

**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**

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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 6, 2026

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BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC'S RESPONSES TO THE
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REQUEST NO. 1-2: Refer to the Application generally.

- a. Please provide a list of all system improvement projects completed by Bluegrass Water.
- b. Please provide a list of all ongoing system improvement projects.
- c. Please provide a list of all planned system improvement projects and the estimated start and completion date, if available.
- d. State whether any acquired systems have not undergone system improvement projects.

RESPONSE:

- a. Please see the attached Exhibit OAG 1-2a – Improvements.
- b. Please refer to Exhibit 8, Direct Testimony of Jake Freeman, specifically Exhibit JF-1, for all ongoing and completed system improvement projects which have occurred since the completion of Case No. 2022-00432. For projects completed prior to Case No. 2022-00432, please refer to the testimony and responses provided in Case Nos. 2022-00432 and 2020-00290.
- c. Please refer to Exhibit 8, Direct Testimony of Jake Freeman, specifically Exhibit JF-1, for all ongoing and completed system improvement projects which have occurred since the completion of Case No. 2022-00432. For

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projects completed prior to Case No. 2022-00432, please refer to the testimony
and responses provided in Case Nos. 2022-00432 and 2020-00290.

- d. CSWR, LLC differentiates between engineered, competitively bid projects and work performed internally or through its operations partners. Accordingly, certain acquired systems may not have undergone a discrete, stand alone "system improvement project," but instead have undergone capital maintenance, operational repairs, and incremental improvements.

Witness: Jake Freeman, Director of Engineering

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REQUEST NO. 1-4: Refer to the Application generally. Provide a schedule of water system requirements, operating costs, capital costs, and customer counts for each subsystem for 2022-2026.

- a. **State whether Bluegrass Water has performed a cost-of-service study allocating costs by subsystem, and if not, explain why such analysis was not performed.**

RESPONSE: Bluegrass Water objects to this Request to the extent that it implies or suggests that Bluegrass Water is required to perform a cost-of-service study by subsystem or any other implication or suggestion contrary to law. Subject to and without waiver of the foregoing objections, please see Application Exhibit 9, for detailed information related to expenses and revenues for Bluegrass Water's water systems. Please also see Exhibit PSC 2-10 at tab "Bluegrass Water Res by System" for customer counts.

- a. Subject to and without waiver of the foregoing objection, please see the Direct Testimony of Aaron Silas, Application Exhibit 5, at 24-25.

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

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REQUEST NO. 1-5: Refer to the Application generally. Provide a schedule of sewer system revenue requirements, operating costs, capital costs, and customer counts for each subsystem for 2022-2026.

- a. State whether Bluegrass Water has performed a cost-of-service study allocating costs by subsystem, and if not, explain why such analysis was not performed.

RESPONSE: Bluegrass Water objects to this Request to the extent that it implies or suggests that Bluegrass Water is required to perform a cost-of-service study by subsystem or any other implication or suggestion contrary to law. Bluegrass Water further objects to 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 waiver of the foregoing objections, please see Application Exhibit 9, for detailed information related to expenses and revenues for Bluegrass Water's sewer systems. Please also see Exhibit PSC 2-10 at tab "Bluegrass WW Res by System" for customer counts.

- (a) Subject to and without waiver of the foregoing objections, please see the Company's Response to PSC No. 2-10 and the Direct Testimony of Aaron Silas, Application Exhibit 5, at 21-24.

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

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**REQUEST NO. 1-6: Refer to the Application generally. Please provide a list of the
number of customers in each customer class subdivided by system.**

RESPONSE: Please see Exhibit PSC 2-10, at Tabs "Bluegrass Water Res by System"
and "Bluegrass WW Res by System."

Witness: Emily Harlow, Manager of Rates and Revenue

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REQUEST NO. 1-9: Refer to the Application generally.

- a. Provide the number of residential disconnections for nonpayment from 2022-2026.**
- b. Provide the total arrearage balance for residential and commercial customers as of year-end each year beginning in 2022.**
- c. State whether the Bluegrass Water has evaluated whether the proposed increase may increase disconnection or arrearages.**

RESPONSE: Bluegrass Water objects to subparts (a) and (b) 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 states as follows.

- a. Bluegrass Water had zero residential disconnects for nonpayment from 2022 through 2026.
- b. Total arrearage balances are in the attached Exhibit OAG 1-9 – Arrearage Balances.
- c. Bluegrass Water has not evaluated whether the proposed increase may increase disconnects or arrearages.

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

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REQUEST NO. 1-13: Refer to the Application generally. Provide a list of all Notices of Violations, enforcement actions, consent orders, or regulatory citations issued by any state or federal agency related to Bluegrass Water's Kentucky systems from 2022-2026.

a. For each, provide

i. Nature of the violation.

ii. Duration of noncompliance.

iii. Corrective action taken.

iv. Cost of corrective action.

b. State whether any of the capital expenditures included in this rate cases are intended to remediate past compliance failures, and if so, identify those projects and associated costs.

c. Identify whether Bluegrass Water maintains internal performance benchmarks for regulatory compliance and environmental performance, and provide those metrics for 2022-2026.

RESPONSE: Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information about regulatory violations that were already addressed in 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, please see

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Exhibit PSC 2-43a for Notices of Violations and Exhibit PSC 2-43b for Agreed Orders with the
Division of Water.

Witness: Todd Thomas, Senior Vice President

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REQUEST NO. 1-15: Refer to the Application generally. Identify all capital contributions made to Bluegrass Water by its parent company or any affiliate.

- a. For each contribution, identify the entity that provided the capital and whether the source of that funding was debt or equity and provide supporting documentation.**

RESPONSE: Please see Exhibit OAG 1-15 – Capital Contribution. Bluegrass Water has received capital contributions from its parent company, CSWR, LLC. No other affiliates have made capital contributions to Bluegrass Water. The equity contribution represents paid-in capital provided by CSWR, LLC. The working capital and short-term funding balances represent intercompany debt provided by CSWR, LLC, to support Bluegrass Water's operations. The working capital funding provided by CSWR, LLC, was initially recorded as intercompany debt for accounting purposes; however, it was subsequently determined to be non-repayable and permanent in nature. As a result, this funding was reclassified from intercompany debt to equity and is appropriately characterized and treated as equity capital rather than debt.

Witness: Brent Thies, Vice President and Corporate Controller

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**REQUEST NO. 1-16: Refer to the Application generally. For each system acquired
by Bluegrass Water since the last rate case:**

- a. Provide the purchase price and the amount recorded as equity investments.**
- b. For each equity amount identified, state the source of the funds and the entity
that provided the funds.**

RESPONSE: Please see the attached Exhibit OAG 1-16 – Acquired Systems.

Witness: Brent Thies, Vice President and Corporate Controller

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REQUEST NO. 1-17: Refer to the Application generally. State whether the Company evaluated whether the requested return on equity reflects the financial risk of the consolidated enterprise, including all parent-level debt and equity used to finance investments of Bluegrass Water.

RESPONSE: The requested return on equity only reflects the financial risk of the Company, including the Company's debt and equity, and not the consolidated enterprise, which the Company understands to be consistent with the principles of *Hope* and *Bluefield*.

Witness: Brent Thies, Vice President and Controller

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**REQUEST NO. 1-18: Refer to the Application generally. Provide the total number of
unplanned service interruptions since the last rate case.**

- a. For each interruption, please provide the affected system, date and duration of
the interruption, the number of affected customers and the cause.**

RESPONSE: Please see the attached Exhibit OAG 1-18 – Service Interruptions.

Witness: Todd Thomas, Senior Vice President

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**REQUEST NO. 1-20: Refer to the Application generally. State whether Bluegrass
Water has evaluated whether the use of contractors increased costs compared to maintaining
in-state staff and provide a summary of any such analysis.**

RESPONSE: Bluegrass Water has not conducted a separate, stand-alone analysis
quantifying whether the use of contractors increased costs compared to maintaining in-state staff;
therefore, there is no such analysis to summarize.

Witness: Todd Thomas, Senior Vice President

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REQUEST NO. 1-21: Refer to the Application generally. Explain whether Bluegrass Water has any utility offices or drop-off locations in Kentucky open for customers to pay bills, obtain customer service, etc. If not, explain all ways Bluegrass customers can pay bills, obtain customer service, etc.

- a. If there are no local payment processing locations, are customers only options to pay online or to mail checks to Dallas, Texas?**

RESPONSE: Bluegrass Water does not operate any physical utility offices or drop-off locations in Kentucky. However, Bluegrass Water has expanded customer payment options to reduce barriers to payment, including local, telephone, and online payment methods such as check, PayPal, Venmo, and Apple Pay. Customers may also pay in person by taking their bill and ID to any CheckFreePay location. For example, a customer in Georgetown, Kentucky, may pay at the local Kroger or Walmart. These locations accept payments only. Additionally, customers may make payments by phone utilizing Bluegrass Water's IVR system.

To obtain customer service, customers must contact the Company by phone or email.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory
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**REQUEST NO. 1-22: Refer to the filing titled "Ordered Paragraph 5 Report" filed
on January 28, 2026, in Case No. 2022-00432.**

- a. What does Bluegrass Water believe is the cause for the high number of occurrences of late fees?**
- b. What percentage of Bluegrass Water customers have incurred at one late payment charge?**
- c. What is the current number and percentage of customers with an outstanding arrearage balance at this time?**
- d. Does Bluegrass Water believe the lack of local payment processing contributes to this issue?**
- e. Does Bluegrass Water believe that the number of occurrences will increase if the proposed rate increases are implemented?**

RESPONSE: Bluegrass Water's filing in Case No. 2022-00432 on January 28, 2026 was titled "Ordering Paragraph 5 Report," not "Ordered Paragraph 5 Report." Bluegrass Water objects to subparts (a), (d), and (e) of this Request to the extent they call for speculation based on information not presently available to the Company or information that is unable to be proven empirically. Bluegrass Water further objects to this Request as argumentative. Subject to and without waiving the foregoing objections, Bluegrass Water states as follows:

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Please see the Exhibit OAG 1-9 for the percentage of customers who have incurred a late payment charge and the number of customers with an outstanding arrearage balance.

