

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 WATER AND) 2025-00354
SEWAGE RATES)

O R D E R

On December 11, 2025, and December 22, 2025, Bluegrass Water Utility Operating Company, LLC (Bluegrass Water) filed motions, pursuant to 807 KAR 5:001, Section 13, and KRS 61.878, requesting that the Commission grant confidential protection for portions of exhibits that were filed with their application filed on December 11, 2025, and exhibits filed in response to Commission Staff's First Request for Information (Staff's First Request) filed on December 22, 2025.

In support of its December 11, 2025 motion, Bluegrass Water argued that portions Exhibit 5 of the application which relate to the monthly and annual savings transitioning from the Nitor model to InteLogix model are confidential pursuant to KRS 61.878(1)(c)(1).¹ Bluegrass Water requested that the information remain confidential for a period of five years.² Bluegrass Water argued that portions of Exhibit 16 to the application, pertaining to employee compensation and benefits of Central States Water Resources, LLC (CSWR) employees which consists of pay rates, annual salary, as well as CSWR's

¹ Motion of Bluegrass Water for Confidential Treatment (Dec. 11, 2025 Motion) (filed Dec. 11, 2025) at 2.

² Dec. 11, 2025 Motion at 2.

monthly expenses for benefits and payroll taxes, broken down by each employee should be held confidential pursuant to KRS 61.878(1)(a).³ Bluegrass Water requested that it be afforded confidential treatment indefinitely.⁴ Bluegrass Water argued that portions of Exhibit 19 to the application, Bluegrass Water's service contracts namely the pricing provisions with third parties should be confidential pursuant to KRS 61.878(1)(c)(1).⁵ Bluegrass Water requested that the information remain confidential for a period of five (5) years.⁶ Bluegrass Water argued that Exhibit 21 to the application, Bluegrass Water's federal and state tax returns should be found confidential.⁷ While Bluegrass Water failed to set forth a basis for this request, it cited to a 2018 Order that determined tax return information should be granted confidential treatment pursuant to KRS 61.878(1)(k).⁸ Bluegrass Water requested that the Commission considers tax returns confidential and exempt from public disclosure for an indefinite period of time.⁹

In support of its December 22, 2025 motion, Bluegrass Water argued that Exhibit PSC 1-12, Bluegrass Water's contract with Muni-Link, which contains pricing provisions should be awarded confidential treatment of pursuant to KRS 61.687(1)(c)(1).¹⁰

³ Dec. 11, 2025 Motion at 3.

⁴ Dec. 11, 2025 Motion at 4.

⁵ Dec. 11, 2025 Motion at 2.

⁶ Dec. 11, 2025 Motion at 2.

⁷ Dec. 11, 2025 Motion at 5.

⁸ Case No. 2018-00041, *In the Matter of: Electronic Investigation of the Impact of the Tax Cuts and Job Act on the Rates of Columbia Gas of Kentucky, Inc.* (Ky. PSC June 6, 2018), Order at 2.

⁹ Dec. 11, 2025 Motion at 5.

¹⁰ Motion of Bluegrass Water Utility Operating Company, LLC for Confidential Treatment (Dec. 22, 2025 Motion) (filed Dec. 22, 2025) at 2.

Bluegrass Water argued that third-party service contracts are the result of a competitive bidding process and public disclosure of the current pricing could lead to higher bids in future public bidding procedures.¹¹ Bluegrass Water requests that the information be kept confidential for a period of five years.¹² Bluegrass Water argued for confidential treatment of Exhibit PSC 1-16 which includes salary and benefits information for Bluegrass Water's employees.¹³ Bluegrass Water argued that the Commission has previously recognized that salary information of non-executive employees is entitled to confidential protection pursuant to KRS 61.687(1)(c)(1).¹⁴ Bluegrass Water requests that the information be kept as confidential indefinitely.¹⁵

Having considered the motions and the material at issue, the Commission finds that Bluegrass Water's motions should be granted in part and denied in part. The Commission finds that the designated material contained in Bluegrass Water's application Exhibit 5 which contain the monthly and annual costs and savings transitioning from the Nitor model to InteLogix model are confidential and should be exempted from public disclosure pursuant to KRS 61.878(1)(c)(1) and 807 KAR 5:001, Section 13. The Commission further finds the information should remain confidential for a period of five years. The Commission finds that the designated material contained in Bluegrass Water's application Exhibit 16, pertaining to employee compensation and benefits of CSWR employees which consists of pay rates, annual salary, as well as CSWR's monthly

¹¹ Dec. 22, 2025 Motion at 2.

