

From: [Bruner, Brandon S \(PSC\)](#) on behalf of [PSC Executive Director](#)
To: [REDACTED]
Subject: Case#2020-00290
Date: Wednesday, November 4, 2020 1:26:00 PM
Attachments: [Bluegrass Water Letter \(1\) -Cathy Blanford.pdf](#)

Thank you for your comments on the application of Bluegrass Water Utility Operating Company, LLC. Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration. Please cite the case number in this matter, 2020-00290, in any further correspondence. The documents in this case are available at http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?Case=2020-00290.

Thank you for your interest in this matter.

Best Regards,

Brandon Bruner
Administrative Branch Manager
Filings Branch
General Administration

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

From: PSC Public Information Officer <PSC.Info@ky.gov>
Sent: Monday, November 2, 2020 4:56 PM
To: PSC Executive Director <PSCED@ky.gov>
Subject: FW: Case#2020-00290

From: Cathy Blanford [REDACTED]
Sent: Sunday, November 1, 2020 12:06 AM
To: PSC Public Information Officer <PSC.Info@ky.gov>
Subject: Case#2020-00290

PSC Case # 2020-00290

To whom it may concern,

I am writing this letter with concern for the Bluegrass Water's rate adjustment request, PSC case # 2020-00290. They are requesting a drastic price increase from \$22.79 per month to \$105.84 per month. This price increase would result in families paying \$1200 per year just in water.

Center Ridge is a safe, quiet, and family-oriented community. A nice get away for families. My husband and I have owned a home in this area for the past eight years. We enjoy bringing our three children here on weekend stays throughout the year. Longer stays in the summer. The Center Ridge area is our second home. Most families go on vacations to other places but we enjoy coming to KY Lake. A majority of people are like us and only get to the lake on the weekends. If this drastic increase occurs like other families, we may not be able to justify having a place in the Center Ridge area.

The few people that live in the area all year are retired and on a fixed income. The current fixed rate is ideal for the retired community. This extreme increase could result in family's selling property and leaving the Center Ridge area.

The Bluegrass Water Company is receiving a consistent payment not only from residents in KY but from families from surrounding states. Center Ridge is made up of people not only from KY but from TN, IN, and MO. This is a great benefit not only for the economy in KY but for Bluegrass Water as well.

The economy is changing especially with the Pandemic. If Bluegrass Water is needing to make changes there has to be a better option than the current plan to increase the price from \$22.79 per month to \$105.84 per month. Please, explore other options that will be fair to all families involved.

Thank you for your time,

Cathy Blanford

From: [Bruner, Brandon S \(PSC\)](#) on behalf of [PSC Executive Director](#)
To: [REDACTED]
Subject: Request for Intervention, Case No. 2020-00290
Date: Wednesday, November 4, 2020 1:24:00 PM
Attachments: [Bluegrass Rate Increase.pdf](#)

Thank you for your comments on the application of Bluegrass Water Utility Operating Company, LLC. Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration. Please cite the case number in this matter, 2020-00290, in any further correspondence. The documents in this case are available at http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?Case=2020-00290.

Thank you for your interest in this matter.

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Brandon Bruner
Administrative Branch Manager
Filings Branch
General Administration

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

From: PSC Public Information Officer <PSC.Info@ky.gov>
Sent: Monday, November 2, 2020 4:51 PM
To: PSC Executive Director <PSCED@ky.gov>
Subject: FW: Request for Intervention, Case No. 2020-00290

****CAUTION** PDF attachments may contain links to malicious sites. Please contact the COT Service Desk ServiceCorrespondence@ky.gov for any assistance.**

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

****CAUTION** PDF attachments may contain links to malicious sites. Please contact the COT Service Desk ServiceCorrespondence@ky.gov for any assistance.**

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)

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

From: [Bruner, Brandon S \(PSC\)](#) on behalf of [PSC Executive Director](#)
To: [REDACTED]
Subject: Case Related Question case#2020-00290
Date: Wednesday, November 4, 2020 1:23:00 PM

Thank you for your comments on the application of Bluegrass Water Utility Operating Company, LLC. Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration. Please cite the case number in this matter, 2020-00290, in any further correspondence. The documents in this case are available at http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?Case=2020-00290.

Thank you for your interest in this matter.

Best Regards,

Brandon Bruner
Administrative Branch Manager
Filings Branch
General Administration

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

From: PSC Public Information Officer <PSC.Info@ky.gov>
Sent: Monday, November 2, 2020 4:51 PM
To: PSC Executive Director <PSCED@ky.gov>
Subject: FW: Case Related Question case#2020-00290

From: CHeavrin [REDACTED]
Sent: Thursday, October 29, 2020 10:37 PM
To: PSC Public Information Officer <PSC.Info@ky.gov>
Subject: Case Related Question case#2020-00290

Subject: Requested intervention of Proposed Rate increase for Case 2020-00290 for Bluegrass Water Utility (Golden Acres Subdivision in Marshall County, KY)

We wish to request an intervention and review of the proposed rate increase made by Bluegrass Water Utility Operating Company with regard to the Golden Acres Subdivision in Calvert City, KY.

