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June 7, 2021

PARTIES OF RECORD

Re: Case No. 2020-00290

Attached is a copy of a memorandum, which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum, please do so within five days of receipt of this letter.

If you have any questions, please contact Benjamin A. Bellamy, Staff Attorney, at 502-782-2584.

Sincerely,

A handwritten signature in blue ink that reads "Linda C. Bridwell".

Linda Bridwell
Executive Director

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Attachment

INTRA-AGENCY MEMORANDUM

KENTUCKY PUBLIC SERVICE COMMISSION

TO: Case File No. 2020-00290

FROM: Benjamin Bellamy, Staff Attorney III

DATE: June 7, 2021

Re: Informal Conference of March 19, 2021

An informal conference (IC) was conducted telephonically on March 19, 2021 at 2:00 p.m. EST pursuant to a March 19, 2021 Order to discuss the course for moving forward to a final decision in this case, in light of the February 12, 2021 Order in this case and the motion to alter or amend it. The February 12, 2021 Order, which speaks for itself, generally denied Bluegrass Water's request for a deviation from 807 KAR 5:011, Section 11, such that Bluegrass Water would be required to finalize the purchase of the systems in Case No. 2020-00297 and adopt their tariffs before seeking to amend the rates of those customers. The IC was conducted at the request of Bluegrass Water with no objections from intervenors. Commission Staff, representatives from Bluegrass Water, a representative from the Office of Rate Intervention of the Kentucky Attorney General, and a representative for a number of groups representing Bluegrass Water's customers (collectively, Joint Intervenors)¹ were in attendance. A sign-in/attendance sheet identifying each person who attended the telephonic IC and their affiliation is attached hereto as an appendix.

At the IC, Bluegrass Water initially restated, consistent with its motion, its purpose for requesting the IC. Joint Intervenors offered some brief argument on the pending motion to reconsider, consistent with their filings, and Bluegrass Water offered a brief response that was also consistent with its filings. The IC was then directed towards its stated purpose with Bluegrass Water questioning how the case would proceed if its motion to alter or amend the February 12, 2021 Order was not granted.

Commission Staff noted that it could not speak for the Commission and that the February 12, 2021 Order should speak for itself. However, Commission Staff noted that Bluegrass Water was proposing a unified rate from rates that are currently separated by systems. Commission Staff noted that with that proposal that the Commission would probably look at whether or not it makes sense to combine rates, which would leave open the possibility that there would not be combined rates with some or all of the systems.

¹ The groups representing Bluegrass Water's customers are Homestead Home Owners Association, Inc. (Homestead HOA); The Deer Run Estates Homeowners Association, Inc. (Deer Run HOA); Longview Homeowners Association, Inc. (Longview HOA); Arcadia Pines Sewer Association, Inc. (Arcadia), Carriage Park Neighborhood Association, Inc. (Carriage Park), Marshall Ridge Sewer Association, Inc. (Marshall Ridge) and Randview Septic Corporation (Randview). They are all represented by the same counsel and have therefore acted collectively in the proceedings before the Commission. Thus, they have been referred to collectively as Joint Intervenors.

For that reason, Commission Staff noted that even if the application had been accepted as a proposal to increase the rates of the systems at issue in Case No. 2020-00297 there would still be a possibility of dividing up Bluegrass Water's costs amongst the separate systems to establish rates for some or all of the systems. Commission Staff noted that the process of looking at all of Bluegrass Water's costs provided in this matter to divide the costs up by systems for separate rates, which was always a possibility in this matter, is no different than the analysis that would be necessary to carve off the costs associated with systems that were not determined to be part of this rate application in order to set rates, whether unified or not, for the other systems.

Bluegrass Water pointed out that Commission Staff or the Attorney General had asked a question regarding what the rates would be if each system had separate rates and noted that analysis might be of particular significance. Bluegrass Water also noted that on March 10, 2021 that it filed a notice of filing in this matter to a response to a request for information made in Case No. 2020-00297 that asked about the effect on the rate in Case No. 2020-00290 of removing the revenue and expenses for the systems proposed to be acquired in Case No. 2020-00297. Bluegrass Water noted that the unified rate would be about \$5.00 higher and noted that response might be of significance in this matter.

Commission Staff asked if the parties had resolved all issues regarding access to confidential information, which had been raised in recent filings, and the parties indicated that they believed that those issues had been resolved.

Bluegrass Water noted that counsel for Joint Intervenors had raised the prospect that one response to the Commission's order would be to file another rate case pertaining to systems at issue in Case No. 2020-00297 or another rate case proposing a new unified rate. Bluegrass Water inquired as to examples of situations in which two applications for a general rate adjustment were proceeding at the same time for same utility. Commission Staff initially indicated that they were not aware of any such instances but it was later noted that Commission Staff on the call might not have been around long enough to be aware of such instances. Counsel for Joint Intervenors then indicated that it would need to be checked but that he believed Big Rivers Electric Cooperative had done something of that nature in the past.

Bluegrass Water inquired about instances in which a general adjustment of rates was made for part of a utility. Commission Staff noted that Kentucky American had been in a couple of similar situations in which they had a general rate adjustment for the predominate portion of the system and separate rates for a newly acquired system. Commission Staff also noted that they believed Northern Kentucky Water District had been involved in similar situations in which they took over systems that were not included in the general rate adjustment.

There being no further material discussions, the informal conference was then adjourned.

CC: Parties of Record

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLUEGRASS)	
WATER UTILITY OPERATING COMPANY, LLC)	CASE NO
FOR AN ADJUSTMENT OF RATES AND)	2020-00290
APPROVAL OF CONSTRUCTION)	

Sign in/attendance sheet for March 19, 2021 telephonic informal conference:

<u>NAME</u>	<u>ON BEHALF OF</u>
Benjamin Bellamy	Public Service Commission
MaryBeth Purvis	Public Service Commission
Mark Frost	Public Service Commission
Jim Stevens	Public Service Commission
Sam Reid	Public Service Commission
Eddie Beavers	Public Service Commission
Travis Leach	Public Service Commission
CJ Mance	Public Service Commission
Tram Nguyen	Public Service Commission
Kathryn Eckert	Counsel for Bluegrass Water
Katie Yunker	Counsel for Bluegrass Water
Mike Duncan	Bluegrass Water
Brent Thies	Bluegrass Water
Michael West	Attorney General, Office of Rate Intervention
David Samford	Counsel for Joint Intervenors

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