- a. The high number of late fees is likely due to the fact that many Bluegrass Water customers are sewer-only customers who historically believed there were limited consequences for late payment. Bluegrass Water has recently implemented sewer shutoff valves for delinquent sewer-only accounts, which has reduced arrearages. The Company has also begun outreach efforts to remind customers of past due balances through phone calls and emails.
- b. Please refer to the response provided in OAG 1-9.
- c. Please refer to the response provided in OAG 1-9.
- d. No. As explained in the Company's response to AG Request No. 1-21, because customers may pay in person at CheckFreePay locations (e.g., Kroger or Walmart), Bluegrass Water does not believe the lack of a utility operated local payment office contributes to late payments.
- e. No. Bluegrass Water believes the recently implemented enforcement processes and customer outreach efforts will continue to reduce late payment occurrences regardless of the proposed rate increase.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory
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REQUEST NO. 1-25: Refer to the Application generally. Provide the following information for CSWR, LLC's salaried employees.

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

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RESPONSE: Bluegrass Water objects to 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 CONFIDENTIAL Exhibit AG 1- 25 - Salaried Staff. The salaries of state-specific employees are directly allocated to the operating entity in the state where the employee provides services and no expenses related to those employees are allocated to Bluegrass Water (except for employees serving only Bluegrass Water, which are directly allocated to Bluegrass Water).
- b. Please see CONFIDENTIAL Exhibit AG 1-25 - Salaried Staff. Expenses related to bonuses provided to salaried employees were not included in the revenue requirement.
- c. Please see CONFIDENTIAL Exhibit AG 1-25 - Salaried Staff.
- d. Please see the Exhibit AG 1-24e – Insurance and Retirement Benefits.
- e. Please refer to the response provided in part d.
- f. None of CSWR's salaried employees are members of a union.

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

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REQUEST NO. 1-26: Refer to the Application generally. Provide the following information for CSWR, LLC's non-salaried employees, as well as for all non-salaried employees.

- a. Provide the position, title, and wages for each non-salaried employee for the years 2020 – 2026.
- b. Provide the average raise that the non-salaried employees received, or will receive, for the years 2020 – 2026. Ensure to explain whether the annual raise is directly connected to a performance review.
- c. Provide the average bonus that the non-salaried employees received, or will receive, for the years 2020 – 2026.
- d. Provide all vehicle allowances given to the non-salaried employees for the years 2020 – 2026.
- e. Provide the average raise, if any, which will be given to non-salaried employees for 2026.
- f. Provide a detailed explanation of the insurance benefits provided to the Company's non-salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's non-salaried employees, premiums paid by the Company or parent company on the non-salaried employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

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- g. Provide a detailed explanation of the retirement benefits provided to the Company's non-salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.**
- h. Explain whether any of the non-salaried employees are members of a union.**

RESPONSE: Bluegrass Water objects to 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 states as follows:

- a. Please see CONFIDENTIAL Exhibit AG 1-26 - Non-Salaried Staff.
- b. Annual raises are partially based on cost of living and partly on performance. Performance is determined by managers' discretion; there are no formal performance review procedures.
- c. Please see CONFIDENTIAL Exhibit 1-AG 26 – Non-Salaried Staff. Expenses related to bonuses provided to non-salaried employees were not included in the revenue requirement.
- d. Please see CONFIDENTIAL Exhibit AG 1-26 – Non-Salaried Staff.
- e. The average raise in 2026 for non-salaried employees is 3%, which is equivalent to the cost-of-living increase.
- f. Please see Exhibit AG 1-24e – Insurance and Retirement Benefits.
- g. Please refer to the response in part f.

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- h. None of CSWR's non-salaried employees are members of a union.

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

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REQUEST NO. 1-30: Refer to the Application generally.

- a. Provide the total rate case expense that has been accrued thus far in the pending case. Consider this a continuing request.
- b. Provide a breakdown of the total rate case expense that has been accrued thus far by category. Consider this a continuing request.
- c. Provide copies of invoices supporting the level of incurred rate case costs to date and supply such new invoices as they become available.
- d. Provide the estimated total rate case expense.
- e. Provide a breakdown of the estimated total rate case expense and copies of contracts supporting the estimates.

RESPONSE: Bluegrass Water objects to this Request to the extent it seeks information protected by the attorney-client privilege and/or the work product doctrine. Subject to and without waiver of the foregoing objections, Bluegrass Water states as follows:

- a. Please see Response to PSC 1-32.
- b. Please refer to the response provided in subpart a.
- c. Please refer to the response provided in subpart a.
- d. Please refer to Exhibit BT-13, which was provided as part of the Direct Testimony of Brent Thies, for the estimated total rate case expense and the associated breakdown.

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- e. Please refer to the response provided in subparts b and c.

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

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**REQUEST NO. 1-34: Refer to the Application, page 5. Please provide the following
for the newly acquired systems that Bluegrass Water is seeking to include in the unified rate
schedule:**

- a. The name of the acquired systems.**
- b. The number of customers per system.**
- c. The present-day rates for each system.**
- d. The percentage increase customers of each system will see under your request.**

RESPONSE: With respect to subparts (a) through (c), the newly acquired systems that Bluegrass Water proposes to include in the rate schedule, along with the number of customers by system and the present-day rates for each system, are shown in Exhibit 9 to the Application (Financial Workbook) on the applicable rate design tabs, which identify each system, the bills sent by system, and the rates currently charged.

(d) Please see Bluegrass Water's Deficiency Cure – Affidavit of Aaron Silas and Customer Notices, filed on January 9, 2026, for the requested percentage increase for each service area.

**Witness: Aaron Silas, Assistant Vice President of Customer Experience & Regulatory
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REQUEST NO. 1-39: Refer to the Application generally.

- a. **Confirm that according to the most recent data from the Bureau of Labor Statistics, the average share of premiums paid by the employer for single coverage in private industry is 80%.¹**
- b. **Provide the average percentage share of premiums paid by Bluegrass Water for single coverage employee health insurance. In the response, ensure to provide a breakdown of the contribution percentage share rates for different sets of employees (i.e. union versus nonunion, exempt versus nonexempt, and the like).**
- c. **Confirm that according to the most recent data from the Bureau of Labor Statistics, the average share of premiums paid by the employer for family coverage in private industry is 69%.²**
- d. **Provide the average percentage share of premiums paid by Bluegrass Water for family coverage employee health insurance. In the response, ensure to provide a breakdown of the contribution percentage share rates for different sets of employees (i.e. union versus nonunion, exempt versus nonexempt, and the like).**

¹ <https://www.bls.gov/news.release/ebs2.t03.htm>, Table 3

² <https://www.bls.gov/news.release/ebs2.t04.htm>, Table 4

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- e. **Explain whether Bluegrass Water made any adjustments to Health Benefits Expense based on health insurance benefit contributions in excess of the Bureau of Labor Statistics' average for single and family coverage. If not, explain why not and update the adjusted test year expense based on the most recent report available. Provide all supporting calculations and documents.**
- f. **Explain in detail whether Bluegrass Water provides health savings account contributions for its employees, and if so, provide the monetary amount regarding the same. Ensure to discuss the specific details as to whether employees are also required to contribute to the health savings accounts.**
- g. **Provide the contribution amounts to dental insurance costs that are paid by Bluegrass Water and the employees.**
- h. **Provide the contribution amounts to vision insurance costs that are paid by Bluegrass Water and the employees.**
- i. **Provide the contribution amounts to term life insurance that are paid by Bluegrass Water and the employees.**
- j. **Provide the contribution amounts to disability insurance that are paid by Bluegrass Water and the employees.**
- k. **Provide the contribution amounts to insurance costs that are paid by Bluegrass Water and the retirees.**

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RESPONSE: (a) Bluegrass Water objects to characterization of the referenced Bureau of Labor Statistics data in as the data speaks for itself. Bluegrass Water further objects because this Request seeks information that is beyond the scope of this rate case and information that may not be relevant to whether the Company's proposed rates are fair, just, and reasonable.

(b) Bluegrass Water objects to this Request as unduly burdensome and seeking information that may not be relevant to whether the Company's proposed rates are fair, just, and reasonable. Subject to and without waiver of the foregoing objections, please see Exhibit 16 to the Application, Exhibit PSC 1-16, and Exhibit AG 1-24e.

(c) Bluegrass Water objects to characterization of the referenced Bureau of Labor Statistics data in as the data speaks for itself. Bluegrass Water further objects because this Request seeks information that is beyond the scope of this rate case and information that may not be relevant to whether the Company's proposed rates are fair, just, and reasonable.

(d) Bluegrass Water objects to this Request as unduly burdensome and seeking information that may not be relevant to whether the Company's proposed rates are fair, just, and reasonable. Subject to and without waiver of the foregoing objections, please see Exhibit 16 to the Application, Exhibit PSC 1-16, and Exhibit AG 1-24e.

(e) Bluegrass Water objects to this Request as unduly burdensome and seeking information that may not be relevant to whether the Company's proposed rates are fair, just, and reasonable. Subject to and without waiver of the foregoing objections, please see Exhibit 16 to the Application, Exhibit PSC 1-16, and Exhibit AG 1-24e.

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f. Bluegrass Water has no employees, however, CSWR, LLC, the parent company does offer an HSA option to its employees, however, CSWR LLC does not make any HSA contributions.

g. Please see Exhibit AG 1-24e.

h. Please see Exhibit AG 1-24e.

i. Bluegrass Water has no employees, however, CSWR, LLC, the parent company, pays for 100% of coverage up to 2x the employees annual salary.

j. Bluegrass Water has no employees, however, CSWR, LLC, the parent company, pays 99% of employee premiums

k. Bluegrass Water does not have any employees; therefore, it does not have any retirees and does not pay retiree insurance costs.

Witness: Brent Thies, Vice President and Corporate Controller

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REQUEST NO. 1-42: Refer to the Application generally.

- a. **Provide the monetary amount that Bluegrass included in the test year revenue requirement for payment processing fees, with a breakdown between each payment type (e.g. check, money order, cash, automated bank drafts, electronic funds transfer, credit cards, debit cards, etc.).**
- b. **If Bluegrass included credit and debit card fees in the revenue requirement then provide the Commission case number and Order that approved these specific fees to be included in rates.**
- c. **Provide all payment processing fees that the Company has paid for in the years 2022 – 2026, and provide a breakdown for each type of payment processing fee. (e.g. check, money order, cash, automated bank drafts, electronic funds transfer, credit cards, debit cards, etc.).**
- d. **Identify the type of payments Bluegrass Water accepts from a customer without assessing a fee.**
- e. **Identify the type of payments Bluegrass Water accepts only with a fee assessment.**
- f. **Explain in full detail whether Bluegrass Water requires a convenience fee to be added to all credit card/debit card transactions in order for other customers to not subsidize the credit card/debit card payments. If not, explain in full detail why not.**

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- g. Provide the type of credit cards/debit cards that Bluegrass accepts as payment (e.g. Visa, MasterCard, American Express, etc.), the fee that the Company pays to process each type of credit card/debit card, and the associated fee to the customer.**
- h. Provide all other forms of payment that Bluegrass Water accepts from customers to pay the utility bill, the corresponding fees that the Company pays to process each payment type, as well as all fees assessed to the customers for each payment type.**

RESPONSE:

- a. Please see Exhibit OAG 1-42 Processing Fees.
- b. Bluegrass Water objects to this Request to the extent it calls for a legal conclusion. Subject to and without waiver of the foregoing objections, Bluegrass Water did not include credit and debit card processing fees in the revenue requirement.
- c. Bluegrass Water objects to this Request to the Request as overly broad, unduly burdensome, and seeking information regarding allocated expenses predating 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 waiver of the foregoing objections, please see Exhibit OAG 1-42 Processing Fees.
- d. Bluegrass Water customers do not get charged fees for paying through mail, EFT, or online bank direct.