We have received notice of a proposed rate increase of 147.5% from \$39.57 to \$96.14. There is also a reference in the application that Bluegrass Water Utility Operating Company provides service for water as well as sewer service. There has never been a company that provided sewer service and water service in this subdivision. Our water has always been provided through the North Marshall Water district.

To our knowledge the treatment plant itself has been in good working condition. Most likely there have been pump repair and or replacement from time to time, but no other company has done major work on sewer line replacement or modifications. We as customers have not seen evidence of any prior companies providing needed major improvements. We do recognize that the need for upgrades to the sewer line exists. However, Bluegrass Water knew that when they bought it. To then mislead the Public Service Commission about their provision of water and sewer service and expect residents to pay a 147.5% increase is unacceptable.

A large majority of the residences in the subdivision are retired and on a fixed income. We have had a few young families move into the subdivision. A sewer bill of this amount would be very difficult for all of our residents especially because we still have a water bill to pay. It would also be a deterrent to the sale of homes in the future. Several of these residences are only one or two person households.

Bluegrass Water Utility Operating Company has acquired several system facilities throughout Kentucky. We have heard some of our state lawmakers have shown some interest in this issue in western Kentucky and we appreciate that.

Please do not approve the proposed rate increase.

Thank you for your consideration of this issue and, again, please do not approve the proposed rate increase.

Larry & Cheryl Heavrin
211 Golden Acres Loop
Calvert City, KY 42029



Sent from [Mail](#) for Windows 10

From: [Bruner, Brandon S \(PSC\)](#) on behalf of [PSC Executive Director](#)
To: [REDACTED]
Subject: 2020-00290 Request for Intervention
Date: Wednesday, November 4, 2020 1:26:00 PM

Thank you for your comments on the application of Bluegrass Water Utility Operating Company, LLC. Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration. Please cite the case number in this matter, 2020-00290, in any further correspondence. The documents in this case are available at http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?Case=2020-00290.

Thank you for your interest in this matter.

Best Regards,

Brandon Bruner
Administrative Branch Manager
Filings Branch
General Administration

Kentucky Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601

From: PSC Public Information Officer <PSC.Info@ky.gov>
Sent: Monday, November 2, 2020 4:54 PM
To: PSC Executive Director <PSCED@ky.gov>
Subject: FW: 2020-00290 Request for Intervention

From: C A [REDACTED] >
Sent: Saturday, October 31, 2020 11:36 PM
To: PSC Public Information Officer <PSC.Info@ky.gov>
Subject: 2020-00290 Request for Intervention

To Whom It May Concern,

As residents of the Persimmon Ridge community in Shelby County Kentucky, this email is to express our opposition to the proposed sewer service rate increase by Bluegrass Water Company for Persimmon Ridge and request that the proposal be denied. The proposal outlines an increase from our current monthly rate of \$35 to \$96.14, which is nearly a 275% increase and should be ruled as excessive. A monthly sewer rate of nearly \$100 for a single family residence is grossly egregious. According to the filing, Bluegrass Water Company is seeking to spread the cost of improvements to all of its facilities across its entire customer base. The filing document further cites \$2,010,900 in improvement costs to four additional facilities it is seeking to acquire. The filing documents cite that Bluegrass is seeking a Unified Tariff Rate to reduce "rate shock" and spread the burden of expenses incurred across the systems it owns/operates. Bluegrass should be expected to allocate all operating and necessary improvement expenses to each respective system and not set its rates in such a way that forces some systems to subsidize others. The methodology to spread the costs of its entire system across its entire customer base unfairly imposes any inherent disadvantages of its size and sub optimal acquisition decisions to systems/communities which should not suffer those negative impacts.

Based on the information provided in the filing and related documents, improvement costs at Persimmon Ridge are cited as \$260,183 for a community of 361 residences. The proposed monthly increase of \$61.14 for those 361 residences increases Bluegrass revenue by \$22,071 per month, which is \$264,858 annually. Note that this does not include the revenue generated from the current monthly rate of \$35 per residence, nor does it include the Commercial increase that is proposed (presumably for the golf club in the community). This illustrates that the improvement costs would be recovered by Bluegrass in less than one year. However, the proposed higher rate would continue unsubstantiated in perpetuity. The filing does not demonstrate a sustained need for that rate to provide sewer services in Persimmon Ridge.

A modest increase may be justified as necessary to accommodate any increase in the operating cost from the current rate to provide sewer service to the community, to recover the initial improvement costs over a number of years, and to establish funding for any improvements that may become necessary in the future. However, the rate should not be set such that it would more than fund the initial level of improvement needs on a yearly basis with no expectation for that level and frequency of improvement to be necessary.

We appreciate your consideration of this letter of opposition.

Respectfully,
Stephani and Christopher Francis
Residents of Persimmon Ridge
Shelby County, KY

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Lexington, KENTUCKY 40507

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*Bluegrass Water Utility Operating Company, LLC
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*J. Michael West
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