¹² Dec. 22, 2025 Motion at 2.

¹³ Dec. 22, 2025 Motion at 2.

¹⁴ Dec. 22, 2025 Motion at 1.

¹⁵ Dec. 22, 2025 Motion at 4.

expenses for benefits and payroll taxes, broken down by each employee contains both executive salaries and non-executive salary information. The Commission has previously held that executive salaries are not entitled to confidential protection because of the public interest in disclosure.¹⁶ Any privacy interest executive officers may seek in their compensation data is outweighed by the public's interest in executive compensation that is to be recovered in base rates. However, the exhibit does contain individualized non-executive salary information, and that information should be given confidential treatment pursuant to KRS 61.878(1)(a) for an indefinite period. The Commission finds that the designated material contained in Bluegrass Water's application Exhibit 19 which has pricing provisions with third parties should be confidential pursuant to

¹⁶ The Commission has a long precedent of not granting confidential treatment for executive compensation. See Case No. 2012-00221, *Application of Kentucky Utilities Company for an Adjustment of its Electric Rates* (Ky. PSC Sept. 11, 2013); Case No. 2014-00371, *Application of Kentucky Utilities Company for an Adjustment of its Electric Rates* (Ky. PSC Jan. 20, 2016); Case No. 2015-00418, *Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Aug. 31, 2016); Case No. 2017-00321, *Electronic Application of Duke Energy Kentucky, Inc. for: 1) an Adjustment of the Electric Rates; 2) Approval of an Environment Compliance Plan and Surcharge Mechanism; 3) Approval of New Tariffs; 4) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 5) All other Required Approvals and Relief* (Ky. PSC June 12, 2018); Case No. 2018-00294, *Electronic Application of Kentucky Utilities Company for an Adjustment of its Electric Rates* (Ky. PSC Oct. 8, 2019); Case No. 2018-00295, *Electronic Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates* (Ky. PSC Oct. 8, 2019); Case No. 2019-00268, *Application of Knott County Water and Sewer District for an Alternative Rate Adjustment* (Ky. PSC Dec. 3, 2019); Case No. 2019-00271, *Electronic Application of Duke Energy Kentucky, Inc. for 1) An Adjustment of the Electric Rates; 2) Approval of New Tariffs; 3) Approval of Accounting Practices to Establish Regulatory Assets and Liabilities; and 4) All other Required Approvals and Relief* (Ky. PSC May 4, 2020); Case No. 2020-00290, *Electronic Application of Bluegrass Water Utility Operating Company, LLC for an Adjustment of Rates and Approval of Construction* (Ky. PSC Dec. 27, 2021); Case No. 2020-00349, *Electronic Application of Kentucky Utilities Company for an Adjustment of Electric Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit* (Ky. PSC Dec. 7, 2021); Case No. 2020-00350, *Electronic Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of One-Year Surcredit* (Ky. PSC Dec. 7, 2021); Case No. 2021-00183, *Electronic Application of Columbia Gas of Kentucky, Inc. for an Adjustment of Rates; Approval of Depreciation Study; Approval of Tariff Revision; Issuance of a Certificate of Public Convenience and Necessity; and Other Relief* (Ky. PSC Oct. 5, 2021); Case No. 2021-00185, *Electric Application of Delta Natural Gas Company, Inc. for an Adjustment of its Rates and a Certificate of Public Convenience and Necessity* (Ky. PSC Dec. 8, 2021).