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- e. Bluegrass Water customers are charged a fee to process credit/debit cards, PayPal or Venmo.
- f. Bluegrass Water requires a convenience fee to all credit/debit cards.
- g. Bluegrass Water accepts all major credit cards Visa, MasterCard, Discover and American Express. All credit cards are charged a 2.25% fee.
- h. Please see Exhibit OAG 1-42 Processing Fees.

Witness: Brent Thies, Vice President and Corporate Controller

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REQUEST NO. 1-45: Affiliate Costs. Refer to Exhibit 12, pages 6-28.

- a. Provide the total amounts allocated to the Company and broken down by the following components and expense type: directly incurred (contract operations, bad debt, fuel, power, chemical, maintenance, property tax, A&G, software, etc.), joint billed (insurance, etc.) and indirect charges 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. Explain all changes in allocation to the Company in the base period and the forecasted test year over the prior historical years.**
- c. Provide the total directly incurred, joint billed and indirect charges approved by the Kentucky Commission for each of the years 2020, 2021, 2022, 2023, 2024, and 2025 separately for water and wastewater.**
- d. Provide the CSWR's total charges for all entities for each of the years 2020, 2021, 2022, 2023, 2024 and 2025.**
- e. Provide the percentages and total amount allocated to each Affiliate/Subsidiary for each of the years 2020, 2021, 2022, 2023, 2024 and 2025.**
- f. Provide the projected percentages and amounts for 2026 for each affiliate/subsidiary.**

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RESPONSE: Bluegrass Water objects to subparts (a) – (c) of this Request as overly broad, unduly burdensome, and seeking information regarding allocated expenses predating the Company's last wastewater rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. Such expenses have already been addressed in that case. Bluegrass Water further objects to subpart (c) of this Request to the extent it calls for a legal conclusion.

Furthermore, Bluegrass Water objects to subparts (d) – (f) of this Request as overly broad, unduly burdensome, and seeking information that may be irrelevant to whether the Company's proposed rates are fair, just, and reasonable. The CSWR affiliates are not at issue in this rate proceeding and are regulated by distinct sovereigns. Subject to and without waiver of the foregoing objections, Bluegrass Water states as follows:

- a. Please see Exhibit OAG 1-45 – Allocated Costs. Additionally, please refer to the Exhibit provided to OAG 1-111 for Jointly Billed costs.
- b. No changes were made in the affiliate cost allocation from CSWR, LLC. The historical monthly costs recorded to NARUC account 922000 and 922001 were escalated using the inflationary factor (PCE Index).
- c. Please see the response to subpart a.
- d. Please see Exhibit OAG 1-45 – Allocated Costs for Bluegrass Water's allocated costs. Bluegrass Water included 2020 through 2021 in its prior rate case.
- e. Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information that may be irrelevant to whether the Company's proposed

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rates are fair, just, and reasonable. The CSWR affiliates are not at issue in this rate proceeding and are regulated by distinct sovereigns.

- f. Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information that may be irrelevant to whether the Company's proposed rates are fair, just, and reasonable. The CSWR affiliates are not at issue in this rate proceeding and are regulated by distinct sovereigns.

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

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REQUEST NO. 1-47: Acquisitions/Mergers. Refer to the Application generally.

- a. Identify all acquisitions/mergers that the Company evaluated including those it decided not to enter into in each of the years 2020, 2021, 2022, 2023, 2024, 2025 and the base period.
- b. Identify all costs the Company has incurred related to these acquisitions/mergers in subpart (a) above by year, category, account number and amount separately for water and wastewater through the current date (e.g., including but not limited to: payroll, consulting, legal, etc.).
- c. Identify all planned and pending acquisitions, as well as any that the Company is considering, that may be completed in 2026 and 2027. Provide case numbers for all acquisitions being reviewed in this and other jurisdictions.
- d. Identify all costs the Company has incurred related to the acquisitions/mergers in subpart (c) above by year, category, account number and amount separately for water and wastewater through the current date (e.g., including but not limited to: payroll, engineering, consulting, legal, etc.).

RESPONSE:

- a. Bluegrass Water objects to this Request to the extent it calls for information protected by the attorney-client privilege and the work-product doctrine. Bluegrass Water objects to this Request as outside the scope of this rate proceeding because it calls for information relating

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to acquisitions or mergers that did not occur and are irrelevant to this proceeding. 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 waiver of the foregoing objections, please see Exhibit OAG 1-47 – Bluegrass Dockets.

b. Bluegrass Water objects to this Request to the extent it calls for information protected by the attorney-client privilege and the work-product doctrine. Bluegrass Water objects to this Request as outside the scope of this rate proceeding because it calls for information relating to acquisitions or mergers that did not occur and are irrelevant to this proceeding. 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 waiver of the foregoing objections, Bluegrass Water states that it does not seek to recover any costs relating to any proceeding identified on Exhibit OAG 1-47.

c. Bluegrass Water objects to this Request to the extent it calls for information protected by the attorney-client privilege and the work-product doctrine. Bluegrass Water objects to this Request as outside the scope of this rate proceeding because it calls for information relating to acquisitions or mergers that have not occurred and are irrelevant to this proceeding. Bluegrass Water further objects to subparts (c) and (d) of this Request as premature and outside the scope of this rate case; they will be addressed if/when Bluegrass Water seeks Commission approval for any acquisitions or mergers. Subject to and without waiver of

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the foregoing objections, Bluegrass Water states that it has no pending cases relating to an acquisition or merger.

d. Please see response to subpart c.

Witness: Brent Thies, Vice President and Corporate

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REQUEST NO. 1-51: Bad Debts. Refer to the Application generally. For each of the years 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, provide the revenues, write-offs, and recoveries separately for water and wastewater. Explain any large changes in write-offs.

RESPONSE: Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information about expenses that were already addressed in the Company's last rate case, Case No. 2022-00432, to which the Office of the Attorney General was a party. In addition, this Request seeks information predating when the Company began operations in Kentucky. Subject to and without waiving the foregoing objections, for 2015–2018, Bluegrass Water was not operating in Kentucky and therefore has no Kentucky water or wastewater revenues, write-offs, or recoveries to report. For 2019–2021, the requested information was addressed in the Company's prior Kentucky rate cases, including Case Nos. 2020-00290 and 2022-00432. For 2022–2025, please see Exhibit OAG1-51 Bad Debt, which provides revenues, write-offs, and recoveries separately for water and wastewater. With respect to the large change in write-offs, in late 2024 the Company completed a detailed review of delinquent accounts and related billing records and recorded approximately \$100,623 in additional write-offs attributable to prior-year balances; this adjustment reflects the timing of the review and accounting true-up rather than a sudden change in current-year collections.

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

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REQUEST NO. 1-52: Bad Debts. Refer to Exhibit 14, pages 12-13. Provide the amount of bad debt expense for each year: 2020, 2021, 2022, 2023, 2024, 2025, and included in the base period and the forecasted test period separately for water and wastewater.

RESPONSE: Bluegrass Water objects to this Request as overly broad, unduly burdensome, and seeking information about expenses that were already addressed in 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 Exhibit OAG 1-75 for years 2022 through 2025.

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

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REQUEST NO. 1-53: Bank Fees. Refer to Exhibit 11, page 20 lines 16-20. Provide the annual amount of bank fees paid by the Company for customer returned checks 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 regarding allocated expenses predating 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 waiver of the foregoing objections, please see Exhibit OAG 1-53 – Returned Checks for the available data. Due to a change in banking institutions, the Company does not have access to detailed records regarding customer returned-check fees for periods prior to 2023.

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

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REQUEST NO. 1-54: Board of Director ("BOD") Fees and Meeting Costs. Refer to the Application generally. Provide the total amount of fees and expenses paid (direct, joint and indirect) to all BOD members (including but not limited to Central States Water Resources LLC), and total costs incurred for all BOD meetings 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. Break these expenses out by category (including but not limited to: per diems, benefits, reimbursements, expenses, seminars, retainers, travel, etc.)

RESPONSE: Please see the Response to OAG 1-55.

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

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REQUEST NO. 1-56: Board of Director Meetings. Refer to the Application generally.

State whether the 2024 and 2025 BOD meetings were held in person or virtual or a blend of both. Also state whether the BOD meetings that will be held during the forecasted test year are expected to be held in person or virtual or both.

RESPONSE: Please see Response to OAG No. 1-55.

Witness: Brent Thies, Vice President and Corporate Controller

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REQUEST NO. 1-60: Bonus expense. Refer to the Application generally.

- a. **Provide the amount of bonuses (direct, joint and indirect) for each of the years, 2020, 2021, 2022, 2023, 2024, 2025, included in the base period and the forecasted test year separately for water and wastewater.**
- b. **Provide a description of and copy of the Company's bonus program.**
- c. **Provide the amount of employees eligible for a bonus and the amount who received a bonus for each of the years, 2020, 2021, 2022, 2023, 2024, and 2025 separately for water and wastewater.**

RESPONSE: Bluegrass Water further objects to this Request as overly broad, unduly burdensome, and seeking information about expenses that were already addressed in 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, Bluegrass Water states as follows:

- a. Please see Exhibits OAG 1-24a, Exhibit OAG 1-25, and Exhibit OAG 1-26.
- b. Bluegrass Water and CSWR, LLC, do not have a formal bonus program, thus, there are no eligibility criteria, and no bonus-related costs are included in the filing.
- c. Please see responses to subparts a. and b.

Witness: Brent Thies, Vice President and Controller

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REQUEST NO. 1-61: Government affairs, regulatory policy, and lobbying expenses.

Refer to the Application generally.

