

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matter of:

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

**APPLICATION FOR ADJUSTMENT OF RATES
BY
BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC**

Bluegrass Water Utility Operating Company, LLC (“Bluegrass Water” or the “Company”), by counsel, and pursuant to KRS 278.030, KRS 278.040(2), KRS 278.180, KRS 278.190, 807 KAR 5:001, 807 KAR 5:071, and other applicable law, hereby applies for approval from the Kentucky Public Service Commission (“Commission”) to adjust its rates for water and wastewater service. In this Application, Bluegrass Water respectfully asks the Commission to approve its proposed water and wastewater rates, and as grounds therefore respectfully states as follows.

I. INTRODUCTION

1. Since its entry into the Kentucky market, Bluegrass Water has brought desperately needed improvements to a host of water and wastewater systems across the Commonwealth. For the most part, Bluegrass Water purposefully acquires systems that have experienced a significant degree of operational neglect. At the time of acquiring many of its current water and wastewater systems, several of them had numerous violations of health and environmental regulations.

2. Bluegrass Water has prioritized making significant investments into the operations and infrastructure of these neglected systems. Specifically, the Company invests in innovative

technologies and significant construction projects to bring its water and wastewater systems back into compliance with health and environmental regulations, all in an effort to bring safe, reliable, and environmentally responsible service to its customers.

3. To date, Bluegrass Water has invested approximately \$18.6 million in its Kentucky water and wastewater systems. As a result of these diligent efforts, the Company has brought eleven systems back into regulatory compliance with health and environmental regulations, which has further ensured that these customers receive safe, reliable, and environmentally responsible service. Bluegrass Water continues planning for future capital improvements to remedy the previous disrepair of its remaining systems.

4. Unfortunately, the current rates charged by Bluegrass Water are insufficient to cover the costs of improving and maintaining these previously dilapidated water and wastewater systems. The costs of improvements and maintenance have drastically increased since the last time the Company sought a rate adjustment, meanwhile, Bluegrass Water still has systems that require significant investment and attention.

5. In this Application, Bluegrass Water seeks authorization to increase water and wastewater rates. The requested rate increase will result in fair, just, and reasonable rates that allow Bluegrass Water to continue to make the necessary improvements in its systems and operate the systems in a manner that will result in the provision of safe, reliable, and environmentally responsible services.

6. The overall successes of Bluegrass Water in Kentucky, as well as a summary of the relief requested in this proceeding, which is requested to allow Bluegrass Water to continue

improving its water and wastewater systems, is more fully set forth in the Direct Testimony of Josiah Cox, attached hereto as Exhibit 1.

II. BACKGROUND

7. In accordance with 807 KAR 5:001, Section 14(1), Bluegrass Water's full name is Bluegrass Water Utility Operating Company, LLC. Its mailing address is 1630 Des Peres Road, Suite 140, St. Louis, MO 63131. Its email address for purposes of this proceeding is regulatory@cswrgroup.com.

8. In accordance with 807 KAR 5:001, Section 14(3), Bluegrass Water is a limited liability company that was organized under Kentucky law on March 21, 2019. It is currently in good standing with the Kentucky Secretary of State.

9. Bluegrass Water is a manager-managed limited liability company. Its manager is Central States Water Resources, Inc. ("Central States"), which is an affiliate entity incorporated under Missouri law.

10. As reflected in the attached Corporate Entity Organizational Chart, marked as Exhibit 2 (and also provided as Exhibit JC-1 to the Testimony of Josiah Cox), Bluegrass Water's sole member is Bluegrass Water Utility Holding Company, LLC, whose sole member is Kentucky Central States Water Resources, LLC, which are each organized under Kentucky law. The sole member of Kentucky Central States Water Resources, LLC is Central States Water Resources, LLC.

11. Bluegrass Water provides water and wastewater services in communities across the Commonwealth. It owns and operates wastewater facilities in Boyle, Bullitt, Campbell, Franklin,

Garrard, Graves, Hardin, Jessamine, Madison, Marshall, McCracken, Oldham, Scott, and Shelby counties and a water utility in Calloway County.

12. Bluegrass Water currently has 2,490 wastewater connections and 322 water connections.

III. GENERAL FILING REQUIREMENTS

13. KRS 278.030 permits a utility to require customers to pay “fair, just and reasonable rates” for the utility’s services. A utility wanting to change its rates must show “that the increased rate or charge is just and reasonable...” KRS 278.190(3).

