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Governor

John Lyons
Secretary
Energy and Environment Cabinet

Angie Hatton
Chair



Commonwealth of Kentucky
Public Service Commission
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psc.ky.gov

Mary Pat Regan
Vice Chair

Andrew W. Wood
Commissioner

Barry L. Mayfield
Commissioner

September 8, 2026

PARTIES OF RECORD

Re: Case No. 2025-00354

Notice is given to all parties that the attached attendance list for Public Comments Meeting of September 2, 2026, has been filed into the record of this proceeding.

If you have any comments you would like to make regarding the contents of the document, please do so within five days of receipt of this letter. If you have any questions, please contact Whitney Saffari, Staff Attorney, at (502) 564-3940.

Sincerely,

A handwritten signature in blue ink that reads "Justin McNeil".

Justin McNeil
Executive Director

Attachment

Public Comments Meeting Case No. 2025-00354 Bluegrass Water Utility Operating Company, LLC

Wednesday September 2, 2026

McCracken County Fiscal Court, 300 Clarence Gaines St., Paducah, KY 42003

PRINT NAME

ADDRESS

CITY

Provide Comments
Y/N

1	Phil HAZLE	206 LAKEPOINT LN	WOW CONCORD, KY	✓
2	Steve Anant	6350 Stateline Rd. W	Hazel KY	no
3	DOUG JONES	135 CASSIE CIRCLE W. Paducah	WEST PADUCAH	NO MAYBE
4	Bonnie Dodge	3375 Tori Trail Ln West Pad	West Paducah	
5	James Dodge	3375 Tori Trail west Paducah	West Paducah	Maybe ✓
6	JACK Russell	8325 Danube Dr. W. Pad.	West Paducah	✓
7	Randy Dyer	1501 Meadow Ln	Paducah KY	maybe
8	Donna Pickle	8310 Tarpon Trl	West Paducah	maybe
9	WILL KING	145 Pinesood Trail	West Paducah	maybe
10	Mary Higgins	4665 Magruder Village	Kevil	no
11	Michael Legendre	8255 Danube Dr,	West Paducah	maybe
12	Mary Legendre	8255 Danube Dr	West Paducah	no
13	Alex Freeman	1165 RED PINE CIRCLE	WEST PADUCAH	YES ✓
14	Tammy Nichols	5811 Oakwood Dr	Paducah	NO
15	Tony Higgins		KEVIL	MAYBE

Public Comments Meeting Case No. 2025-00354 Bluegrass Water Utility Operating Company, LLC
 Wednesday September 2, 2026
 McCracken County Fiscal Court, 300 Clarence Gaines St., Paducah, KY 42003

PRINT NAME

ADDRESS

CITY

Provide Comments
Y/N

16	Robert Evans	250 Harting Ridge Rd	Paducah	Y ✓
17	Don Barger	135 Iva Ct	W Paducah	Y ✓
18	Joan Washam	1501 Century Ln Pad		Y - ✓
19	LINDA M SLANKARD	1200 Red Pine 42	42086	maybe
20	Sam Slankard	1200 Red Pine Circle	42086	NO
21	Marti Sigers	5940 Majestic Oak Dr.	42003	no
22	MIKE KILGE	2235 TORI TRAIL LN	42086	YES - ✓
23	Larry Averitt	5900 Greenville Ln	Paducah	YES - ✓
24	Terril Parris	195 Harting Ridge Rd	Paducah	NO
25	Don Siders	5940 Majestic Oak Dr	Paducah	NO ✓
26	Shelia Tucker	8215 Danube Dr Pad KY	Paducah	maybe
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Public Comments Meeting Case No. 2025-00354 Bluegrass Water Utility Operating Company, LLC

Wednesday September 2, 2026

McCracken County Fiscal Court, 300 Clarence Gaines St., Paducah, KY 42003

PRINT NAME

ADDRESS

CITY

Provide Comments
Y/N

31	Robbie S. Heddon	65 Lake Shore Dr	New Concord	maybe
32	Hannah Saad	2907 Clark St., Paducah	Paducah	NO
33	BRUCE TUCKER	8215 PANOBE, PADUCAH	PADUCAH	MAYBE
34	Jennifer Shather	6050 Oakhaven Pad	Paducah	NO ✓
35	Greg Shather	" " "	"	NO
36	Pamela Riley	Gately Vernon Rd.	"	NO
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	PRINT NAME	ADDRESS	CITY	Provide Comments Y/N
46	Brandon Atkin	170 Pinewood Trail, West Paducah ^{KY}	West paducah	No
47	GARY GAUGLER	1210 Red Pine Circle	West Paducah	YES ✓
48	Tammy Chambers	5741 Oakhaven Dr	Paducah	NO ✓
49	Gary Chambers	5741 Oakhaven Dr.	Paducah	NO
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Public Comments Meeting Case No. 2025-00354 Bluegrass Water Utility Operating Company, LLC
Wednesday September 2, 2026
McCracken County Fiscal Court, 300 Clarence Gaines St., Paducah, KY 42003

