Bluegrass Water has not included annual donations expense in its rate base, and therefore such costs are not included for recovery in this rate case.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-80: Directors and Officers Insurance. Refer to the Application generally. Provide the total amount of D&O insurance (direct, joint and indirect) included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water does not have Directors and Officers Insurance and therefore the costs of such insurance is not included for recovery in this filing.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-81: Deviations.**

- a. **Please identify all aspects of the Company's revenue requirement request that represent a conscious deviation from the principles and policies established in prior Commission Orders.**
- b. **Identify each area of deviation, and for each deviation explain the Company's perception of the principle established in the prior Commission Orders, and the dollar impact on the test year, base year and forecasted test year resulting from such deviation.**

**RESPONSE:** Bluegrass Water objects to this Request as it seeks legal conclusions and analysis.

**Witness: Counsel**

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**REQUEST NO. 1-86: Employee Cafeteria. Refer to the Application generally.**

- a. Provide the total revenues (direct, joint and indirect) received for all employee cafeterias for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.
- b. Provide the total expenses (direct, joint and indirect) for all employee cafeterias each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.
- c. Provide a description of the types of expenses related to the cafeteria.
- d. If the Company operates an employee cafeteria, state whether there are other dining options within close proximity of the Company.
- e. Provide the locations of the cafeterias.

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, neither Bluegrass Water nor CSWR, LLC has an employee

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cafeteria. Accordingly, no revenues or expenses associated with a cafeteria are included in the rate  
base.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-87: Financial planning services. Refer to the Application generally.**

**Provide the cost of providing financial planning services to executives (direct, joint and indirect) for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base year, and included in the forecasted test year.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks expense information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, neither Bluegrass Water nor CSWR, LLC provides financial planning services to executives, therefore this cost is not included in the rate base.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-89: Employee Recognition/Awards Expense. Refer to the  
Application generally.**

- a. Identify the total amount of employee recognition expense (direct, joint and indirect) for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater. (e.g., longevity awards, dinners, luncheons, parties, etc.)**
- b. Provide a description of the Company's employee recognition/awards program.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, neither Bluegrass Water nor CSWR, LLC has an employee recognition/awards program, and therefore this expense is not included as part of the Company's rate base.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-90: Employee gifts. Refer to the Application generally. Provide the total amount (direct, joint and indirect) of employee gifts (including but not limited to flowers, hams, gift cards, fruit baskets, candy, gifts for: Christmas, holidays, get well, birthday, retirement, marriage, birth/adoption, welcome, bereavement, etc.) for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, the Company has not included any employee gift expenses as part of its rate base.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-91: Entertainment/Sponsorships. Refer to the Application generally. Provide the total amount (direct, joint and indirect) of sporting/entertainment event/concert tickets, season tickets, suites, sponsorships, country clubs, etc. for each of the years 2020, 2021, 2022, 2023, 2024, 2025 the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, Bluegrass Water did not include any entertainment or sponsorship costs in its rate base.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-92: Foundation.**

- a. Does the Company or CSWR or Bluegrass Water have a charity foundation?

Provide a description of the program and how it is funded.

- b. If so, provide the expenses (direct, joint and indirect) for each of the years  
2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery  
in the forecasted test year separately for water and wastewater.

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, neither Bluegrass Water nor CSWR, LLC has a charity foundation and no costs related to such a foundation are included in its rate base.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-93: Foregone revenue.**

- a. **Does the Company offer discounts to employees or retirees on their utility service? If so, provide a description of the employee discount program and the identify the category of employees that are eligible.**
- b. **Provide the amount of forgone revenue amounts each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, the Company does not offer discounts to employees or retirees on their utility services.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-97: Investor Relations. Provide the total amount (direct, joint and indirect) of investor relations expenses for Central States Water Resources LLC,. and all other affiliates for each of the years 2020, 2021, 2022, 2023, 2024, 2025 the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks information predating the Company's past rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, CSWR does not have any investor relation expenses for itself or any affiliates and no costs related to investor relations are included in the Company's rate base.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-98: Incentive Compensation. Refer to the Application generally.**

**Provide complete copies of all incentive compensation plans, or other incentive award programs in effect (direct, joint and indirect) for each of the years 2023, 2024, 2025, the base period and the forecasted test year separately for water and wastewater.**

**RESPONSE:** Neither CSWR, LLC nor Bluegrass Water has any incentive compensation plans. Therefore, no costs related to such plans were included in the Company's rate base.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-99: Incentive Compensation. Refer to the Application generally.**

