

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF BLUEGRASS)	CASE NO.
WATER UTILITY OPERATING COMPANY, LLC)	2022-00432
FOR AN ADJUSTMENT OF SEWAGE RATES)	

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 5:001E, shall file with the Commission an electronic version of the following information. The information requested is due on April 21, 2023. 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 or incomplete when made or, though correct or complete when made, is now incorrect or incomplete 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 and scanned 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 5:001E, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide Bluegrass Water's and CSWR, LLC's (CSWR) internal accounting manuals, directives, and policies and procedures.
2. Provide Bluegrass Water's and CSWR's budget instructions, assumptions, directives, manuals, policies and procedures, timelines, and descriptions of budget procedures.

3. Provide a trial balance as of the last day of the base period showing account number, account title, and actual base period accounts. All income statement accounts should show activity for 12 months.

4. Provide a reconciliation and a detailed explanation of each difference, if any, in the capitalization and the net investment rate base of Bluegrass Water for the base period.

5. Provide the information in the format listed in Schedule 10, attached hereto, regarding Certain Deferred Credits, Accumulated Deferred Income Taxes, and Other Rate Base items included in the forecasted test-period rate base.

6. Provide a calculation of federal and state income tax expense, including a reconciliation of book to taxable income, for the base period and the forecasted period in the format shown in Schedule 11, attached hereto.

7. Describe the procedures that Bluegrass Water uses to plan and approve construction projects.

8. Describe any planned improvements, including estimated costs and timetable for construction for the next ten years.

9. Provide, in the format contained in Schedule 15 attached hereto, an analysis of the Construction Work in Progress as defined in the Uniform System of Accounts for the 12-month period preceding the base period, the base period, and the forecasted test period.

10. Provide the following (original cost) monthly account balances and a calculation of the average 12-month account balances for total company and jurisdictional operations:

- a. Plant in Service;
- b. Plant Purchased or Sold;
- c. Property Held for Future Use;
- d. Construction Work in Progress (CWIP) (Separate this balance into

CWIP eligible for capitalized interest and other CWIP.);

- e. Completed Construction Not Classified;
- f. Accumulated Depreciation and Amortization;
- g. Plant Acquisition Adjustment;
- h. Amortization of Utility Plant Acquisition Adjustment;
- i. Materials and Supplies;
- j. Balance in Accounts Payable Applicable to each account in (i) above

(If actual cannot be determined, give a reasonable estimate.);

- k. Unamortized Investment Tax Credit–Pre-Revenue Act of 1971;
- l. Unamortized Investment Tax Credit–Revenue Act of 1971;
- m. Accumulated Deferred Income Taxes;
- n. Summary of Customer Deposits;
- o. Computation and Development of Minimum Cash Requirements;
- p. Balance in Accounts Payable Applicable to amounts included in

utility plant in service (If actual cannot be determined, provide a reasonable estimate.);

q. Balance in Accounts Payable Applicable to prepayments by major category or subaccount;

r. Balance in Accounts Payable applicable to amounts included in plant under construction (If actual cannot be determined, provide a reasonable estimate.); and

s. All Current Assets and Current Liability accounts not included above.

11. Provide a copy of the current management contracts, if any, between Bluegrass Water and CSWR; Bluegrass Water and Central States Water Resources, Inc. (Central States); and CSWR and Central States. Describe in detail any such agreements that have not been memorialized in writing.

12. Provide a copy of all contracts, if any, between Bluegrass Water and any person or entity retained to perform billing or customer service for or on behalf of Bluegrass Water and all contracts between Bluegrass Water and any person or entity retained to operate Bluegrass Water's utility plant. Describe in detail any such agreements that have not been memorialized in writing.

13. Provide a copy of any and all bills or invoices for the last five years from any person or entity retained to perform billing or customer service for or on behalf of Bluegrass Water and any person or entity retained to operate Bluegrass Water's utility plant.

14. a. Provide a copy of each service agreement or contract that Bluegrass Water has with an affiliate company.

b. Describe in detail the pricing policies of Bluegrass Water and its affiliates with regard to affiliate company transactions.

c. List and describe each service that each affiliated company renders to Bluegrass Water.

d. For each service listed above, describe the benefit(s), if any, that Bluegrass Water derives from the provision of this service from the affiliate.

15. Provide a comprehensive list and detailed description of the services that Bluegrass Water has provided to affiliated companies.