KRS 61.878(1)(c)(1). The Commission further finds that the information should remain confidential for a period of five years. The Commission finds that the designated material contained in Bluegrass Water's application Exhibit 21, Bluegrass Water's federal and state tax returns should be found confidential. KRS 61.878(k) provides an exception for all public records or information the disclosure of which is prohibited by federal law or regulation or state law. Disclosure of tax returns and "return information" is prohibited by 26 U.S.C. § 6103(a). The Commission finds that confidential treatment should be granted for an indefinite period of time.

The Commission further finds that Exhibit PSC 1-12 Bluegrass Water's contract with Muni-Link which contains pricing provisions is confidential pursuant to KRS 61.687(1)(c)(1) and the information be kept confidential for a period of five years. The Commission finds that confidential treatment should be denied for Exhibit PSC 1-16 which includes salary and benefits information for Bluegrass Water's executive officers. The document also has non-executive employee salaries in the aggregate so the fear of the invasion of privacy is negated. The aggregate amount of these salaries is used to calculate base rates and as such should be public information.

IT IS THEREFORE ORDERED that:

1. Bluegrass Water's December 11, 2025 motion for confidential treatment is granted for application Exhibits 5, 19, and 21.
2. Bluegrass Water's December 11, 2025 motion for confidential treatment for application Exhibit 16 is granted confidential treatment in part for the individualized non-executive salary information and denied confidential treatment in part for the executive salary information.

3. Bluegrass Water's December 22, 2025 motion for confidential treatment for Exhibit PSC 1-12 is granted.

4. Bluegrass Water's December 22, 2025 motion for confidential treatment for Exhibit PSC 1-16 is denied.

5. The designated materials, application Exhibits 5 and 19, and Exhibit PSC 1-12 are granted confidential treatment by this Order shall not be placed in the public record or made available for public inspection for five years or until further order of this Commission.

6. The designated material, application Exhibit 16 pertaining to the individualized non-executive salary information and application Exhibit 21 are granted confidential treatment by this Order shall not be placed in the public record or made available for public inspection for an indefinite period or until further order of this Commission

7. Use of the designated material granted confidential treatment by this Order in any Commission proceeding shall comply with 807 KAR 5:001, Section 13(9).

8. If the designated material granted confidential treatment by this Order becomes publicly available or no longer qualifies for confidential treatment, Bluegrass Water shall inform the Commission and file with the Commission an unredacted copy of the designated material.

9. If a nonparty to this proceeding requests to inspect the material granted confidential treatment by this Order and the period during which the material has been granted confidential treatment has not expired, Bluegrass Water shall have 20 days from receipt of written notice of the request to demonstrate that the material still falls within the

exclusions from disclosure requirements established in KRS 61.878. If Bluegrass Water is unable to make such demonstration, the requested material shall be made available for inspection. Otherwise, the Commission shall deny the request for inspection.

10. The Commission shall not make the requested material for which confidential treatment was granted available for inspection for 30 days from the date of service of an Order finding that the material no longer qualifies for confidential treatment in order to allow Bluegrass Water to seek a remedy afforded by law.

11. The designated material denied confidential treatment by this Order is not exempt from public disclosure and shall be placed in the public record and made available for public inspection.

12. If Bluegrass Water objects to the Commission's determination that the requested material not be granted confidential treatment, it must seek either rehearing pursuant to KRS 278.400 or judicial review of this Order pursuant to KRS 278.410. Failure to exercise either of these statutory rights will be deemed as agreement with the Commission's determination of which materials shall be granted confidential treatment.

13. Within 30 days of the date of service of this Order, Bluegrass Water shall file a revised version of the designated material for which confidential treatment was denied, reflecting as unredacted the information that has been denied confidential treatment.

14. The designated material for which Bluegrass Water's request for confidential treatment has been denied shall neither be placed in the public record nor made available for inspection for 30 days from the date of service of this Order to allow Bluegrass Water to seek a remedy afforded by law.

PUBLIC SERVICE COMMISSION

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