**For each incentive plan (direct, joint and indirect), for each of the years 2020, 2021, 2022, 2023, 2024, and 2025 provide the number of employees eligible under the plan for incentive compensation payment and number of eligible employees that did not receive an incentive compensation payment. Provide the information separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as being overly broad and unduly burdensome to the extent it seeks information predating the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiving the foregoing objections, please see the Company's Response to OAG No. 1-98.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-100: Incentive compensation. Refer to the Application generally.**

**Explain the regulatory treatment of incentive compensation for each of the Company's affiliates in other jurisdictions.**

**RESPONSE:** Bluegrass Water objects to this Request to the extent it seeks legal conclusions and analysis. Furthermore, Bluegrass Water objects to this Request because it is beyond the scope of this rate proceeding. Regulatory treatment of incentive compensation in other jurisdictions is not at issue in this case. Subject to and without waiver of the foregoing objections, please see Response to OAG 1-98.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-101: Incentive Compensation. Refer to the Application generally.**

**Does the Company have any studies or analyses that show that its incentive compensation plan (direct, joint and indirect) provides any benefit to ratepayers? If so, provide copies of all documents.**

**RESPONSE:** Bluegrass Water objects to this Request as it seeks information that may be irrelevant to whether the Company's proposed rates are fair, just, and reasonable and because it misstates and misapplies the standard set forth in KRS 278.030(1). Subject to and without waiver of the foregoing objections, please see Response to OAG 1-98.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-102: Incentive Compensation. Refer to the Application generally.**

**Provide for the each of the years: 2020, 2021, 2022, 2023, 2024, and 2025 separately for water and wastewater the various goals on which incentive payments were to be determined and the actual achievement attained (i.e., the response should show actual metrics and not a simple reference that the goal was at target, not at target, at maximum, etc.)**

**RESPONSE:** Bluegrass Water objects to this Request as being overly broad, unduly burdensome, and seeking information that predates the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Bluegrass Water further objects to this Request as being beyond the scope of this rate proceeding. Subject to and without waiving the foregoing objections, please see Response to OAG 1-98.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-103: Incentive Compensation. Refer to the Application generally.**

**Are non-financial goals adjusted annually based on prior years achievements? If so, provide an example. If not, explain why not. Provide the information separately for water and wastewater.**

**RESPONSE:** Please see the Response to OAG No. 1-98.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-104: Incentive Compensation. Refer to the Application generally.**

**Is there a financial goal, that if not met, would result in no incentive compensation payments being made? If so, identify the goal. Provide the information separately for water and wastewater.**

**RESPONSE:** Please see Response to OAG 1-98.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-105: Incentive Compensation. Refer to the Application generally.**

**Provide the amount of incentive compensation included in the base period and the forecasted test year related to financial measures (direct, joint and indirect) separately for water and wastewater.**

**RESPONSE:** Please see Response to OAG 1-98.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-106: Incentive Compensation. Refer to the Application generally.**

**In what possible scenarios would no incentive compensation payments be made? Explain the response in detail. Provide the information separately for water and wastewater.**

**RESPONSE:** Please see Response to OAG 1-98.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-107: Incentive Compensation. Refer to the Application generally.**

**Provide the total amount (direct, joint and indirect) of incentive compensation broken out by plan for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater. If there are amounts charged to capital provide those separately.**

**RESPONSE:** Please see Response to OAG 1-98.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-108: Incentive Compensation. Refer to the Application generally.**

**Provide the total amounts (direct, joint and indirect) of incentive compensation (broken out by short and long term) for each of the years, 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater. If there are amounts charged to capital provide those separately.**

**RESPONSE:** Please see Response to OAG 1-98.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-109: Injuries and Damages. Refer to the Application generally.**

**Provide the injuries and damages reserve balance, including debits and credits to the reserve, for each of the years 2020, 2021, 2022, 2023, 2024, and 2025 separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as being overly broad, unduly burdensome, and seeking information that predates the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiver of the foregoing objection, neither Bluegrass Water nor CSWR, LLC maintains an injury and damages reserve balance.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-110: Injuries and Damages. Refer to the Application generally.**

**Identify the total amount (direct, joint and indirect) of injuries and damages expense for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as being overly broad, unduly burdensome, and seeking information that predates the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiver of the foregoing objection, please see Response to OAG 1-109.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-124: Late Fees. Refer to pages 44-45 of the order in Case No. 2022-00432 dated February 14, 2024, which states “The Commission further finds that within 60 days after the 12-month period following the effective date of the rates in this case, Bluegrass Water shall report to the Commission the monthly amount of late fees invoiced, the monthly number of occurrences of late fees, and the monthly total number of Bluegrass Water customers for the 12-month period. Further, Bluegrass Water shall propose a method for timely distribution of the accumulated amount to its customers. This process shall continue on a 12-month basis until a subsequent base rate order is issued. Further, Bluegrass Water shall propose a method for timely distribution of the accumulated amount to its customers.” Provide copies or links to where this information was submitted to the Commission.**

**RESPONSE:** Please see the Ordering Paragraph 5 Report, filed on January 30, 2025, as well as the Ordering Paragraph 5 Report filed on January 28, 2026, both filed in the post-case files in Case No. 2022-00432.