16. Provide a spreadsheet with the following information for Bluegrass Water and CSWR's jurisdictional operations for each corporate officer and, as a group, in total, by category, the Directors, Managers, Supervisors, and Exempt and Non-Exempt employees for the historical test-period:

- a. Regular salary or pay.
- b. Overtime pay.
- c. Excess vacation payout.
- d. Standby/Dispatch pay.
- e. Bonus and incentive pay
- f. Any other forms of incentives (may include stock options or forms of deferred compensation).
- g. Other amounts paid and reported on the employees' W-2 (specify).
- h. Healthcare benefit cost for employees.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.
- i. Dental benefits cost for employees.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.
- j. Vision benefits cost for employees.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.

- k. Life insurance cost for employees.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.
- l. Accidental death and disability benefits.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.
- m. Defined Contribution – 401(k) or similar plan cost for employees.

Provide the amount paid by employer.

- n. Defined Benefit Retirement cost for employees.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.
- o. Cost of any other benefit available to an employee (specify).

17. For each item of benefits listed in response to Request No. 16 above where an employee is required to pay part of the cost, provide a detailed explanation as to how the employee contribution rate was determined.

18. Provide a listing of all health care plan categories, dental plan categories, and vision plan categories available to corporate officers individually and to groups defined as Directors, Managers, Supervisors, Exempt and Non-Exempt employees, i.e., single, married no dependents, single parent with dependents, family, etc. Include the associated employee contribution rates and employer contribution rates of the total premium cost for each category, and each plan's deductible(s) amounts.

19. Provide a listing of all life insurance plan categories available to corporate officers individually and to groups defined as Directors, Managers, Supervisors, Exempt,

and Non-Exempt employees. Include the associated employee contribution rates and employer contribution rates of the total premium cost for each plan category.

20. Provide a listing of all retirement plans categories available to corporate officers individually, and to groups defined as Directors, Managers, Supervisors, Exempt, and Non-Exempt employees. Include the associated employee contribution rates, if any, and employer contribution rates of the total cost for each plan category.

21. Provide schedules showing the current capital structure of Central States and CSWR in both dollars and percentages.

22. Explain the process by which CSWR raises equity capital on behalf of Bluegrass Water.

23. Explain the process by which CSWR raises debt capital on behalf of Bluegrass Water.

24. Explain how Bluegrass Water distinguishes or will distinguish the debt financing it receives from CSWR from the equity financing it receives from CSWR if Bluegrass Water will obtain both debt and equity from CSWR.

25. Explain why the systems managed by CSWR and Central States in Kentucky are connected to CSWR, LLC through Bluegrass Water UOC, LLC; Bluegrass Water UHC, LLC, and Kentucky CSWR, LLC; and identify which entity actually owns the real and personal property used to provide utility service to Bluegrass Water's customers.

26. State whether Bluegrass Water UOC, LLC; Bluegrass Water UHC, LLC, and Kentucky CSWR, LLC have any employees, and if so, identify the number of persons employed by each entity and describe the roll of each such person.

27. Provide the most recent balance sheets for Bluegrass Water UOC, LLC; Bluegrass Water UHC, LLC, and Kentucky CSWR, LLC.

28. Provide the number of wastewater customers separated by each system operated by Bluegrass Water. For systems that have differing customer classifications, provide the number of customers for each classification.

29. Provide the number of water customers for the water system served by Bluegrass Water. For systems that have differing customer classifications, provide the number of customers for each classification.

30. For each individual wastewater system and water system that Bluegrass Water operates, provide a test year analysis of customers' bills in sufficient detail that revenues from the present rates and proposed rates can be readily determined. Provide this information in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

31. Provide the remaining useful lives of existing equipment for all systems.

32. Refer to Bluegrass Water's applications in Cases Nos. 2022-00104, 2022-00216, and 2022-00218.

a. Provide a calculation of revenue requirement if these applications are granted as proposed (including deviation request and excluding Randview remote monitoring), including how depreciation for newly constructed equipment and resulting retirements will be determined.

b. Provide a revised rate schedule resulting from these applications being granted as proposed (including deviation request and excluding Randview remote monitoring).



Linda C. Bridwell, PE.
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED APR 14 2023

cc: Parties of Record

Case No. 2022-00432

Certain Deferred Credits and Accumulated Deferred Income Taxes*
As of _____

Line No.	Account No.	Description
		Customers' Advances for Construction
		Contributions in Aid of Construction
		Investment Tax Credits:
		Pre 1971 3% Credit
		1971 4% Credit
		1975 6% Additional Credit
		1981 10% Credit on Recovery Property
		ITC Tax Benefits Sold
		Deferred Income Taxes:
		Accelerated Amortization
		Liberalized Depreciation
		ACRS Tax Benefits Sold
		Other (Specify and list separately)
		Other (Specify and list separately)

*Also provide the ITC option elected in 1971 and 1975 under Section 46(f) of the 1954 Internal Revenue Code.