14. In accordance with 807 KAR 5:071, Section 3(2), and 807 KAR 5:001, Section 12, Bluegrass Water provides as Exhibit 3 its Financial Exhibit. Pursuant to 807 KAR 5:001, Section 12, the Financial Exhibit attached hereto corresponds to Bluegrass Water’s most recent annual report on file with the Commission.

15. 807 KAR 5:071, Section 3(2), 807 KAR 5:001, Section 14(1), KRS 278.190(3) and its related sections, as well as 807 KAR 5:001 and 5:071 and their related sections, authorize the relief Bluegrass Water seeks in this Application.

16. In addition, and in accordance with 807 KAR 5:001, Section 14(1), Bluegrass Water’s Application contains the facts on which this Application is based (Section IV), as well as the Direct Testimony attached hereto, and a request for the relief desired (Section XII).

17. Bluegrass Water has included a table showing its compliance with the statutory and regulatory requirements for this Application. *See* Exhibit 4.

IV. FACTS ON WHICH BLUEGRASS WATER BASES ITS APPLICATION

18. Bluegrass Water asks the Commission to approve a 46.6% rate increase in its unified wastewater rates. This requested relief would result in an increase to the fixed monthly charge from \$77.77 to \$114.00. Subsequent to the Commission's approval of Bluegrass Water's last rate adjustment in Case No. 2022-00432, Bluegrass Water acquired three additional wastewater systems: the Commonwealth Wastewater, Yung Farm Estates, and Magruder Village service areas. The rates currently being charged to the customers in these service areas were those in effect at the time of acquisition and were adopted by Bluegrass Water. Through this proceeding, Bluegrass Water requests that the Commission approve moving the Commonwealth Wastewater, Yung Farm Estates, and Magruder Village systems to Bluegrass Water's unified rate for wastewater service.

19. In addition, Bluegrass Water asks the Commission to approve a 36.7% rate increase in its unified water rates. This requested relief would result in an increase to the fixed monthly charge from \$77.63 to \$106.12.

20. It has been five years since Bluegrass Water filed a rate case that included water service.

21. As indicated previously, Bluegrass Water plans to continue making significant investments into the water and wastewater systems it has acquired to bring them into regulatory compliance and to provide improved service to its customers. To that end, the increases requested herein are necessary for Bluegrass Water to continue making these investments to provide safe, reliable, and environmentally responsible service for its customers across the Commonwealth.

V. 807 KAR 5:001, SECTION 16 RATE CHANGE APPLICATION REQUIREMENTS

22. In accordance with 807 KAR 5:001, Section 16(1)(a) and 807 KAR 5:071, Section 3(2), Bluegrass Water seeks an adjustment to its water and wastewater rates based on a fully forecasted test period.

23. Pursuant to 807 KAR 5:001, Section 16(1)(b)(1), Bluegrass Water states that the reason it requires a rate adjustment is to increase revenues to cover its increased operating expenses resulting from the significant capital and costs required to bring its water and wastewater systems into regulatory compliance. Further, as a result of the significant capital investments made to its water and wastewater systems, Bluegrass Water seeks a fair return on the value of those investments. Its current rates, including a few wastewater systems still operating on pre-acquisition rates, are not sufficient to serve its mission of providing safe, reliable, and environmentally responsible service for its Kentucky customers, while also providing Bluegrass Water's investors the opportunity to earn a reasonable return. A full explanation of the reasons for the requested rate adjustment is set forth in the Direct Testimony in support of this Application.

24. The assumed name certificate required by 807 KAR 5:001, Section 16(1)(b)(2) does not apply because Bluegrass Water does not operate under an assumed name in Kentucky.

25. In accordance with 807 KAR 5:001, Section 16(1)(b)(3), Bluegrass Water provides revised tariff sheets as Exhibit AJS-3B and Exhibit AJS-4B to the Direct Testimony of Aaron Silas (attached to this Application as Exhibit 5), with an effective date of January 31, 2026, which is no less than 30 days from the date Bluegrass Water files this Application.