**Witness: Emily Harlow, Manager of Rates and Revenue**

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**REQUEST NO. 1-129: Payroll. Refer to Exhibit 16. Is the compensation (direct, joint and indirect) for all the employees shown included in the forecast test year? If not, provide the job titles of employees compensation and amounts that are excluded as well as the reason.**

**RESPONSE:** Yes, all employees listed in Exhibit 16 are included in the forecast test year.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-130: Payroll. Refer to the Application generally.**

- a. **Identify the number of employees (direct, joint and indirect) the Company had at the date of the order in the last rate case, Case No. 2022-00432. Provide this information separately for water and wastewater.**
- b. **Identify the number of employees (direct, joint and indirect) approved by the Commission in the order in the last rate case, Case No. 2022-00432. Provide this information separately for water and wastewater.**
- c. **Identify the number of employees (direct, joint and indirect) that left the Company since the date of last rate case order, for Case No. 2022-00432. Provide this information separately for water and wastewater.**
- d. **If the Company has not reached the headcount in any year since the last rate case explain why not. Provide this information separately for water and wastewater.**
- e. **Provide the current number of employees and full-time equivalents ("FTEs") (direct, joint and indirect) separately for water and wastewater**

**RESPONSE:** Bluegrass Water does not have any employees.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-132: Payroll. Refer to the Application generally. Has the Company used a vacancy factor in its payroll forecast (direct, joint and indirect) for the base period and the forecasted test year? If so, provide the factor used and the supporting calculations separately for water and wastewater. If not, explain why not.**

**RESPONSE:** No. In an effort to produce a conservative payroll forecast, the Company has not used a vacancy factor.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-142: Plant Held For Future Use. Refer to the Application generally.**

- a. Provide the 13-month average PHFFU balances by asset for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and the forecasted test year separately for water and wastewater.
- b. For each item, provide the date it was acquired, the expected in service date and the use for the property.

**RESPONSE:** Bluegrass Water objects to this Request as being overly broad, unduly burdensome, and seeking information that predates the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiver of the foregoing objections, the Company does not have a Plant Held For Future Use balance; therefore, such balances are not included in this filing.

**Witness: Brent Thies, Vice President and Corporate Controller**

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**REQUEST NO. 1-149: Rate Case Expense. Refer to the Application Generally. State  
when the Company anticipates it will file its next rate case.**

**RESPONSE:** Bluegrass Water does not have a predetermined schedule for filing future rate cases. The timing of any subsequent rate filing depends on a variety of factors, including changes in operating costs, capital investment requirements, customer growth, and overall financial performance. The Company generally evaluates the need for a rate case when existing rates are no longer sufficient to recover its Commission-approved cost of service on an ongoing basis.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-150: Rate Case Expense. Refer to Exhibit 15. Explain the specific  
duties for this rate case for each of the firms listed.**

**RESPONSE:** The three firms are Woodsmall Law, Scott Madden, and Dinsmore, as listed in Exhibit 15 - KY Rate Case Expense. Woodsmall Law assisted with drafting, assembling and coordinating testimony and exhibits for the Company's Application. Scott Madden provided expert support on rate-of-return items, including the Company's capital structure and the cost of debt and equity components used in this case. Dinsmore serves as counsel of record, preparing and filing case pleadings and coordinating discovery.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-152: Rate Cases.**

- a. Provide the case number and jurisdiction for each of the Company's last completed rate cases.
- b. Also provide the case numbers of all currently pending rate cases.

**RESPONSE:** (a) Bluegrass Water's last wastewater rate case in Kentucky was Case No. 2022-00432. Bluegrass Water's last water rate case in Kentucky was Case No. 2020-00290.

- (b) Bluegrass Water's only currently pending rate case is this rate case.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-156: Randview Stranded Costs. Refer to Exhibit 7, pages 41-42.**

**Explain why it is appropriate for Bluegrass ratepayers to also pay for the Randview System when the current Randview customers are subsidizing the revenue requirement in their rates.**

**RESPONSE:** Bluegrass Water sold the Randview system for less than its invested capital; therefore, the Company is asking for recovery of its stranded investment. Further details are discussed in Mr. Thies' Testimony, pages 39-44.