Adjusted Jurisdictional ____ Federal and ____ State Income Taxes*
For the 12 Months Ended _____

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
1	Operating Income Before Income Taxes	\$	\$	\$	\$	\$
2	Reconciling Items					
3	Interest Charges					
4	Tax Accelerated Depreciation					
5	Book Depreciation	_____	_____	_____	_____	_____
6	Excess of Tax Over Book Depreciation					
7	Other Reconciling Items (Specify and List)	_____	_____	_____	_____	_____
8	Total Reconciling Items					
9	Taxable Income	_____	_____	_____	_____	_____
10	Income Tax Rates:					
11	\$ _____ @ ____%					
12	\$ _____ @ ____%					
13	\$ _____ @ ____%					
14	\$ _____ @ ____%					
15	Over \$ _____ @ ____%	_____	_____	_____	_____	_____
16	Federal (State) Income Tax Liability	_____	_____	_____	_____	_____

*Separate schedules should be completed for the federal and state calculation.

Adjusted Jurisdictional ____ Federal and ____ State Income Taxes*
For the 12 Months Ended _____
At Current Rates

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
17	Investment Tax Credits	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
18	Federal (State) Income Taxes – Current	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
19	Deferred Income Taxes					
20	Tax Accelerated Depreciation					
21	Tax Straight-Line Depreciation	_____	_____	_____	_____	_____
22	Excess of Accelerated Over Straight-Line Depreciation					
23	Deferred Income Tax @ _____%					
24	Amortization of Prior Years Deferred Income Taxes	_____	_____	_____	_____	_____
25	Net Deferred Income Taxes Resulting from Depreciation					
26	Investment Tax Credit Deferred					
27	Amortization of Prior Years I.T.C.	_____	_____	_____	_____	_____

*Separate schedules should be completed for the federal and state calculation.

Adjusted Jurisdictional ____ Federal and ____ State Income Taxes*
For the 12 Months Ended _____

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
28	Investment Tax Credit - Net	\$	\$	\$	\$	\$
29	Other Tax Deferrals (Specify and List Separately)	_____	_____	_____	_____	_____
30	Total Deferred Income Taxes	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
31	Total Federal (State) Income Taxes (18 + 30)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

*Separate schedules should be completed for the federal and state calculation.

Bluegrass Water
Case No. 2022-00432

Schedule 15

Construction Work in Progress
As of _____

Line No. (A)	Project No. (B)	Description of Project (C)	Accumulated Costs			Total Cost (G=D+E+F)	Estimated Physical Percent Completed (H)
			Construction Amount (D)	Indirect AFDUC Capitalized (E)	Costs Other (F)*		
			\$	\$	\$	\$	\$

TOTAL

*Explain the nature of all other indirect costs in footnotes.

*Angela M Goad
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Lawrence W Cook
Assistant Attorney General
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Aaron Silas
Central States Water Resources
1650 Des Peres Road
Suite 303
St. Louis, MISSOURI 63131

*Bluegrass Water Utility Operating Company, LLC
1630 Des Peres Road, Suite 140
St. Louis, MO 63131

*R. Brooks Herrick
Dinsmore & Shohl, LLP
101 South Fifth Street
Suite 2500
Louisville, KENTUCKY 40202

*Michael West
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Dave Woodsmall
Central States Water Resources
1650 Des Peres Road
Suite 303
St. Louis, MISSOURI 63131

*Russ Mitten
Central States Water Resources
1650 Des Peres Road
Suite 303
St. Louis, MISSOURI 63131

*John Horne
Office of the Attorney General Office of Rate
700 Capitol Avenue
Suite 20
Frankfort, KENTUCKY 40601-8204

*Sarah D. Reddick
Dinsmore & Shohl, LLP
101 South Fifth Street
Suite 2500
Louisville, KENTUCKY 40202

*Honorable John E Selent
Attorney at Law
Dinsmore & Shohl, LLP
101 South Fifth Street
Suite 2500
Louisville, KENTUCKY 40202

*Edward T Depp
Dinsmore & Shohl, LLP
101 South Fifth Street
Suite 2500
Louisville, KENTUCKY 40202

*Honorable Kerry E Ingle
Attorney at Law
Dinsmore & Shohl, LLP
1400 PNC Plaza
500 West Jefferson Street
Louisville, KENTUCKY 40202