26. Pursuant to 807 KAR 5:001, Section 16(1)(b)(4), Bluegrass Water provides revised tariff sheets as Exhibit AJS-3A and Exhibit AJS-4A to the Direct Testimony of Aaron Silas

(attached to this Application as Exhibit 5), with such copies indicating the proposed additions, deletions, and revisions to the present tariff.

27. Pursuant to 807 KAR 5:001, Section 16(1)(b)(5), Bluegrass Water states that it provided notice to its customers of the requested rate increase in compliance with 807 KAR 5:001, Section 17. A copy of the applicable Customer Notice sent to each Bluegrass Water customer by system is attached to the Affidavit of Aaron Silas, attached hereto as Exhibit 6.

VI. 807 KAR 5:001, SECTION 16(2) & (3) NOTICE OF INTENT REQUIREMENTS

28. In accordance with 807 KAR 5:001, Section 16(2), Bluegrass Water notified the Commission of its intent to file for a rate change on October 24, 2025, which is at least 30, but no more than 60 days from the date of this Application.¹

29. In accordance with 807 KAR 5:001, Section 16(2)(a), the Notice indicated that Bluegrass Water would rely upon a fully forecasted test period. Bluegrass Water did not seek permission to use an abbreviated newspaper notice as allowed by 807 KAR 5:001, Section 16(2)(b).

30. In accordance with 807 KAR 5:001, Section 16(2)(c), undersigned counsel verifies that, as legal counsel for Bluegrass Water, it served the Attorney General's Office of Rate Intervention the Notice of Intent filed with the Commission via electronic mail in portable document format on October 24, 2025.

¹ See Bluegrass Water's Notice of Intent, Case No. 2025-00354 (Oct. 24, 2025), <https://psc.ky.gov/Case/ViewCaseFilings/2025-00354>.

31. On October 28, 2025, the Attorney General, by the Office of Rate Intervention, moved to intervene in this proceeding and that Motion was granted by the Commission on October 30, 2025.

VII. 807 KAR 5:001, SECTION 16(6) & (7) FULLY FORECASTED TEST PERIOD REQUIREMENTS

32. In accordance with 807 KAR 5:001, Section 16(6)(a), Bluegrass Water includes as Exhibit 7 the Direct Testimony of Brent Thies, who describes the relevant financial data for the forecasted period, presented as pro forma adjustments to the base period. Pursuant to 807 KAR 5:001, Section 16(6)(b), the forecasted adjustments are limited to the twelve months immediately following the suspension period. Furthermore, in accordance with 807 KAR 5:001, Section 16(6)(c), the capitalization and net investment rate base are based on a 13-month average for the forecasted period.

33. In accordance with 807 KAR 5:001, Section 16(6)(f), Bluegrass Water provides the Direct Testimony of Brent Thies, attached as Exhibit 7. Mr. Thies's testimony and corresponding Exhibits attached thereto contain a detailed explanation of how Bluegrass Water reconciled its rate base and capital to arrive at the requested revenue requirement, with supporting Schedules.

34. In accordance with 807 KAR 5:001, Section 16(7)(a), Bluegrass Water provides written testimony of each individual Bluegrass Water proposes to use in support of this Application. Specifically, Bluegrass Water provides the written testimony of the following witnesses: Josiah Cox, Todd Thomas, Jacob Freeman, Emily M. Harlow, Caitlin O'Reilly, Matthew R. Howard (Scott Madden), Brent Thies, and Aaron Silas. The Direct Testimony of Josiah Cox describes the existing programs in place designed to achieve improvements in efficiency and productivity.

35. In accordance with 807 KAR 5:001, Section 16(7)(b), Bluegrass Water provides as Exhibit JF-1 to the Direct Testimony of Jacob Freeman (attached to this Application as Exhibit 8) its most recent capital construction budget, which contains a minimum of a three-year forecast of construction expenditures.

36. In accordance with 807 KAR 5:001, Section 16(7)(c), Bluegrass Water provides as Exhibit 7 the Direct Testimony of Brent Thies, Exhibit 11 the Direct Testimony of Emily Harlow, and Exhibit 14 the Direct Testimony of Caitlin O'Reilly, who provide a complete, quantified, and properly supported description of all factors used to prepare the forecasted test period, including, but not limited to, all econometric models, variables, assumptions, escalation factors, contingency provisions, and changes in activity levels.