- a. Provide the government affairs, regulatory policy, and lobbying 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.
- b. Identify all employees that engage in government affairs, regulatory policy and lobbying activities on the local, state or national level. For each employee provide in schedule form
 - i. Their fully loaded annual salaries included in the base period and forecasted test period (direct, joint and indirect) separately for water and wastewater,
 - ii. Percent of time expected to be spent on these activities in the base period and the forecasted test period,
 - iii. The organizations or trade associations involved,
 - iv. All company-paid or reimbursed expenses or allowances in the included in the base period and the forecasted test year and the accounts charged direct, joint and indirect) separately for water and wastewater.

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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 the term "regulatory policy" as vague and unclear. Additionally, Bluegrass Water objects to this Request as 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, Bluegrass Water states as follows:

- a. All relevant expenses are related to allocated employee expenses. Please see response to subpart b.
- b.
 - i. Bluegrass Water has no employees, however, CSWR, LLC, allocates payroll, based on the Cost Allocation Factor, to Bluegrass Water. Please see CONFIDENTIAL Exhibit AG 1-61 - Governmental Affairs.
 - ii. CSWR, LLC, expects to spend approximately 2.5% on governmental affair activities included in the base and forecasted test period.
 - iii. None.
 - iv. No company paid or reimbursed expenses were included in the base or test year for governmental affairs.

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

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REQUEST NO. 1-63: Capital Expenditures. Refer to the Application generally.

- a. **Provide the total budgeted capital expenditures for each of the following 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 actual amount of capital expenditures for each of the following years: 2020, 2021, 2022, 2023, 2024, 2025 separately for water and wastewater.**
- c. **Explain the reason for all variances exceeding 5% separately for water and wastewater.**
- d. **Provide the annual amount of capital expenditures authorized by the Commission for each of the following years: 2020, 2021, 2022, 2023, 2024, 2025 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, Bluegrass Water states as follows:

- a. Please see Exhibit OAG 1-63 - Capital Expenditures.
- b. Please see Exhibit OAG 1-63 - Capital Expenditures.
- c. Historically, the Company's internal budgeting for capital activity was high-level and was developed primarily to estimate Utility Plant in Service associated with anticipated acquisitions and baseline capital improvement needs on a per-connection basis.

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Accordingly, those historical figures were not maintained as detailed project-by-project capital expenditure budgets and are not directly comparable to the capital expenditure amounts reflected in this proceeding. As the Company has expanded its operations and matured its planning and reporting processes, it has enhanced its capital budgeting practices. In this forecasted test year case, the Company is presenting a forward-looking capital plan and associated forecasts that reflect current project scopes, timing assumptions, and expected costs, consistent with the requirements and objectives of a forecasted test year filing.

- d. Bluegrass Water objects to subpart (d) of this Request because it calls for a legal conclusion or analysis. Please see Exhibit OAG 1-63 and the Company's last rate case for information relating to capital expenditures.

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

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**REQUEST NO. 1-64: Capital projects. Refer to Exhibit 8. For each of the projects,
provide the budgeted and actual cost of the completed capital expenditures:**

- a. Herrington Haven**
- b. Woodland Acres**
- c. Persimmon Ridge**
- d. Delaplain Disposal Company**
- e. Center Ridge Water Districts 1-4**
- f. Commonwealth Wastewater**
- g. Yung Farm Estates**
- h. Magruder Village**

RESPONSE: No formal capital projects have been undertaken at the Center Ridge Water District Sites since the Docket No. 2020-00290 rate case, or at the Magruder Village wastewater and Commonwealth wastewater sites since their acquisitions. Improvements at these sites to date have been undertaken as regular capital maintenance completed by Operations and Maintenance. For the capital projects completed, undertaken, or planned at the other systems, please see Exhibit OAG 1-64.

Witness: Jake Freeman, Director of Engineering

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REQUEST NO. 1-66: Customer Service. Refer to Exhibit 1, page 21, lines 16-25.

Provide the annual savings by category separately for water and wastewater reflected in the forecasted test year. Also identify the schedule where the savings are reflected.

RESPONSE: Annual cost savings from moving customer service to Intelogix for Bluegrass Water is \$35,251 (\$3,863 water and \$31,388 wastewater) as shown on CONFIDENTIAL Exhibit AG 1-66 - Intelogix Cost Savings. The savings are included in Total G&A - General & Admin (line 5) of Exhibit BT-2A and BT-2B, included with the application.

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

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REQUEST NO. 1-67: Customer service. Refer to Exhibit 5, page 12.

- a. Provide the annual cost of the Nitor Billing Service 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 annual cost associated with the new vendor InteLogix included in the base period and included for recovery in the forecasted test year separately for water and wastewater.**
- c. Refer to page 17, lines 4-6 of Exhibit 5. Explain how ratepayers will receive the benefits of the additional cost reductions.**
- d. Refer to Exhibit 5, pages 14-16. Provide the cost of the new internal WORT in the base year and the forecast test year.**

RESPONSE: Bluegrass Water objects to 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 waiver of the foregoing objections, Bluegrass Water states as follows:

- a. Please see CONFIDENTIAL Exhibit AG 67 - Nitor InteLogix. There were 2 months of Nitor billings in the historic period of the base year. Thus, a reduction was added to the base year, as seen in Exhibit 9 - Financial Workbook, IS Water

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Forecast tab line 20 and IS WW Forecast tab line 20, to include the expected savings. No Nitor billings were forecasted in the forecasted test year.

- b. Please see CONFIDENTIAL Exhibit AG 67 - Nitor InteLogix.
- c. As the Company continues to achieve operational efficiencies and reduce costs associated with this service, those lower costs will be reflected in the Company's overall cost structure. To the extent such reduced costs are included in future rate cases, ratepayers will benefit through a lower revenue requirement and correspondingly lower rate impacts than would otherwise occur.
- d. The cost of the new internal WORT is included within the salaries of the overhead allocation in both the base period and forecasted test year.

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

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REQUEST NO. 1-75: Customer Advances in Aid of Construction. Refer to Exhibit BT-4A and BT-4B. Provide the monthly Customer Advances' balances for 2020, 2021, 2022, 2023, 2024 and 2025, the base period and forecasted test year separately for water and wastewater.

RESPONSE: Bluegrass Water does not have historic or forecasted Customer Advances in Aid of Construction. Please refer to Exhibit 9 to the Application - Financial Workbook, on Excel tabs labeled "Historic BS (2020-2024)" and "Balance Sheet Summary (2025, Base Period and Test Year)."

Witness: Brent Theis, Vice President and Corporate Controller

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REQUEST NO. 1-76: Contributions in Aid of Construction ("CIAC"). Refer to Exhibit BT-4A and BT-4B. Provide the monthly CIAC 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 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 see Exhibit OAG 1-76 – CIAC.

Witness: Brent Theis, Vice President and Corporate Controller

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REQUEST NO. 1-77: Prepayments. Refer to Exhibit BT-4A and BT-4B.

- a. **Provide the monthly prepayments balances for 2020, 2021, 2022, 2023, 2024, 2025, the base period and forecasted test year separately for water and wastewater by account number.**
- b. **Provide an explanation of what the prepaid items relate to.**

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 states as follows:

- a. Please see attached CONFIDENTIAL Exhibit OAG 1-77 – Prepayments. In the Excel document, there are tabs labeled for each year that contain prepaid schedule detail by account number and service type. The Excel tab titled “Balances” provides the monthly prepaid balances separated by water and wastewater for 2020, 2021, 2022, 2023, 2024, 2025, the base period, and the forecasted test year.
- b. Each annual tab that includes the prepaid schedule detail includes a description identifying what each prepaid item relates to.

Witness: Brent Theis, Vice President and Corporate Controller

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REQUEST NO. 1-82: Dues - Industry Associations. Refer to the Application generally.

- a. Provide the amount of membership payments to industry associations by vendor (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.
- b. State the purpose and objective of each organization listed.
- c. Provide documentation supporting how ratepayers are benefitted by the Company's membership in these associations.
- d. Identify each organization that engages in lobbying or advocacy activities, attempts to influence public opinion, institutional or image-building advertising.
- e. For those that engage in such activities, state whether the Company has included the portions of dues related to such activities in the base period and the forecasted test year and identify the amount relating to such activities.
- f. Identify all Company or affiliate employees that are members of committees or boards of the industry associations.
- g. State whether the Company is aware whether any portion of the dues it pays to any Dues Requiring Organization are utilized to pay for any of the following expenditures, and if so, provide complete details:
 - h. i. Influencing federal or Kentucky legislation;

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- i. ii. **Any media advertising campaigns backing the Company's or the Dues
Requiring Organization's position(s) on net metering;**

RESPONSE:

- a. 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 see Exhibit OAG 1- 82 Dues – Industry.
- b. Kentucky Rural Water Association - The purpose of the organization is to foster professionalism in the rural water industry and enhance quality of life for public drinking water and wastewater customers by providing non-regulatory training, technical assistance programs, and industry data to small rural water and wastewater utilities.
- c. As a small utility in Kentucky, ratepayers benefit from access to specialized training, technical assistance, and industry data, aiming to improve compliance with state regulations and enhance the quality of water and wastewater services provided to our rural communities.
- d. Although the organization tracks legislation of potential interest to its members, Bluegrass Water is not aware of any lobbying or advocacy activities by the KRWA.
- e. Please see the response to subpart d.

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- f. None.
- g. Subpart g does not state a question that requires a response.
- h. Please see the response to subpart d.
- i. Please see the response to subpart d.

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

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REQUEST NO. 1-83: Dues Non-Industry. Refer to the Application generally.

- a. Provide the amount of membership payments to non-industry associations by vendor (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.
- b. State the purpose and objective of each organization listed.
- c. Provide documentation supporting how ratepayers are benefitted by the Company's membership in these associations.
- d. Identify each organization that engages in lobbying or advocacy activities, attempts to influence public opinion, institutional, or image-building advertising.
- e. For those that engage in such activities, state if the Company has included the portions of dues related to such activities in the base period and the forecasted test year and identify the amount relating to such activities.
- f. Identify all Company or affiliate employees that are members of committees or boards of the non-industry associations.

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

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Request as overly broad and unduly burdensome to the extent it seeks information predating its 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 does not pay dues for non-industry associations.

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

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REQUEST NO. 1-84: Executive Vehicles. Refer to the Application generally.

- a. Provide the total rate base and O&M expense amounts (direct, joint and indirect) associated with vehicles provided to executives 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 a list of each executive vehicle including: year, make, and model.

RESPONSE: (a) 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 provides vehicles to executive staff. However, please see Exhibit OAG 1-24a for the vehicle allowance provided to each member of executive staff dating back to 2023.

(b) Please see the Response to subpart a.