**Witness: Brent Thies, Vice President and Corporate Controller**

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**REQUEST NO. 1-161: Relocation Expense. Refer to the Application generally.**

**Provide the total amount of relocation expense (direct, joint and indirect) for 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater. Provide the employee title and reason for the relocation.**

**RESPONSE:** Bluegrass Water objects to this Request as being overly broad, unduly burdensome, and seeking information that predates the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiver of the foregoing objection, the Company has not provided relocation expenses; therefore, such expenses are not included in this filing.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-162: Recovery Mechanisms. List all revenue and cost recovery mechanisms that the Company currently utilizes and the most recent case numbers associated with each.**

**RESPONSE:** Bluegrass Water uses its last two rate cases for revenue and cost recovery mechanisms. The Docket Numbers for each are 2022-00432 (Sewer only) and 2020-00290 (Water and Sewer).

**Witness: Brent Thies, Vice President and Corporate Controller**

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**REQUEST NO. 1-163: SERP. Refer to the Application generally. Provide the total amount of Supplemental Executive Retirement Plan (“SERP”) expense (direct, joint and indirect) for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as being overly broad, unduly burdensome, and seeking information that predates the Company’s last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiver of the foregoing objection, the Company does not maintain a SERP; therefore, it is not included in this filing.

**Witness: Caitlin O’Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-164: SERP. Refer to the Application generally. Describe the  
benefits provided by the Company's SERP plan.**

**RESPONSE:** Please see the Response to OAG No. 1-163.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-165: SERP. Refer to the Application generally. Identify both the number of employees (direct, joint and indirect) eligible for SERP and the number of employees ineligible (direct, joint and indirect) for SERP in 2024, 2025, the base period, and the forecasted test year separately for water and wastewater.**

**RESPONSE:** Please see the Response to OAG No. 1-163.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-166: SERP. Refer to the Application generally. Explain how  
eligibility for SERP is determined.**

**RESPONSE:** Please see the Response to No. OAG 1-163.

**Witness:**

**Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-169: Student Loan Repayment Expenses. Refer to the Application generally.**

- a. Does the Company or CSWR provide student loan repayment as a benefit to its employees? If so, please describe the student loan payment benefit offered and identify which employees are eligible for the benefit.**
- b. Provide the total amounts (direct, joint and indirect) for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**

**RESPONSE:** Bluegrass Water objects to this Request as being overly broad, unduly burdensome, and seeking information that predates the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiver of the foregoing objection, CSWR, LLC, does not provide student loan repayment as a benefit to its employees and Bluegrass Water has no employees.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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**REQUEST NO. 1-172: Third Party Damages. Refer to the Application generally.**

- a. Provide the total amount of third-party damage reimbursements for each year 2020, 2021, 2022, 2023, 2024, 2025, the base period and included in the forecasted test year separately for water and wastewater.
- b. Provide the total amount of third-party damages expense for each year 2020, 2021, 2022, 2023, 2024, 2025, the base period and included in the forecasted test year separately for water and wastewater.
- c. Explain how and where the amounts in subparts (a) and (b) are reflected in the revenue requirement.

**RESPONSE:** Bluegrass Water objects to this Request as being overly broad, unduly burdensome, and seeking information that predates the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiver of the foregoing objection, no amount of third-party damage reimbursements were included in the filing.

**Witness:** Caitlin O'Reilly, Accounting Manager – Regulatory Accounting

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**REQUEST NO. 1-178: Volunteer Time. Refer to the Application generally.**

- a. Does the Company or CSWR have a volunteer program? If so, provide a description of the program.
- b. Does the Company CSWR or its affiliates offer paid time off to its employees to volunteer in the community? If so, provide the total amount of employee volunteer payroll expense (direct, joint and indirect) in 2020, 2021, 2022, 2023, 2024, 2025, the base period and requested for recovery in the forecasted test year separately for water and wastewater.
- c. Also provide all corresponding volunteer related expenses (e.g., t-shirts, banners, hats, prizes, gifts, food, beverages, utilized at the events, etc.) for each of the time periods listed above.

**RESPONSE:** Bluegrass Water objects to this Request as being overly broad, unduly burdensome, and seeking information that predates the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Subject to and without waiver of the foregoing objections, Bluegrass Water states as follows:

- a. CSWR, LLC has a volunteer program that engages employees to serve the community. These activities are generally outside of working hours, and CSWR, LLC does not track who attends these events. CSWR, LLC offers its employees

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unlimited paid time off, so in the instance an event is during working hours, PTO  
would be used.

- b. Please refer to the response provided in subpart a.
- c. Bluegrass Water has not included expenses in this filing that relate to volunteer  
related expenses.

**Witness: Caitlin O'Reilly, Accounting Manager – Regulatory Accounting**

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As to Objections,

/s/ Edward T. Depp \_\_\_\_\_

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