37. Pursuant to 807 KAR 5:001, Section 16(7)(d), Bluegrass Water provides as Exhibit 9 its Financial Workbook supporting the requests set forth in the Application. The annual and monthly budget for the twelve months preceding the filing date, the base period, and the forecasted period are contained at Tabs named "Historical Budget," "IS Water Forecast," and "IS WW Forecast" within the Excel file attached as Exhibit 9.

38. In accordance with 807 KAR 5:001, Section 16(7)(e), Bluegrass Water includes as Exhibit 10 an attestation signed by Josiah Cox, who is in charge of Bluegrass Water's Kentucky operations, affirming that: (1) the forecast is reasonable, reliable, made in good faith, and that all basic assumptions used have been identified and justified; (2) the forecast contains the same assumptions and methodologies used in the forecast prepared for use by management, or an identification and explanation for any differences, if applicable; and (3) productivity and efficiency gains are included in the forecast.

39. In accordance with 807 KAR 5:001, Section 16(7)(f), Bluegrass Water includes as Exhibit JF-1 to the Direct Testimony of Jacob Freeman (attached to the Application as Exhibit 8) information relating to each major construction project constituting more than 5% of Bluegrass Water's annual construction budget within the three-year forecast, including:

1. The date each project began or the estimated starting date; and
2. The estimated completion date of each project.

As set forth more fully in the corresponding Motion for Deviation filed contemporaneously with this Application, Bluegrass Water seeks a deviation, to the extent required, from the filing requirements set forth in 807 KAR 5:001, Section 16(7)(f)(3) and (4) on the basis that Bluegrass Water does not have allowance for funds used during construction ("AFUDC") or interest during construction credit ("IDCC").

40. As set forth more fully in the corresponding Motion for Deviation filed contemporaneously with this Application, Bluegrass Water seeks a deviation, to the extent required, from the filing requirements set forth in 807 KAR 5:001, Section 16(7)(g) on the basis that Bluegrass Water does not have AFUDC or IDCC.

41. In accordance with 807 KAR 5:001, Section 16(7)(h), Bluegrass Water includes as Exhibit 9 its Financial Workbook, which contains a financial forecast corresponding to each of the three forecasted years included in the capital construction budget, supported by underlying assumptions made in projecting results of operations and including the following information: (1) operating income statement (exclusive of dividends per share or earnings per share), which is provided at the Tabs named "Summary IS" and "Income Statement Detail" in the Excel file attached as Exhibit 9; (2) balance sheet, which is provided at the Tabs named "Balance Sheet Summary" and "Balance Sheet Detail" in the Excel file attached as Exhibit 9; (3) statement of cash

flows, which is provided at the Tab named “Cash Flow” in the Excel file attached as Exhibit 9; (4) revenue requirements necessary to support the forecasted rate of return, which is provided at the Tabs named “Revenue Requirement,” “Revenue Requirement Water,” and “Revenue Requirement WW” in the Excel file attached as Exhibit 9; (5) employee level, which are included among costs for Account 922 within the Excel file attached as Exhibit 9; (6) labor cost changes, which are included among costs for Account 922 within the Excel file attached as Exhibit 9; (11) capital structure requirements, which is provided at the Tab named “Capital Structure” in the Excel file attached as Exhibit 9; (12) rate base, which is provided at the Tabs named “RB Summary,” “RB Summary Water,” and “RB Summary WW” in the Excel file attached as Exhibit 9; (13) gallons of water projected to be sold, which is explained in the Direct Testimony of Emily M. Harlow (attached as Exhibit 11 to the Application), and Exhibit EMH-2 attached to the Direct; (14) customer forecast, which is provided as Exhibit EMH-1 and EMH-2 to the Direct Testimony of Emily M. Harlow (attached to the application as Exhibit 11); and (17) a detailed explanation of any other information provided is set forth throughout the Application and its Exhibits. Bluegrass Water further states that as a water and wastewater utility, it is not required to provide the remaining items set forth in 807 KAR 5:001, Section 16(7)(h), including: (5) load forecast, including energy and demand (electric); (6) access line forecast (telephone); (7) mix of generation (electric); (8) mix of gas supply (gas); (15) sales volume forecasts – cubic feet (gas); and (16) toll and access forecast of number of calls and number of minutes (telephone).