Witness: Brent Thies, Vice President and Corporate Controller

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REQUEST NO. 1-85: Vehicle allowances. Refer to the Application generally.

- a. Provide the annual amount (direct, joint and indirect) of vehicle allowances paid to each employee 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. For each employee that is provided a vehicle allowance, provide the annual amount of mileage reimbursements paid (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. Also explain the purpose of the travel related to the mileage reimbursements.**

RESPONSE: Bluegrass Water further objects to 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 waiver of the foregoing objections, Bluegrass Water states as follows:

- a. Please see the Responses to OAG Nos. 1-24a, 25a, and 26a for the vehicle allowance amounts paid to each employee. Such amounts are allocated in accordance with the overhead allocation methodology set forth in the Cost Allocation Manual ("CAM"), which was filed in response to PSC Data Request No. 1-1.

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- b. Please see the attached Exhibit OAG 1-85 – Mileage for all employees that received a mileage reimbursement that was billed to the Company. The Company implemented a new expense reporting system in 2025 as part of a process improvement initiative. Due to limitations of the prior system and the conversion process, detailed mileage reimbursement and related expense data for periods prior to 2025 is not consistently available or sufficiently reliable. Accordingly, the Company is unable to provide complete mileage reimbursement detail for years before 2025.

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

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REQUEST NO. 1-88: 401(k) Plan. Refer to the Application generally. Provide the total 401(k) expense (direct, joint and indirect) for employees who are also covered under a defined benefit 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. Also specify whether each plan is closed or frozen and the date when this occurred.

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 states that CSWR does not offer a defined benefit plan. Please also see CONFIDENTIAL Exhibit 16 to the Application for allocated monthly 401k expenses for CSWR employees.

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

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REQUEST NO. 1-94: Gains and losses on sale of utility/allocated property. Refer to the Application generally.

- a. Identify all gains and losses on the sales of utility or allocated property (direct, joint and indirect) for each year 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025 the base year and included in the forecasted test year, separately for water and wastewater. Identify the schedule where the gains and losses are included in the revenue requirement.**
- b. Provide the details regarding each transaction listed in subpart (a) (date of purchase, amount of purchase, description of property, use of property, date of sale, amount of sale, and the years the property was included in rate base.)**
- c. Identify the amounts of gains/losses reflected in the revenue requirement in the last two rate cases and identify the schedule where they were reflected.**
- d. If there were gains on sales of utility or allocated property during 2015-2025 but none were reflected in the revenue requirements in prior cases or the current case, explain why not.**
- e. Explain how gains and sales on losses of utility or allocated property are treated for ratemaking purposes.**
- f. Identify all planned and pending sales in 2026 and 2027, including a description of the property, anticipated sales price, original cost of property, date of original purpose, the expected closing date and why the property is being sold.**

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RESPONSE: Bluegrass Water objects to this Request as unduly burdensome and beyond the scope of this rate proceeding. Bluegrass Water further 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. In addition, Bluegrass Water objects to this Request because it seeks information for a period of time before the Company began operations in Kentucky. Subject to and without waiving the foregoing objections, Bluegrass Water states as follows:

- a. Bluegrass Water did not record any gains or losses on the sale of utility or allocated property for the years 2015 through 2025, the base year, or the forecasted test year, for either water or wastewater. Accordingly, there are no gains or losses included in the revenue requirement.
- b. Please see response to subpart a.
- c. Bluegrass Water objects to subpart (c) to the extent it calls for a legal conclusion. Bluegrass Water further objects to subpart (c) because the Commission's Orders entered in the last two rate cases speak for themselves.
- d. Please see response to subpart a.
- e. Please see response to subpart a.
- f. Bluegrass Water objects to this Request to the extent it calls for information protected by the attorney-client privilege and the work-product doctrine. Bluegrass Water objects to this Request as outside the scope of this rate proceeding because it calls for information relating to sales that have not occurred and are irrelevant to

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this proceeding. Bluegrass Water further objects to subparts (c) and (d) of this Request as speculative and premature and outside the scope of this rate case; they will be addressed if/when Bluegrass Water plans to transfer any property. Subject to and without waiver of the foregoing objections, Bluegrass Water states that is has no pending sales.

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

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**REQUEST NO. 1-95: Healthcare Expense. Refer to pages 68-71 of the Order entered
February 14, 2024 in Case No.2022-00432.**

- a. Did the Company reflect an adjustment to healthcare expense based on the Bureau of Labor Statistics Average? If so, identify the amount and the schedule where it is reflected. If not, provide the reduction to healthcare expense to the forecasted test year separately for water and wastewater based on the BLS most recent average.**
- b. Provide copies of studies that support the company's payments of 99 percent of health benefits as a benefit to ratepayers.**

RESPONSE:

- a. 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).
- b. CSWR, LLC, operates and supports regulated water and wastewater utilities across multiple states, many of which are small or formerly distressed systems. Providing a competitive benefits package, including employer-funded healthcare, which enables CSWR, LLC, to attract and retain experienced professionals in finance, engineering, compliance, operations,

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and regulatory reporting allows CSWR to attract employees that allow it to maintain regulatory compliance, system reliability, and financial integrity for Bluegrass Water. Without a competitive benefits package, CSWR may not be able to attract talented individuals to allow it operate Bluegrass Water prudently.

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

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REQUEST NO. 1-96: Internal Audit Reports. Refer to the Application generally.

Provide a list of all internal audits conducted in 2023, 2024, and 2025. Also provide a list of any audits planned for 2026.

RESPONSE: Bluegrass Water and CSWR, LLC, do not maintain an internal audit department. Accordingly, no internal audits were conducted in 2023, 2024, or 2025, and no internal audits are currently planned for 2026.

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

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REQUEST NO. 1-111: Insurance Expense. Refer to the Application generally.

Provide the total amount (direct, joint and indirect) of insurance 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 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, please see attached CONFIDENTIAL Exhibit OAG 111 – Insurance.

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

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**REQUEST NO. 1-112: Insurance Expense-Business Interruption. Refer to the
Application generally.**

- a. Does the Company have a Business Interruption Insurance policy? If so provide a detailed explanation of what the policy covers, including whether it covers all or a portion of the company's profits.
- b. Identify the total amount (direct, joint and indirect) of business interruption insurance 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 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, Bluegrass Water states as follows.

- a. Neither Bluegrass Water nor CSWR, LLC, has business interruption insurance.
- b. Please see the Response to subpart a.

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

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REQUEST NO. 1-113: Refer to Exhibit 9-Financial Workbook tab "Summary IS"

Spreadsheet filed "Income Statement-Summary."

- a. Refer to line 5. Explain the reasons for the significant increase in G&A expenses in 2024 over the 2023 level.**
- b. Refer to Exhibit 9-Financial Workbook tab "Summary IS" Spreadsheet filed "Income Statement-Summary."**

RESPONSE:

- a. The primary drivers of the increase in General and Administrative ("G&A") expenses in 2024 are Property Taxes, Uncollectible Accounts, and Administrative Expenses Transferred (Overhead Allocation). The increase in Property Taxes is primarily attributable to 2023 property tax bills that were received and paid in 2024 and, therefore, expensed in that year. The increase in Uncollectible Accounts is due to a significant increase in customer account write-offs recorded by the Company at the end of 2024. The increase in Administrative Expenses Transferred reflects the impacts of inflation as well as an overall increase in overhead expenses at CSWR, LLC.

Bluegrass Water objects to subpart (b) of this Request as not asking a question.

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

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REQUEST NO. 1-114: Refer to Exhibit 9-Financial Workbook tab "Income Statement Detail." Explain the reasons for the large increase to sewer-contract operations on line 119 in the forecasted test year over the 2021 amounts. Provide calculations showing how the base year amount was derived and the proforma adjustment.

RESPONSE: The forecasted test year is based on the contract terms with Clearwater Solutions, LLC. The forecast includes the total contracted price while invoices are accounted for in the appropriate accounts depending on activities and purchases. The contract includes sludge removal, testing, chemicals, and engineering. Please refer to Exhibit 9 to the Application - Financial Workbook, on Excel tab labeled "IS WW Forecast," in column BE.

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

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**REQUEST NO. 1-115: Refer to Exhibit 9-Financial Workbook tab "Income
Statement Detail WW."**

- a. Refer to lines 31 and 32. Provide an explanation of what these items represent.**
- b. Provide an itemization by subaccount for these expenses for 2020, 2021, 2022,
2023, 2024, 2025, the base period and the forecasted test year.**
- c. Explain why there is no cost for Admin expenses transferred direct in 2024 but
there are amounts in the forecasted test year.**

RESPONSE: Bluegrass Water objects to this Request as 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, Bluegrass Water states as follows.

- a. Lines 31 and 32 represent all costs allocated to Bluegrass Water from CSWR, LLC
per the methodology described in the Company's Cost Allocation Manual.
- b. Please see Exhibit AG 1-115 - Allocated Costs.
- c. The 922001 account represents more directly allocated costs from CSWR, LLC.
The 922 account represents indirect cost allocated from CSWR, LLC. The
Company began splitting cost (direct/indirect) in Feb 2025. For rate case
consideration they should be the same as allocated cost from CSWR.

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

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**REQUEST NO. 1-116: Refer to Exhibit 9-Financial Workbook tab "Income
Statement Detail Water."**

- a. Refer to lines 35 and 36. Provide an explanation of what these items represent.
- a. Provide an itemization by subaccount for these expenses for 2020, 2021, 2022, 2023, 2024, 2025, the base period and the forecasted test year.
- b. Explain why there is no cost for Admin expenses transferred direct in 2024 but there are amounts in the forecasted for the test year.

RESPONSE: Bluegrass Water objects to this Request as 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, Bluegrass Water states as follows.

- a. Lines 35 and 36 represent all costs allocated to Bluegrass Water from CSWR, LLC per the methodology described in the Company's Cost Allocation Manual.
- b. Please see Exhibit AG 115 - Allocated Costs.
- c. The 922001 account represents more directly allocated costs from CSWR, LLC. The 922 account represents indirect cost allocated from CSWR, LLC. The Company began splitting cost (direct/indirect) in Feb 2025. For rate case consideration they should be the same as allocated cost from CSWR.

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

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REQUEST NO. 1-117: Inflation. Refer to Exhibit 14, page 8, lines 10-14.

- a. For all accounts to which an inflation factor was applied in deriving the forecast test year amount, provide the annual costs (direct, joint and indirect) by account number 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. Also provide all calculations showing how the base and forecast period amounts were derived.
- b. Identify all regulated utilities that the Company is aware of that are permitted to use the PCE index in setting rates.
- c. Explain the reason why the Company utilized the PCE index as opposed to other inflationary factors.