	PRINT NAME	ADDRESS	CITY	Provide Comments Y/N
61	Jan Partin - Sexton	175 Harting Ridge	W Paul	X ✓
62	By B...		Paul	N
63	George Bray	1020 Lone Oak Rd	Paducah	N
64	Jasmine Phan	5900 Oakwood Ln	Paducah	N
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Public Comments Meeting Case No. 2025-00354 Bluegrass Water Utility Operating Company, LLC
Wednesday September 2, 2026
McCracken County Fiscal Court, 300 Clarence Gaines St., Paducah, KY 42003

	PRINT NAME	ADDRESS	CITY	Provide Comments Y/N
76	Paula Fuller	180 Harting Ridge Rd	W. Paducah	Maybe
77	Amy Caturano	8240 Tarpan Trl	W. Pad	Maybe
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CENTRAL STATES WATER RESOURCES (CSWR) / BLUEGRASS WATER

A Pattern of Investor-Driven Rate Extraction: Findings Across Eleven States

Prepared for the Kentucky Public Service Commission • Case No. 2025-00354 • Public Hearing, September 2, 2026

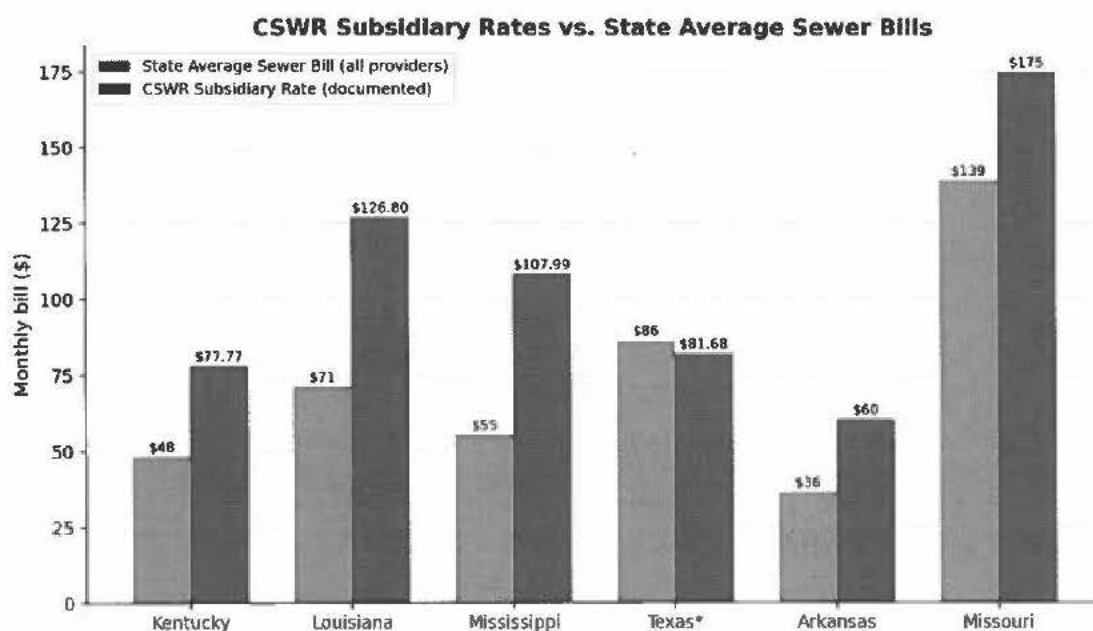
Executive Summary

Based on the findings detailed in this report — drawn from sworn regulatory testimony, public utility commission filings across seven states, litigation records, Better Business Bureau complaints, and independent industry research — it is our position that Central States Water Resources (CSWR), and its wholly-owned subsidiary Bluegrass Water Utility Operating Company, should not be understood as a water utility company or a steward of the water and land it has been entrusted with.

Rather, the evidence assembled here indicates that CSWR operates as a highly aggressive private investment enterprise, optimized for the financial return of its shareholders and executives — not for the welfare of its customers or the states in which it operates. CSWR has proven highly skilled at raising investment capital, acquiring distressed systems at a rapid pace, and structuring its corporate arrangements and rate cases to work the letter of state utility law to its own advantage.

It has proven far less skilled — or far less interested — in the core mission of a public utility: delivering reliable service at a reasonable cost. The record shows no meaningful, disciplined effort to control costs internally. Instead, CSWR's business model relies on regulatory mechanisms that allow it to pass acquisition costs, above-market executive compensation, and undisclosed vendor arrangements directly onto captive ratepayers who have no alternative provider and nowhere else to turn.