42. In accordance with 807 KAR 5:001, Section 16(7)(i), Bluegrass Water states that as a water and wastewater utility, it is not subject to regulation by the Federal Energy Regulatory

Commission or the Federal Communications Commission, and therefore, the audit reports are not required.

43. In accordance with 807 KAR 5:001, Section 16(7)(j), Bluegrass Water states that as a limited liability company, it does not issue stocks or bonds and therefore does not have prospectuses for stock or bond offerings.

44. In accordance with 807 KAR 5:001, Section 16(7)(k), Bluegrass Water states that as a water and wastewater utility, it is not required to complete a FERC Financial Report FERC Form No. 1, FERC Financial Report FERC Form No. 2, or a Public Service Commission Form T, and therefore these forms are not required.

45. In accordance with 807 KAR 5:001, Section 16(7)(l), Bluegrass Water states that it has not provided an annual report to its Members. To the extent the Commission deems it necessary, Bluegrass Water seeks a deviation from this filing requirement in its Motion for Deviation from Filing Requirements.

46. In accordance with 807 KAR 5:001, Section 16(7)(m), Bluegrass Water provides its current chart of accounts, which is contained within the Excel file attached as Exhibit 9 in the Tab named "Chart of Accounts."

47. In accordance with 807 KAR 5:001, Section 16(7)(n), Bluegrass Water provides the Tab named "Historical Budget," contained within the Excel file attached as Exhibit 9 for its monthly managerial reports providing financial results of operations in comparison to the forecast.

48. In accordance with 807 KAR 5:001, Section 16(7)(o), Bluegrass Water provides the Tabs named "Historical Budget," "IS Water Forecast," and "IS WW Forecast," contained within the Excel file attached as Exhibit 9 for its monthly budget variance reports, with

explanations, for the twelve months immediately prior to the base period, each month of the base period, and any subsequent months.

49. In accordance with 807 KAR 5:001, Section 16(7)(p), Bluegrass Water states that because it is not a publicly-traded company, it does not file a Form 10-K with the Securities and Exchange Commission, nor has it issued a Form 8-K or 10-Q.

50. In accordance with 807 KAR 5:001, Section 16(7)(q), Bluegrass Water provides as Exhibit 12 an independent auditor's annual opinion report for calendar year 2024. An independent auditor's annual opinion report for calendar year 2025 will not be made available to Bluegrass Water until sometime in 2026, likely March or April, at which point Bluegrass Water will provide a copy.

51. In accordance with 807 KAR 5:001, Section 16(7)(r), Bluegrass Water states that as a limited liability company, it does not have stockholders and therefore does not provide quarterly reports to stockholders.

52. In accordance with 807 KAR 5:001, Section 16(7)(s), Bluegrass Water provides as the Direct Testimony of Brent Thies, attached as Exhibit 7, the summary of the latest depreciation study with supporting schedules by major accounts for its wastewater systems. As is explained in the Direct Testimony of Mr. Thies, due to the recency of the last depreciation study for Bluegrass Water's wastewater assets submitted in Case No. 2022-00432, Bluegrass Water seeks to utilize the rates approved in Case No. 2022-00432 and incorporates the Depreciation Study submitted therein. To the extent 807 KAR 5:001, Section 16(7)(s) requires a depreciation study for Bluegrass Water's water systems, Bluegrass Water seeks a deviation from this filing requirement. As is set forth in the Direct Testimony of Mr. Thies, Bluegrass Water believes it is likely the cost of a depreciation

study would outweigh any benefit that could result from the significant expense associated with a depreciation study for its minimal water assets in this matter.

53. In accordance with 807 KAR 5:001, Section 16(7)(t), Bluegrass Water provides as Exhibit 13 a list of its computer software, programs, and models used to develop the papers for this Application.

54. In accordance with 807 KAR 5:001, Section 16(7)(u), Bluegrass Water, through the Direct Testimony of Brent Thies, attached hereto as Exhibit 7, provides a detailed description of the method and amounts allocated or charged; the method and amounts allocated during the base period and the estimated amounts to be allocated during the forecasted test period; an explanation for how the allocation was determined; and the facts Bluegrass Water relies upon to demonstrate the reasonableness of the charge for all amounts charged or allocated to Bluegrass Water.