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 waiver of the foregoing objections, Bluegrass Water states as follows:

- a. Please see Exhibit AG 1-117 – Inflationary Accounts, for the years 2022 through 2025 as well as the Base Period and Forecasted Test Year.

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- b. Bluegrass Water did not perform research on which companies use the PCE Index in setting rates.
- c. Bluegrass Water only compared PCE Index and CPI. Please refer to the response provided in PSC 2-20.

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

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REQUEST NO. 1-118: Judgements/Settlements. Refer to the Application generally.

Provide the total amount expensed (direct, joint and indirect) 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. Include a brief description of the nature of each of the lawsuits.

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 states there are no amounts for judgments or settlements included for recovery.

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

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REQUEST NO. 1-119: Management Consulting Services. Refer to the Application generally. Provide the annual expense (direct, joint and indirect) by vendor for each year 2020, 2021, 2022, 2023, 2024, 2025, the base period and included in the forecasted test year separately for water and wastewater. For each vendor, provide an explanation of the services provided.

RESPONSE: Bluegrass Water further objects to 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 waiver of the foregoing objections, please see the attached Exhibit OAG 1-119 - Management Consulting. Elasticity provides communications, public relations, and community management support to Bluegrass Water. Services include but are not limited to management of customer-facing communications, website and social media updates, and preparation of educational and regulatory materials. The Kentucky Rural Water Association provides membership-based industry support to Bluegrass Water, including access to training, educational programs, regulatory information, and technical resources. The costs recorded in the management consulting expense account for both the base period and the forecasted test year were escalated using the PCE index. Elasticity and the Kentucky Rural Water Association are the only vendors providing management consulting services to Bluegrass Water; therefore, the forecasted amounts reflect costs associated with these vendors.

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

Response to OAG No. 1-119

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REQUEST NO. 1-120: Non-recurring Costs. Refer to the Application generally.

- a. For each expense account (direct, joint and indirect) in the base period and forecasted test year (separately for water and wastewater) list each non-recurring charge or credit exceeding \$10,000. Provide the information separately for water and wastewater.
- b. For each non-recurring item provide an explanation of the cost/credit.

RESPONSE: Please see the attached Exhibit AG 120 - Non-Recurring Charges. The Company did not include any individual nonrecurring charges or credits exceeding \$10,000 in either the base year or the forecast year. However, the application of the PCE factor to certain account balances may result in amounts exceeding \$10,000.

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

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REQUEST NO. 1-121: Miscellaneous Service Revenues. Refer to Exhibits BT-3A and 3B. Provide the miscellaneous service revenues by category for 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, the base period and included in the forecasted test year separately for water and wastewater.

RESPONSE: Bluegrass Water has only collected and forecasted sewer late fees. Any amounts recorded in 536.00 Sewer - Misc. Service Revenue should have been recorded in 532.000 Sewer - Late Fees. No water miscellaneous fees have been collected or forecasted. Please refer to CONFIDENTIAL Exhibit 9 to the Application - Financial Workbook, on Excel tab labeled "Income Statement Detail WW," lines 15-16 and Excel tab labeled "Income Statement Detail Water," lines 9-10, for revenues collected.

Witness: Emily Harlow, Manager of Rate and Revenue

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REQUEST NO. 1-122: Late Fees. Refer to Exhibit EMH-3. Provide the actual sewer late fees for each year 2020, 2021, 2022, 2023, 2024, 2025 and forecasted for the base period and forecasted test year.

RESPONSE: Bluegrass Water objects to this Request as 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 attached Exhibit AG 1-121 – Misc & Late Fee Revenue, for the years 2022 through 2025 as well as the Base Period and Forecasted Test Year.

Witness: Emily Harlow, Manager of Rates and Revenue

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REQUEST NO. 1-123: Late Fees. Refer to Exhibit 11, pages 21-22.

- a. **Provide the calculations used to derive the \$5,023 forward-looking test period amount.**
- b. **Refer to Exhibit 5, page 30. Explain why the Company has calculated the forecast test year late fees for wastewater using 1.93% when the current rate is 10%.**

RESPONSE:

- a. The \$5,023 is the projected amount of late fee revenue for water based on historical late payments of water revenue multiplied by the 10% potential late fee. Please refer to the Exhibit PSC 2-10 Revenue Forecast, on Excel tab labeled "Late Fees Water."
- b. The 1.93% represents the percentage of the Company's base revenue derived from late fees revenue for wastewater. Please refer to the Exhibit PSC 2-10 Revenue Forecast, on Excel tab labeled "Late Fees Sewer." To calculate the forecasted test year late fees, the 1.93% was multiplied by the forecasted base revenues. 10% is the rate each bill will be charged for not paying by the due date.

Witness: Emily Harlow, Manager of Rates and Revenue

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REQUEST NO. 1-125: Contract Operations. Refer to page 10 of Exhibit 14. Provide a copy of the previous contract with Clearwater Solutions or the previous vendor if it was not Clearwater Solutions.

RESPONSE: Please see Application Exhibit 22 filed in Case No. 2022-00432 for prior versions of contracts with Clearwater Solutions. (https://psc.ky.gov/pscecf/2022-00432/kerry.ingle%40dinslaw.com/02272023042552/Application_Exhibit_22_-_Service_Contracts.pdf)

Witness: Todd Thomas, Senior Vice President

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**REQUEST NO. 1-126: Service Contract. Refer to Exhibit 19, page 3 of 18. Provide a
copy of the unredacted page as it was not attached in CONFIDENTIAL-Exhibit 19 -Service
Contracts.**

RESPONSE: Please see Corrected CONFIDENTIAL Exhibit 19 to the Application.

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

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**REQUEST NO. 1-127: Operator Contract Expense. Refer to page 59 of the Order in
Case No. 2022-00432 dated February 14, 2024.**

- a. **Has the Company conducted a study to determine the potential cost of bringing its operations in house? If not, explain why not.**
- b. **Refer to Exhibit 20, page 10. Explain how the Company determined it is not economical to bring the operations in-house for Bluegrass Water. Provide copies of all supporting documentation relied on.**
- c. **Provide the annual contract operations expense by vendor/category for 2020, 2021, 2022, 2023, 2024, 2025, the base period and included in the forecasted test year separately for water and wastewater.**

RESPONSE:

- a. The Company is currently in the process of conducting a study on in-house operations for Bluegrass Water, but the study is not yet complete.
- b. The Company considered all options when considering entering into the current operations contract with Clearwater Solutions. At the time, Bluegrass Water's parent, CSWR, LLC, was not set up to manage in-house operations, and the economics of creating that capability for only Bluegrass Water operations could not be cost-justified.

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- c. 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 see Exhibit OAG 1-127 – Contract Operations, for years 2022 through 2025, the base period and the forecasted test year.

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

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REQUEST NO. 1-128: Operator Contract Expense. Refer to Exhibit 19. Provide the name of the O&M Contractors used by the Company for each category (e.g., customer calls, backoffice functions, operation of water/wastewater facilities, etc.) in each year 2020, 2021, 2022, 2023, 2024, 2025, and expected for the base period and 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 objections, Bluegrass Water utilizes Clearwater Solutions, LLC, as its operations and maintenance ("O&M") contractor.

Witness: Todd Thomas, Senior Vice President

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REQUEST NO. 1-131: Payroll. Refer to the Application generally. Provide, FTE group (direct, joint and indirect), by month, for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period, and included in the forecasted test year, the number of full time FTEs budgeted, the number of part-time FTEs budgeted and the actual number off full time FTEs and part-time FTEs. Provide this information 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 see Response to OAG No. 1-135.

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

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REQUEST NO. 1-133: Payroll. Refer to the Application generally. For each of the current vacant positions (direct, joint and indirect) to be refilled by the forecasted test year separately for water and wastewater provide:

- a. Job Title
- b. Planned hiring date
- c. Hiring dates for any of these positions that have been filled.
- d. Fully loaded annual salary
- e. Length of time that the position has been open.
- f. Copy of ad for position.

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 see the Response to OAG No. 1-134.

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

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REQUEST NO. 1-134: Payroll. Refer to the Application generally. For each of the new hires (direct, joint and indirect) the Company included in the forecasted test year separately for water and wastewater, provide:

- a. Job Title**
- b. Planned hiring date**
- c. Hiring dates for any of these positions that have been filled.**
- d. Fully loaded annual salary**
- e. Length of time that the position has been open.**
- f. Copy of ad for position.**

RESPONSE: The Company did not include any open roles in the forecast test year.

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

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REQUEST NO. 1-135: Payroll. Refer to the Application generally. Provide for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included in the forecasted test year, separately for water and wastewater (direct, joint and indirect), the amount of base pay, overtime, incentive compensation and the amount of other pay broken down in the most detailed format available including the amount charged to capital, amount charged to expense and amounts charged to other (specify). If any of the other is ultimately expensed, provide the amount ultimately expensed in each year.

RESPONSE: Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks 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, Bluegrass Water has no employees and therefore has no payroll. CSWR, LLC's, employee costs are allocated as described in the Cost Allocation Manual. Please see Exhibit OAG 1-135 - Payroll Amounts, for amounts allocated in each year by water/sewer, the base period and forecasted test year. No overtime, incentive compensation, or other payment is allocated in the filing.

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

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REQUEST NO. 1-136: Payroll. Refer to the Application generally. Provide total (direct, joint and indirect) Capital and O&M budgeted and actual payroll expense for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and included 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 does not maintain direct payroll. Employees providing operational and administrative support to Bluegrass Water are employed by CSWR, LLC, and provide services across multiple affiliated operating utilities. As a result, Bluegrass Water does not record direct, joint, or indirect payroll expense. Labor costs related to these services are included in corporate overhead allocations from CSWR and recorded in Bluegrass Water's books as overhead expense or capitalized to utility plant, as applicable. Accordingly, payroll expense is not separately tracked or budgeted for Bluegrass Water for the years requested. Please see also see Exhibit OAG 1-135 and Exhibit OAG 1-137.

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

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REQUEST NO. 1-137: Payroll. Refer to Refer to the Application generally.

- a. Provide the total (direct, joint and indirect) capital and O&M payroll approved by the Commission for each of the years: 2020, 2021, 2022, 2023, 2024 and 2025 separately for water and wastewater.
- b. Provide the total actual (direct, joint and indirect) capital and O&M payroll for each of the years: 2020, 2021, 2022, and 2023, 2024 and 2025 separately for water and wastewater.