Key Metric: CSWR Rates vs. State Average Sewer Bills



*Texas note: the Texas figure shown (\$81.68) is CSWR-Texas's rate AFTER a rate increase already implemented in 2023 (raised from \$31.75 — a 157% increase for a typical 5,000-gallon household), not a comparison against an untouched baseline. CSWR has since pursued further increases in Texas, including a 214% increase requested for the Dominion

subdivision and an increase for Leon Springs bringing that system's two-year cumulative increase to approximately 166%. Because of this, the Texas bar understates how far CSWR's pricing has diverged from typical state rates — it reflects CSWR's own prior rate hike as the new "normal," not what Texas customers were paying before CSWR arrived. We include it for completeness, but recommend the Commission weigh the other five states, and the repeated pattern of increases on top of increases, as the more reliable indicator of CSWR's rate behavior.

State	State Avg. Sewer Bill*	CSWR Subsidiary Rate	Premium	Source
Kentucky	\$48	\$77.77 (Bluegrass Water, current)	+62%	KY PSC public notice, Dec 2025
Louisiana	\$71	\$126.80 (Magnolia Water, Tier 2 min.)	+79%	LPSC filings via customer petition
Mississippi	\$55	\$107.99 (Great River, Natchez)	+96%	Natchez Democrat, Dec 2024
Texas*	\$86	\$81.68 (CSWR-Texas, post-2023 increase)	see note below	PUC Docket 54565
Arkansas	\$36	\$60.00 (St. Joseph's Glen)	+67%	Hallmark Times, Jul 2022
Missouri	\$139	\$150–200 (Confluence Rivers, Hillcrest)	+8–44%	OPC testimony, Case WR-2023-0006

Findings and Sources

The following findings, drawn from primary sources wherever possible, support the position stated above.

1. Regulatory testimony on corporate governance and incentive structure

- **Missouri PSC Case No. WR-2023-0006** (Confluence Rivers Utility Operating Company, a CSWR subsidiary): the Office of Public Counsel's utility auditor testified that CSWR is "hyper focused on growth through the acquisition of distressed systems" rather than maintaining what it already owns, that the company is "management top heavy," and that it lacks written internal-control policies. She recommended disallowing CSWR's executive salaries from rate base entirely.
- The same testimony found CSWR's billing contractor (Nitor) and a tank-inspection vendor (62Archer) received **no-bid contracts**; Nitor's founder has a personal/board relationship with CSWR CEO Josiah Cox dating back over a decade — flagged as a "procurement bias" risk.
- External auditors flagged **potential fraud-risk items** during planning for CSWR's 2021 and 2022 financial statement audits (specific items were redacted from the public record, but the flags themselves are confirmed in sworn testimony).
- CSWR executive compensation was shown to **exceed that of century-old, publicly traded peer utilities** (Middlesex Water, Artesian Resources) on a per-customer basis, even after adjusting for cost of living.

2. Rate structures that reward company underperformance

- Under Magnolia Water's (CSWR's Louisiana subsidiary) Formula Rate Plan, if the company's **return on equity falls below 9%, it can request a rate increase from its entire statewide customer base** — meaning existing customers subsidize the cost of newly acquired, poorly performing systems elsewhere in the state.
- The 2026-2028 Formula Rate Plan extension request in Louisiana was filed before the 2025 increase was even approved. (Source: LPSC Docket 32333.)

3. A documented bait-and-switch pattern

- In Texas PUC Docket 54565, CSWR told customers in writing (May and September 2022) that a system purchase "will not have an effect on the current customer's rates," then filed for a 137–214% rate increase within months. This drew well over 100 individual protest letters, with customers calling the company "predatory."

- A near-identical pattern recurred at Leon Springs, TX: a 75% increase in 2024, followed by a further 54% increase requested in 2025 — a cumulative ~166% increase over two years. (Source: PUC Docket 57386.)