55. In accordance with 807 KAR 5:001, Section 16(7)(v), Bluegrass Water states that because its annual gross revenues are less than \$5,000,000 across water and wastewater divisions, a cost of service study is not required. Further, as detailed in the testimony of Aaron Silas (attached to the Application as Exhibit 5), a traditional cost of service study is impracticable and Bluegrass Water's historical customer equivalencies fairly allocate costs. To the extent the Commission deems it necessary, Bluegrass Water seeks a deviation from this filing requirement in its Motion for Deviation from Filing Requirements.

56. In accordance with 807 KAR 5:001, Section 16(7)(w), Bluegrass Water states that this subsection is inapplicable because Bluegrass Water provides water and wastewater services.

VIII. 807 KAR 5:001, SECTION 16(8) FULLY FORECASTED TEST PERIOD REQUIREMENTS

57. In accordance with 807 KAR 5:001, Section 16(8)(a), Bluegrass Water provides as Exhibit 7, the Direct Testimony of Brent Thies and Exhibit 11, the Direct Testimony of Emily M. Harlow. The testimony of Brent Thies and Emily M. Harlow and the corresponding exhibits thereto provide a financial summary for the base period and forecasted period and explain how Bluegrass Water derived the amount of the requested revenue increase.

58. In accordance with 807 KAR 5:001, Section 16(8)(b), Bluegrass Water provides as Exhibit 7 the Direct Testimony of Brent Thies. The testimony of Brent Thies and the corresponding exhibits thereto provide a jurisdictional rate base summary for the base and forecasted periods, along with supporting schedules which include detailed analyses of each component of each component of the rate base. This information is further included in the Financial Workbook Excel file attached as Exhibit 9 and contained within the Tabs named “RB Summary,” “RB Summary Water,” and “RB Summary WW.”

59. In accordance with 807 KAR 5:001, Section 16(8)(c), Bluegrass Water provides as Exhibit 11 the Direct Testimony of Emily M. Harlow. The testimony of Emily M. Harlow and the corresponding exhibits thereto provide an operating income summary for both the base and forecasted periods, along with supporting schedules that provide a breakdown of each major account group and individual account. This information is further included in the Financial Workbook Excel file attached as Exhibit 9 and contained within the Tabs named “Summary IS Water” and “Summary IS WW.”

60. In accordance with 807 KAR 5:001, Section 16(8)(d), Bluegrass Water provides as Exhibit 14 the Direct Testimony of Caitlin O’Reilly. The testimony of Caitlin O’Reilly and the

corresponding exhibits thereto provide a summary of jurisdictional adjustments to operating income by major account, along with supporting schedules for individual adjustments and other jurisdictional factors.

61. In accordance with 807 KAR 5:001, Section 16(8)(e), Bluegrass Water provides as Exhibit 7 the Direct Testimony of Brent Thies. The testimony of Brent Thies and the corresponding exhibits thereto provide a federal and state income tax summary for both the base and forecasted periods, along with supporting schedules of the various components of jurisdictional income taxes.

62. In accordance with 807 KAR 5:001, Section 16(8)(f), Bluegrass Water provides as Exhibit 14 the Direct Testimony of Caitlin O'Reilly, which includes summary schedules for both the base and forecasted periods for expenditures, including: (1) organization membership dues; (2) initiation fees; (3) expenditures at country clubs; (4) charitable contributions; (5) marketing, sales, and advertising expenditures; (6) professional service expenses; (7) civic and political activity expenses; (8) expenditures for employee parties and outings; and (9) employee gift expenses. Bluegrass Water provides as Exhibit 7 the Direct Testimony of Brent Thies, which includes summary schedules for both the base and forecasted periods for rate case expenses. Further, Exhibit 15 also includes a segregated summary of rate case expenses, which Bluegrass Water seeks to recover in rates.

63. In accordance with 807 KAR 5:001, Section 16(8)(g), Bluegrass Water provides as CONFIDENTIAL Exhibit 16 an analysis of payroll costs, including schedules for wages, salaries, employee benefits, payroll taxes, straight time and overtime hours, and executive compensation.