RESPONSE: Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks 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 waiver of the foregoing, Bluegrass Water states as follows:

- a. Bluegrass Water objects to subpart (a) of this Request as it calls for a legal conclusion. Bluegrass Water further objects to subpart (a) of this Request as it misstates and misapplies the Commission's statutory directive to determine whether proposed rates are fair, just, and reasonable.
- b. Please see Exhibit OAG 1-135 for actual payroll amounts. Additionally, please see Exhibit OAG 1-137 Capitalized Payroll, for capital amounts. The Company does not incur or

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record operations and maintenance payroll expenses, as O&M activities are performed by
third-party contractors.

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

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REQUEST NO. 1-138: Payroll. Refer to the Application generally.

- a. Provide a description of the Company's (direct, joint and indirect) merit and cost of living wage rate increase policies. Provide this information separately for water and wastewater.**
- b. Provide the actual executive percentage salary raises given (direct, joint and indirect) each year 2020, 2021, 2022, 2023, 2024, 2025 and forecasted for the base period and test year.**
- c. Provide the actual non-executive percentage salary raises given (direct, joint and indirect) each year 2020, 2021, 2022, 2023, 2024, 2025 and forecasted for the base period and test year.**

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. Bluegrass has no employees. CSWR, LLC, does not have a formal merit or cost of living wage increase policy. Any merit or cost of living wage increases would be approved and implemented on an annual basis by management.

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- b. Please see CONFIDENTIAL Exhibit AG 1-138 – Percent of Raises for Executives
and Non-Executives.
- c. Please refer to the response provided in part b.

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

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REQUEST NO. 1-139: Penalties/Fines. Refer to the Application generally. Provide the total amount (direct, joint and indirect) of all penalties and fines incurred in 2024 and included in the base period and for recovery in the forecasted test year separately for water and wastewater. Also, provide a brief description of the nature of the penalties/fines.

RESPONSE: No penalties or fines are included for recovery in the base period or the forecasted test year for either water or wastewater.

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

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REQUEST NO. 1-140: Proforma Plant Additions. Refer to Exhibit JF-1.

- a. For each project provide the provide the forecasted start and in-service dates.
- b. For each project provide the actual start date, actual in service date (if completed), and current percent complete.
- c. For each project, state whether a CPCN has been obtained. If not explain why not.
- d. Provide documentation supporting each project cost over \$100,000 (contracts, work orders, invoices).

RESPONSE:

- a. Please see CONFIDENTIAL Exhibit OAG 1-140a - Proforma Plant Additions. Bluegrass Water provided all available forecasted start and in-service dates. Forecasting is not available for older projects.
- b. Bluegrass Water provided actual project completion date where available. Construction start dates are not available for older projects.
- c. Bluegrass Water obtained CPCNs for the projects completed at the Herrington Haven, Woodland Acres, Persimmon Ridge, Delaplain Disposal Company, and Yung Farm Estates facilities. Improvements undertaken at the Magruder Village,

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Commonwealth Wastewater, and Center Ridge Water District sites took place as
regular capital maintenance.

- d. Please see CONFIDENTIAL Exhibit OAG 1-140d - Retention and
CONFIDENTIAL Exhibit OAG 1-140d - Progress Payment.

Witness: Jake Freeman, Director of Engineering

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REQUEST NO. 1-141: Plant. Refer to Exhibits BT-7A and BT-7B. Provide the year-end plant balances by account number for each of the years 2020, 2021, 2022, 2023, 2024, 2025, the base period and 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 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 waiver of the foregoing objections, please see Exhibit OAG 141 - UPIS.

Witness: Brent Thies, Vice President and Corporate Controller

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REQUEST NO. 1-143: Maintenance Costs. Refer to Exhibit 14, page 15.

- a. **Provide all calculations showing how the base and forecast test year amounts were derived.**
- b. **Provide the annual actual amounts 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 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 waiver of the foregoing objections, please see Exhibit OAG 1-143 – Maintenance Cost.

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

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REQUEST NO. 1-144: Chemical Costs. Refer to Exhibit 14, page 14.

- a. Provide all calculations showing how the base and forecast test year amounts were derived.**
- b. Provide the annual actual amounts 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 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 waiver of the foregoing, Bluegrass Water states as follows:

- a. Chemicals are included as part of the Contract Operation agreement and is forecasted within the Contract Ops accounts per the agreement.
- b. Please refer to Exhibit OAG 1-144 Chemical Costs.

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

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REQUEST NO. 1-145: Fuel and Power Costs. Refer to Exhibit 14, pages 13-14.

- a. **Provide all calculations showing how the base and forecast test year amounts were derived.**
- b. **Provide the annual actual amounts 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.**
- c. **Provide the names of the power companies that were used in determining this expense. For each state whether it is based on a current rate or pending rate. Also provide the docket numbers pertaining to each rate used.**

RESPONSE: Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks 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.

- a. Subject to and without waiver of the foregoing objections, please see Exhibit OAG 1-145 – Purchase Power Forecast, for the power cost calculations. Additionally, please refer to Exhibit 9 – Financial Workbook, on Excel tab labeled “Income Statement Detail WW” on line 49, for the fuel cost calculations.
- b. Subject to and without waiver of the foregoing objections, please see Exhibit 9 – Financial Workbook, on Excel tab labeled “Income Statement Detail WW” on lines

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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88-91 as well as Excel tab labeled "Income Statement Detail Water" on lines 54-
55.

- c. Subject to and without waiver of the foregoing objections, please see Exhibit OAG
1-145 – Purchase Power Forecast.

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

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REQUEST NO. 1-146: Software Costs. Refer to Exhibit 14, page 19.

- a. Provide all calculations showing how the base and forecast test year amounts were derived.**
- b. Provide copies of vendor contracts, quotes and invoices supporting the forecasted test year amount.**
- c. Provide the annual actual amounts 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:

- a. Please see Exhibit OAG 1-146a Software Cost calculations of base and forecast year
- b. Please see CONFIDENTIAL Exhibit OAG 1-146b Invoices.
- c. 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 see Exhibit OAG 1-146a Software Cost annual amounts for 2022-2025 and base period and forecasted test year.

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

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REQUEST NO. 1-147: Remote Monitoring. Refer to Exhibit 20, page 17. Is the remote monitoring deployment complete in Kentucky? If not, explain the status of the project and the total costs associated with the remaining implementation included in the forecast test year.

RESPONSE: Yes, Bluegrass Water's remote monitoring deployment in Kentucky is complete. There are no remaining implementation activities. The remote monitoring service is paid in advance, and the related cost is recorded as a prepaid expense and recognized over the service term (i.e., approximately 1/12 per month). Accordingly, while there are no remaining one-time implementation costs, the forecasted test year includes the monthly expense recognition associated with the prepaid service.

Witness: Todd Thomas, Senior Vice President

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REQUEST NO. 1-148: Remote Monitoring Savings. Refer to Exhibit 1, page 21.

Provide the annual savings by category in 2024, the base period and reflected in the forecast test year associated with the installation of remote monitoring.

RESPONSE: The reduction in routine site visits attributable to remote monitoring is reflected through the Company's state rebid process for operations and maintenance services. When comparing the last amendment to the prior operations contract to the new operations contract executed in 2024, the total contract amount may not, on its face, appear lower. However, that comparison does not account for material scope enhancements negotiated in connection with the new operations contract. Specifically, Bluegrass Water reevaluated the scope of work and incorporated into the base fee additional responsibilities and costs that had previously been treated as extra work or pass-through items, including sludge handling, laboratory fees, and certain chemical costs. In addition, the rebid process that preceded the new contract locked in sludge disposal pricing for the term of the contract, improving cost predictability and mitigating escalation risk. Accordingly, the remote monitoring deployment supports cost savings and operational efficiencies by reducing the need for routine site visits while enabling the Company to secure a more comprehensive, value-based contract structure that limits add-on charges for additional work.

Witness: Todd Thomas, Senior Vice President

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REQUEST NO. 1-151: Rate Case Expense. Refer to Exhibit 15.

- a. Provide copies of contracts with the firms supporting the requested amounts.**
- b. Does CSWR have a legal department? If so, explain why the Company is using outside vendors for the rate case.**
- c. Provide the amount of rate case expense included in rate base in the forecast test year separately for water and wastewater.**
- d. Did the Company include any unamortized rate case expense from the prior case in the current case? If so, provide the prior rate case unamortized amount included in 2024, the base period and the forecasted test year, separately for water and wastewater.**
- e. Provide an amortization schedule of the rate case expense approved in the prior rate case through the present date.**

RESPONSE:

- a. 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. Neither CSWR, LLC, nor Bluegrass Water has a "contract" with its outside regulatory counsel in Kentucky. However, a copy of the firm's engagement letter is attached as Exhibit OAG 1-151a.

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- b. There are two primary reasons why outside counsel were engaged to handle this rate case for Bluegrass Water. First, although CSWR, LLC, has an in-house legal department no attorney in that department is licensed to practice law in Kentucky, which is a requirement of applicable law for attorneys representing clients before the Commission. (Ky. SCR 3.020; 3.130(5.5)) Therefore, even if CSWR, LLC's, in-house counsel could otherwise handle this matter they would need to engage local counsel to sponsor admission of the in-house counsel for admission pro hac vice and supervise their activities during that admission. Second, the CSWR-LLC, legal department, which consists of two (2) in-house counsel, was neither designed nor staffed to handle all the legal needs of the company's utility affiliates. The CSWR-affiliate group provides service in eleven (11) states, and it would not be reasonable to expect a two-attorney legal department to handle all legal matters affecting affiliates within that service area. Consequently, the department was designed and staffed to work with knowledgeable and experienced local regulatory counsel, who possess the requisite state bar admissions, to meet each affiliate's needs in the state where it operates.
- c. Please see Exhibit OAG 1-151c.
- d. Please see Exhibit OAG 1-151c.
- e. Please see Exhibit OAG 1-151c.

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

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REQUEST NO. 1-153: Randview Stranded Costs. Refer to Exhibit 7, page 40 and page 35 of the Order entered February 14, 2024 in Case No. 2022-00432. Provide a reconciliation by amounts and category of the two amounts related to the Randview system. (i.e., \$173,410 in the current case and \$124,374 including legal fees of \$68,367 as referenced in the prior rate case order.)

RESPONSE: Please see Exhibit OAG 1-153 – Randview.

Witness: Brent Thies, Vice President and Corporate Controller

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REQUEST NO. 1-154: Randview Stranded Costs. Refer to pages 34-36 of the Order entered February 14, 2024 in Case No.2022-00432. Is it correct that Bluegrass voluntarily suggested removing the Randview amounts from the revenue requirement in the prior rate case? If so, explain why the Company is now requesting recovery of the Randview amounts from ratepayers.

