

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC PROPOSED ACQUISITION OF)	
WASTEWATER SYSTEM FACILITIES BY)	CASE NO.
BLUEGRASS WATER UTILITY OPERATING)	2021-00265
COMPANY, LLC)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO BLUEGRASS WATER UTILITY OPERATING COMPANY, LLC

Bluegrass Water Utility Operating Company, LLC (Bluegrass Water), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on December 6, 2021. The Commission directs Bluegrass Water to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made, and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the person supervising the preparation of the response on behalf of the entity that the

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Bluegrass Water shall make timely amendment to any prior response if Bluegrass Water obtains information that indicates the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which Bluegrass Water fails or refuses to furnish all or part of the requested information, Bluegrass Water shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Bluegrass Water shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the Application, paragraph 13. State whether the agreement requires the sellers to maintain any cash or other assets to settle any liability that arose prior to the transfer. If so, identify those provisions. If not, explain how the sellers could settle any liabilities that arose prior to the transfer that were known prior to the transfer or not known until after the transfer.

2. Refer to the Application at paragraph 12, which states that Central States Water Resources, Inc. (Central States) entered into an Agreement for the sale of the

wastewater system currently owned by Darlington Creek Homeowner's Association, Inc. (Darlington Creek). Provide a detailed explanation as to why Central States and Darlington Creek are not parties to this instant case.

3. Provide an itemized breakdown of the annual operation and maintenance expenses Bluegrass Water expects to incur for Darlington Creek.

4. Provide a copy of Darlington Creek's balance sheet, income statement, and statement of retained earnings for the 12-month period ending December 31, 2020. If such documents are not available for the period ending December 31, 2020, provide them for the most recent period for which they are available.

5. Provide any information and documentation regarding expenses paid by Darlington Creek Homeowner's Association, Inc. for operation and maintenance of the wastewater facility since 2016.

6. Provide the most recent audited financial statement for Bluegrass Water.

7. Provide all estimates prepared by or on behalf of Bluegrass Water as to the value of any assets of Darlington Creek.

8. Provide the journal entry that Bluegrass Water will use to record the acquisition of Darlington Creek.

9. Explain how Bluegrass Water intends to fund any projects listed in the engineering report attached to the Application.

10. State whether Bluegrass Water currently anticipates the need, within the next five years, for any capital projects that are not listed in the engineering report attached to the Application, to serve the Darlington Creek customers. If so, provide an itemized list of the capital projects that Bluegrass Water has identified that it will construct

at the Darlington Creek wastewater facilities. For each such project include the reason for the project, the cost to construct each project, and the source of funding used for each project.

11. Provide an update regarding Bluegrass Water's efforts to obtain debt financing, including when Bluegrass Water expects to request approval from the Commission for the same.

12. Explain whether the Darlington Creek Homeowners Association, Inc. is currently governed by the residents of the subdivision, the developer of the subdivision, or some other persons or entities.

13. Describe the role of Donald Misrach with the Darlington Creek Homeowners Association, Inc.

14. Provide a copy of Central States' and CSWR, LLC's cost allocation manual and any other written procedures that describe the methodology Central States and CSWR, LLC use to allocate costs among each of their subsidiaries, including any non-utility subsidiaries and out of state subsidiaries.

15. Provide the distance between Darlington Creek wastewater facilities and the closest point at which these facilities could be attached to the nearest known wastewater facilities. Provide any information and documentation regarding availability, feasibility, and cost of connecting Darlington Creek facilities to any other wastewater utility system.

16. Irrespective of whether an official study has been conducted, state whether Bluegrass Water or Darlington Creek has obtained an estimate of the cost to connect to the facilities of another sewer provider, regardless of whether it is the closest. If so,

provide that estimate, explain the circumstances under which it was obtained, and state why it was decided not to connect to the system.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
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DATED NOV 22 2021

cc: Parties of Record

Case No. 2021-00265

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