64. In accordance with 807 KAR 5:001, Section 16(8)(h), Bluegrass Water provides as Exhibit 7 the Direct Testimony of Brent Thies. The testimony of Brent Thies and the corresponding

exhibits thereto, including Exhibit BT-11 and BT-12, describe the computation of the gross revenue conversion factor for the forecasted period.

65. In accordance with 807 KAR 5:001, Section 16(8)(i), Bluegrass Water provides as comparative income statements, revenue statistics, and sales statistics for five calendar years prior to the date of filing this Application, the base period, the forecasted period, and two calendar years beyond the forecast period. Specifically, this information may be found in the Excel file attached as Exhibit 9, at the Tabs named “Historical IS” and “Summary IS,” and Exhibits EMH-1 and EMH-2 attached to the Direct Testimony of Emily M. Harlow (attached as Exhibit 11 to this Application).

66. In accordance with 807 KAR 5:001, Section 16(8)(j), Bluegrass Water provides as Exhibit 17 the Direct Testimony of Matthew R. Howard a summary of the cost of capital for the base and forecasted periods, along with supporting schedules, including Exhibit MRH-1, providing details on each component of the capital structure.

67. In accordance with 807 KAR 5:001, Section 16(8)(k), Bluegrass Water provides as comparative financial data and earnings measures for the past ten calendar years, the base period, and forecast period, which are included in the Excel file attached as Exhibit 9 at the Tabs named “Historical IS” and “Historical BS.”

68. In accordance with 807 KAR 5:001, Section 16(8)(l), Bluegrass Water provides as Exhibit 5 of this Application the Direct Testimony of Aaron Silas. Aaron Silas and the corresponding exhibits to his testimony describe all proposed changes to Bluegrass Water’s water and wastewater tariffs.

69. In accordance with 807 KAR 5:001, Section 16(8)(m), Bluegrass Water provides as Exhibit 11 of this Application the Direct Testimony of Emily M. Harlow. Emily M. Harlow and the corresponding exhibits to her testimony provide a revenue summary for both the base and forecasted periods and further provide supporting schedules with detailed billing analyses for all customer classes.

70. In accordance with 807 KAR 5:001, Section 16(8)(n), Bluegrass Water provides as Exhibit 5 of this Application the Direct Testimony of Aaron Silas and Exhibit 6 of this Application, the Affidavit of Aaron Silas, a typical bill comparison under the present and proposed rates for all customer classes for both water and wastewater customers.

IX. 807 KAR 5:001, SECTION 17 CUSTOMER NOTICE REQUIREMENTS

71. In accordance with 807 KAR 5:001, Section 17(1), Bluegrass Water states that it publicly posted a notice about its proposed rate change at its place of business and on its website no later than when it submitted this Application to the Commission. Bluegrass Water also states that it posted the notice to its website within 5 business days of when it submitted this Application to the Commission and included a hyperlink to the location on the Commission's website where the case documents are available.

72. In accordance with 807 KAR 5:001, Section 17(2)(b) and (3), Bluegrass Water provides as Exhibit 6, the Affidavit of Aaron Silas, certifying that the required Customer Notice was mailed to each customer on Thursday, December 11, 2025, the same date that Bluegrass Water submitted this Application. A true and accurate copy of the Customer Notice sent to each of Bluegrass Water's customers, by system, is attached to the Affidavit of Aaron Silas. Bluegrass

Water respectfully submits that each of the Customer Notices provided in Exhibit 6 contain all of the information required by 807 KAR 5:001, Section 17(4)(a) – (i).

73. In accordance with 807 KAR 5:001, Section 17(2)(c), Bluegrass Water operates in more than one county and, through Exhibit 6, Affidavit of Aaron Silas, certifies that it notified each affected customer by mailing written notice on December 11, 2025.

X. 807 KAR 5:071, SECTION 3(2) REQUIREMENTS

74. In accordance with 807 KAR 5:071, Section 3(2), Bluegrass Water provides as Exhibit 3 its Financial Exhibit, which complies with 807 KAR 5:001, Section 12.

75. In accordance with 807 KAR 5:071, Section 3(2)(a), Bluegrass Water provides as Exhibit 18 a third-party beneficiary agreement guaranteeing the continued operation of sewage treatments facilities or other evidence of financial integrity.