RESPONSE: Yes, at the time the Company filed its last rate case it had an application pending with the Commission to sell the Randview system. During the pendency of that case, the Commission approved the transfer of the Randview system to the City of Mayfield. As a result, the Company believed it was appropriate to exclude revenue and expenses from the revenue requirement calculation for the remaining customers. The Company now seeks recovery of the stranded investment in Randview, as this is the first rate case that has been initiated since the transfer of the Randview system.

Witness: Brent Thies, Vice President and Corporate Controller

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REQUEST NO. 1-155: Randview Stranded Costs. Refer to Exhibit 7, page 40. Why did the Company agree to sell the Randview System to the City of Mayfield for less than it had invested, as opposed to keeping the Randview system?

RESPONSE: The City of Mayfield was preparing to annex Randview, which would have eliminated Bluegrass Water's customer base and stranded the plant. Given the absence of any potential buyers, the Company negotiated the most favorable terms available under the circumstances.

Witness: Brent Thies, Vice President and Corporate Controller

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REQUEST NO. 1-157: Revenues. Refer to page 10 of Exhibit 11. Should the amount for Persimmons Ridge be \$339,053 (the sum of both columns). If so, state whether this error is reflected in the forecast test year revenue requirement calculation.

RESPONSE: Yes, the amount of \$339,053 is correct for the total for Permissions Ridge in the table. No, this error is not reflected in the forecasted test year revenue requirement calculation.

Witness: Emily Harlow, Manager of Rates and Revenues

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REQUEST NO. 1-158: Revenues (wastewater). Refer to pages 7-8 of Exhibit 11.

- a. Provide the annual revenues by system for each of the year 2020, 2021, 2022, 2023, 2024, 2025, the base year and the forecasted test year.
- b. Provide the annual number of customers by system for each years 2020, 2021, 2022, 2023, 2024, 2025, the base year and the forecasted test year.

RESPONSE: Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks 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 waiver of the foregoing objections, please see the Exhibit provided in PSC 2-10, on Excel tab labeled "Bluegrass WW Res by System" and Excel tab labeled "Delaplain Com."

Witness: Emily Harlow, Manager of Rates and Revenue

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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REQUEST NO. 1-159: Revenues (water). Refer to page 17 of Exhibit 11.

- a. Provide the annual revenues by system for each of the year 2020, 2021, 2022, 2023, 2024, 2025, the base year and the forecasted test year.**
- b. Provide the annual number of customers by system for each years 2020, 2021, 2022, 2023, 2024, 2025, the base year and in the forecasted test year.**

RESPONSE: Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks 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 waiver of the foregoing objections, please see the Exhibit provided in PSC 2-10, on Excel tab labeled "Bluegrass WW Res by System."

Witness: Emily Harlow, Manager of Rates and Revenue

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REQUEST NO. 1-160: Revenues and Expenses. Refer to Exhibits BT-3A and BT-3B.

Provide the annual actual amounts 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 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 waiver of the foregoing objections, please refer to Exhibit 9 – Financial Workbook, on Excel tab labeled “Income Statement Detail WW” and Excel tab labeled “Income Statement Detail Water tab.”

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

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REQUEST NO. 1-167: Severance Pay. Refer to the Application generally.

- a. **Provide the actual amount of severance pay (direct, joint and indirect) in 2020, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test year separately for water and wastewater.**
- b. **Explain whether the Company has any plans to terminate any employees in 2026 and 2027.**

RESPONSE: Bluegrass Water objects to subpart (a) of this Request as overly broad and unduly burdensome to the extent it seeks 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. In addition, Bluegrass Water objects to subpart (b) of this Request as overly broad, unduly burdensome, and seeking information based on speculation. Subject to and without waiving the foregoing objections, Bluegrass Water states as follows:

- a. Please see attached Exhibit AG 1-167 – Severance. Bluegrass Water did not include any of these costs in the rate base.
- b. No, Bluegrass Water has no employees and therefore does not have any plans to terminate any employees in 2026 and 2027.

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

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REQUEST NO. 1-168: Slippage Factor. Refer to the Application generally.

- a. Did the Company apply a slippage factor to forecasted plant in the forecasted test year? If not, explain why not.**
- b. Is the Company required to apply a slippage factor to forecasted plant? If not, explain why not.**

RESPONSE: Bluegrass Water objects to subpart (b) of this Request to the extent that it calls for a legal conclusion. Subject to and without waiver of the foregoing objections, Bluegrass Water states as follows.

- a. The Company did not apply a slippage factor to the forecasted plant in the forecasted test year.
- b. The Company does not have any plant to which a slippage factor should apply.

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

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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REQUEST NO. 1-170: Temporary Help. Refer to the Application generally. Provide the total amount (direct, joint and indirect) of temporary help 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 overly broad and unduly burdensome to the extent it seeks 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, please see Exhibit AG 170 - Temporary Help. While there is no specific cost associated with temporary help included in the forecast test year, the total balance of NARUC account 922000 was inflated by the PCE inflationary factors described on page 9 in the Direct Testimony of Caitlin O'Reilly.

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

ELECTRONIC APPLICATION OF BLUEGRASS WATER UTILITY OPERATING
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REQUEST NO. 1-171: Travel Expenses. Refer to the Application generally.

- a. **Provide the annual amount of travel expense by category (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.**
- b. **Also provide a description of the travel and how it relates to the Company's Kentucky operations.**

RESPONSE: Bluegrass Water objects to subpart (a) of this Request as overly broad and unduly burdensome to the extent it seeks 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 states as follows:

- a. Please see Exhibit OAG 1-171 – Travel Expenses. Bluegrass Water implemented a new expense report system during 2025 as part of a process improvement effort. Due to limitations associated with the prior system and the conversion process, historical expense report data for periods before 2025 is not consistently available or reliable. Therefore, the Company does not have a dependable source of detailed expense report data for periods prior to 2025.
- b. Please see column F of the Exhibit provided in part a for a description of the travel purpose.

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

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REQUEST NO. 1-173: Unaccounted for Water. Refer to the Application generally. Is the Company required to adhere to 807 KAR 5:066, Section 6(3)? If not, explain why not. If so, provide the reduction to expenses the Company reflected in the base period and in the forecasted test year related to unaccounted for water exceeding the 15% threshold by major expense category. Provide all calculations used to derive the reductions. If the Company did not reflect any reductions, explain why not and provide the corresponding reductions to expenses for unaccounted for water exceeding 15% for the base period and the forecasted test year, including all calculations used to derive the amounts.

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, Bluegrass Water did not include an adjustment for unaccounted water exceeding 15% for either the base period or the test period. Bluegrass Water does not have water meters to measure the water sold to calculate unaccounted for water.

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

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REQUEST NO. 1-174: Unaccounted for Water. Refer to the Application generally.

Explain in detail, all new efforts and initiatives the Company has undertaken since its last rate case to reduce unaccounted for water.

RESPONSE: Since acquisition, Bluegrass Water has implemented standard operational water loss control measures consistent with industry best practices. Specifically, Bluegrass Water conducts regular calibration and testing of production meters. Additionally, the Company conducts routine leak detection activities, monitors system pressures, and performs timely repairs of identified leaks to reduce real losses. Infrastructure maintenance efforts include valve exercising, hydrant inspections, and replacement of aging or high-break-frequency mains as needed.

Witness: Todd Thomas, Senior Vice President

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REQUEST NO. 1-175: Unaccounted for Water. Refer to the Application generally.

**Provide the unaccounted for water percentage for each month for the period 2020 through
the present date.**

RESPONSE: Please see Response to OAG No. 1-173

Witness: Todd Thomas, Senior Vice President

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REQUEST NO. 1-176: Unaccounted for Water. Refer to the Application generally.

- a. For each of the last ten years where the Company has exceeded the unaccounted for water standard of 15% explain why.
- b. Identify the most recent year when the Company's lost and unaccounted for water did not exceed 15%.

RESPONSE: Bluegrass Water objects to this Request as overly broad and unduly burdensome to the extent it seeks information predating the beginning of the Company's operations in Kentucky. Subject to and without waiver of the foregoing objections, please see Response to No. OAG 1-173.

Witness: Todd Thomas, Senior Vice President

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REQUEST NO. 1-177: Variance reports. Refer to the Application generally. Provide the Company's annual capital and O&M variance reports for each of the years 2020, 2021, 2022, 2023, 2024, and 2025.

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 see Exhibit OAG 1-177 – Variance Reports.

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

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REQUEST NO. 1-179: Workpapers. Provide copies of all supporting workpapers in native format used in preparing the revenue requirement schedules (Exhibit 9).

RESPONSE: Please see Exhibit PSC 2-10, Exhibit OAG 1-66, Exhibit OAG 1-76, Exhibit OAG 1-77, Exhibit OAG 1-145, Exhibit OAG 1-153, and Exhibit OAG 1-179 (which is filed in multiple subparts) for copies of all supporting workpapers.

Witness: Brent Thies, Vice President and Corporate Controller

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REQUEST NO. 1-180: Working Capital. Refer to Exhibits BT-5A and BT-5B.

Identify all prepaid expenses that are included in the forecasted test year operating expense.

RESPONSE: National Pollutant Discharge Elimination System (NPDES) Permits are initially recorded as prepaids, expensed to Account 767.000 Sewer Regulatory account during the forecasted test year, and included in the Wastewater Working Capital amount on BT-5A in the amount of \$8,652.06. There are no prepaid expenses included in Water Working Capital on BT-5B.

Witness: Emily Harlow, Manager of Rates and Revenue

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REQUEST NO. 1-181: Working Capital. Refer to Exhibits BT-5A and BT-5B.

Explain how the monthly operating expenses shown were derived.

RESPONSE: Please see the attached Exhibit OAG 1-181 – Test Year Working Capital.

Witness: Emily Harlow, Manager of Rates and Revenue

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As to Objections,

/s/ Edward T. Depp _____

Edward T. Depp

R. Brooks Herrick

Hannah D. Thompson

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*Counsel to Bluegrass Water Utility
Operating Company, LLC*

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VERIFICATION

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

Emily Harlow

Emily Harlow
Manager of Rates and Revenue
Bluegrass Water Utility Operating Company, LLC

STATE OF MISSOURI)

) ss:

COUNTY OF ST. LOUIS)

SUBSCRIBED AND SWORN TO before me by Emily Harlow on this the 3RD day of March, 2026.

My commission expires: 04-10-2027

Roshawne Vallandingham
Notary Public



