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**From:** [PSC Public Information Officer](#)  
**To:** [PSC Executive Director](#)  
**Subject:** FW: Request for Intervention, Case No. 2020-00290  
**Date:** Monday, November 2, 2020 4:51:14 PM  
**Attachments:** [Bluegrass Rate Increase.pdf](#)

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**From:** Connie Smith [REDACTED]  
**Sent:** Thursday, October 29, 2020 10:39 PM  
**To:** PSC Public Information Officer <PSC.Info@ky.gov>  
**Cc:** Connie Smith [REDACTED] PSC Public Information Officer <PSC.Info@ky.gov>  
**Subject:** Request for Intervention, Case No. 2020-00290

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Request for Intervention: Case Number: 2020-00290, Service Type: Water & Sewer, Utilities: Bluegrass Water Utility Operating Co., LLC

Constance Smith  
1596 Persimmon Ridge Court, Louisville, KY 40245  
Cell: [REDACTED]

Public Service Commission ([PSCED@KY.GOV](mailto:PSCED@KY.GOV))  
October 29, 2020

To Whom It May Concern: I am submitting comments to oppose the proposed rate increase submitted by Bluegrass Water Utility Operating Co., LLC (Bluegrass).

The theory of one rate across these systems is very inequitable. There is a major problem if you are seeking a 3-fold increase in someone's rates. We are going from rates of \$35 to \$96.14! This is astronomical. And, this is just for 18 months! Some of these facilities are in such bad shape that new systems, costing over one million dollars per system, are needed. The Persimmon Ridge (PR) system needs \$260,183 to be brought into compliance, so why are we being asked to pay millions of dollars for other systems? Why should customers that have been maintaining their systems be penalized because other systems haven't been maintained or upgraded over the years? This isn't how local governments should work. Why should I pay for inefficiencies created by a poorly-run plant hundreds of miles away in another county? And to characterize Persimmon Ridge as a plant that has major problems or that hasn't worked correctly for years is a gross misrepresentation.

Many of the systems acquired by Bluegrass are in such small communities that the customer base can't support these high rates. So, what that means is that the burden will fall to the few who can. The "across the board" rates will be assessed, the customers that can't pay (which will be many) will then default to the other customers, which will in turn MAKE RATES GO UP EVEN MORE.

I don't live in a big city with a complicated sewer system. These are package treatment plants that serve a small number of customers. While I definitely want all systems to be in compliance with regulations, and would support a fair rate structure, I don't need a sophisticated system with costly billing and management structures. These systems aren't Louisville MSD size. (And by the way, I WILL BE paying more than someone who is served by MSD). It's not like running a major plant. To put on elaborate upgrades and monitoring systems is excessive. I don't need a Cadillac when my pickup truck will do the job. Also, if I'm going to subsidize plants in other counties, then I want a say in how they are run and upgraded.

Where is the oversight of these other systems, that we're being asked to pay for, built into this new hybrid process Bluegrass is creating?

The statement that "you must contract out because it wouldn't be economical" doesn't ring true. Mr. Cox states that in 2008 he took over "operations of an existing rural sewer district and that he still acts as administrator, where he manages the system's functioning, testing, maintenance, performing all the billing, emergency response, accounts payable/accounts receivable, collections, budgeting, and customer service." So why is there a need to hire an outside company to run the systems? Isn't that the pretext of exactly why Bluegrass bought these systems in the first place, because they brought economies of scale to them? Now we will have to pay duplicative levels of management and oversight to contract these services. And, that company, will in turn, want a fair rate of return. Are we in essence privatizing the privatization of these systems? This sounds totally inefficient. A circuit rider concept could be employed at a great cost savings.

It is proposed to spread the cost of future investments over all customers because "over time all the water and sewer systems we serve will require the same level of capital investments..." Well, to that I say, in the long run we are all dead.

To approve a ROE of 11.8% is excessive considering Bluegrass is assuming NO RISK in that they will have 100% assurance that customers will pay for these services. We can't go elsewhere for waste service like we can another commodity. They have no risk that they won't be compensated. Also, it is agreed that water is the only utility product that is ingested, and therefore of paramount importance to public health. However, this is a misrepresentation by Bluegrass as only 2 of the 20 facilities they oversee, or will oversee, are water facilities.

I realize that Bluegrass provides an "out" to PSC and the Energy and Environment Cabinet for plants that have been improperly operated for years. You have found a solution to years of headaches created by lack of enforcement and local governments' unwillingness to address the problems. But to now put that burden on a

small group of people is unfair. That's what we pay state taxes. Shouldn't the state as a whole help carry this burden? Why isn't KY being proactive and setting up financial systems to pay for long-term maintenance and repair when these package plants are originally built (i.e., bonds)?

TO CONCLUDE: -1- This rate increase should be denied as it is excessive. -2- Rates shouldn't be combined for all systems. This puts an undue burden on a few. -3- the ROE requested is excessive and should be lowered. -4- KY should be more proactive when siting these facilities