76. In accordance with 807 KAR 5:071, Section 3(2)(b) and (c), Bluegrass Water provides comparative income statements, showing its forecasted test period and a detailed analysis of the expenses contained in the comparative income statements, which are included in the Excel file attached as Exhibit 9 and contained in the Tabs named “Income Statement Detail WW” and “Income Statement Detail Water.”

77. In accordance with 807 KAR 5:071, Section 3(2)(d), Bluegrass Water provides a depreciation schedule of all treatment plant properties and facilities listing all major components of package treatment plants separately, which is included in the Excel file attached as Exhibit 9 and contained in the Tab named “Depr Schedule.”

78. In accordance with 807 KAR 5:071, Section 3(2)(e), Bluegrass Water provides as Exhibit 19 its service contracts for outside services, including operation and maintenance, sludge

hauling, billing, collection, repairs, etc. Testimony regarding Bluegrass Water's process for entering into many of the attached service contracts is included within the Direct Testimony of Todd Thomas, attached hereto as Exhibit 20.

79. In accordance with 807 KAR 5:071, Section 3(2)(f), a general description of Bluegrass Water's property and facilities is provided throughout the Application and the Direct Testimony in support thereof. The estimated net original cost of the properties is \$13,620,967, which is also the cost of the properties to Bluegrass Water. A breakdown of the contributed sewer property owned by Bluegrass Water is set forth in Exhibit BT-4A the Direct Testimony of Brent Thies (attached to the Application as Exhibit 7) with the total amount of contributed property at the end of the test year equaling \$44,736.

80. In accordance with 807 KAR 5:071, Section 3(2)(g), Bluegrass Water provides Exhibits EMH-1 and EMH-2 attached to the Direct Testimony of Emily M. Harlow, which include the number of customers by class in the "billing determinants" table. Further, the Excel file attached as Exhibit 9 contains bill counts by customer class, at the Tabs named "Rate Design – Water" and "Rate Design – WW." The vast majority of Bluegrass Water's sewer customers receive unmetered service, so Bluegrass Water is unable to provide the average water consumption by class. The only current class receiving metered service is the Delaplain commercial class, which consumes an average of 36,489,340 gallons of wastewater services per year.

81. In accordance with 807 KAR 5:071, Section 3(2)(h), Bluegrass Water states that billing and collection services are not provided by Louisville Water Company. As a result, Bluegrass Water has no remittance advices from Louisville Water Company to provide and this particular provision does not apply to Bluegrass Water.

82. In accordance with 807 KAR 5:071, Section 3(2)(i), Bluegrass Water provides as CONFIDENTIAL Exhibit 21 its latest federal and state tax returns. Bluegrass Water simultaneously asks the Commission to treat these documents as confidential, as more fully explained in its Motion for Confidential Treatment filed with this Application.

83. In accordance with 807 KAR 5:071, Section 3(2)(j), Bluegrass Water provides as Exhibit 2 its organizational chart for the Commission's full and complete understanding. The business relationship between Bluegrass Water and its manager, CSWR, LLC, is further explained in paragraphs 9 and 10 of this Application and in the Direct Testimony of Josiah Cox.

XI. REQUEST FOR AUTHORIZATION

84. Bluegrass Water seeks the Commission's approval to increase its water and wastewater rates. Bluegrass Water's proposed rates, as proposed herein, are fair, just, and reasonable, and the Commission should approve them. KRS 278.190(3).

XII. RELIEF SOUGHT

85. For the foregoing reasons, Bluegrass Water respectfully asks that the Commission issue an order:

- a. Finding that Bluegrass Water's proposed rate increase is fair, just, and reasonable in accordance with KRS 278.190(3);
- b. Granting Bluegrass Water the authority to increase its water and wastewater rates;
- c. Approving Bluegrass Water's tariffs as proposed in this proceeding;
- d. Awarding all other appropriate relief to which Bluegrass Water is entitled.

This the 11th day of December, 2025.

/s/ Edward T. Depp

Edward T. Depp

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Certification

Pursuant to the Commission's July 22, 2021 Order in Case No. 2020-00085, a paper copy of this filing has not been transmitted to the Commission. I hereby certify that a copy of this Notice has been served electronically on all parties of record for whom an e-mail address is given in the online Service List for this proceeding through use of the Commission's electronic filing system.

/s/ Edward T. Depp

*Counsel to Bluegrass Water Utility
Operating Company, LLC*