4. Documented rate increases, by state

- **Kentucky** (Bluegrass Water) — your neighborhood, Marshall Ridge: \$15 → \$78 → proposed \$114/month (over 660% cumulative). Carriage Park: \$16 → ~\$85/month (430%+). Center Ridge: a 364.4% increase requested in 2020.
- **Louisiana** (Magnolia Water) — statewide “Tier Two” customers: \$37 → \$126.80 minimum (340%+ per the customer petition, corroborated by LPSC filings).
- **Mississippi** (Great River) — Natchez: \$51.40 → \$107.99 (110%+). Lowndes County: \$24.10 → proposed \$53.75 (123%). Nearly 30 systems were purchased for \$1 each; the PSC received 800 customer complaint letters in 2022 alone.
- **Texas** (CSWR-Texas) — Lake Limestone Coves: 137–155% within a year of purchase. Dominion subdivision: 214% requested. Leon Springs: ~166% over two years.
- **Arkansas** (St. Joseph's Glen) — Cherokee Village: \$30 → \$60/month (100%).
- **Tennessee** (Limestone Water) — CSWR petitioned for a 100%+ increase in 2024; the TN Public Utility Commission denied it in 2025 after public testimony from the Attorney General's office and ordered a smaller, phased increase instead.
- **Arizona** (Cactus State) — a permanent rate increase was approved in November 2025 (Decision No. 81549) following a \$5.5 million infrastructure investment claim; a temporary \$2.04/customer/month surcharge was also added to recover the company's own rate-case expenses.
- **Florida** (CSWR-Florida) — rate case ongoing (Docket 20250052-WS); the company is seeking combined annual water and wastewater revenues of over \$10.4 million from its Brevard, Citrus, Duval, Highlands, Marion, and Volusia County systems.

5. Ongoing service-quality complaints despite the increases

- BBB complaints describe billing disputes, meter-reading staff unable to explain charges, and customers unable to reach anyone who could help resolve the dispute.
- *“Long periods of water outages, brown water & water that has a foul odor”* — Texas Landing, Polk County, TX (PUC filing).
- A Hillcrest, MO customer testified she has paid \$150–200/month for a decade and still cannot drink the water; she has replaced multiple hot water heaters and continues to buy bottled water. (Source: OPC hearing testimony, Case WR-2023-0006.)
- A BBB reviewer reported being billed for Magnolia Water sewage service despite living in a different state entirely, with no service connection.

6. Litigation and conflict with regulators

- Bluegrass Water sued its own regulator: after the Kentucky PSC only partially approved a 2020 rate request, Bluegrass Water filed suit in Franklin Circuit Court against the PSC, the Kentucky Attorney General, and seven homeowner/sewer associations — including Marshall Ridge — as defendants.
- Great River (Mississippi) appealed a Public Service Commission rate decision to Harrison County Circuit Court; commissioners noted that if the company wins on appeal, it can add its own legal expenses to future rate increases.

7. Possible regulatory-influence concerns (reported, not adjudicated)

- The Louisiana Illuminator reported that **up to 43% of LPSC commissioners' campaign contributions** come from the utility companies the LPSC regulates, including CSWR entities — a reporter there characterized this as “legal bribery.” This is a journalistic finding, not a court or ethics-board ruling, but it is worth the Commission's awareness.

8. The broader industry pattern

- Academic research published in *Water Policy*, the journal of the World Water Council, surveyed the 500 largest U.S. water systems and found that **private ownership itself was the single strongest predictor of higher bills** — more than aging infrastructure, water supply, or local regulation.
- CSWR is backed by private equity firm Sciens Capital Management, which acquired it in 2020 specifically as a “roll-up” strategy for distressed water systems across the South — the same model now driving comparable rate fights in New Mexico, Ohio, and Minnesota.

9. Sources cited in this report

- Missouri PSC Case No. WR-2023-0006, Surrebuttal Testimony of Angela Schaben, Office of Public Counsel (efis.psc.mo.gov/Document/Display/107139)
- Texas PUC Docket Nos. 54565 and 57386 (interchange.puc.texas.gov)
- Kentucky PSC Case Nos. 2020-00290, 2022-00432, and 2025-00354 (psc.ky.gov)
- Louisiana PSC Docket 32333 (lpscpubvalence.lpsc.louisiana.gov)
- Change.org petition, “CSWR/Magnolia Water Rate Increases, Service Quality and Regulatory Oversight” and linked exhibits
- Better Business Bureau, Central States Water Resources profile and complaints (bbb.org)
- News coverage: WKMS, Paducah Sun, WPSD Local 6, Kentucky Lantern, Stateline, Natchez Democrat, Mississippi Today, Louisiana Illuminator, New Orleans CityBusiness, Fox 8 (New Orleans), Hallmark Times (Arkansas)
- PE Stakeholder Project, “Ratepayers continue fighting rate hikes at PE-backed utilities”
- CSWR 2022 Corporate ESG Report; centralstateswaterresources.com (state subsidiary and regulatory pages)
- Move.org / RentCafe 2026 state utility cost survey (state average sewer bill figures used in the chart above)
- Food & Water Watch, “Private Equity, Public Inequity” (2021)

Closing Request

To the Kentucky Public Service Commission — Angela Hatton, Christopher Perry, and Andrew McKinney — thank you for your time and for the opportunity to be heard on this matter.

We ask you to weigh the pattern documented in this report — not as isolated grievances from a single subdivision, but as the demonstrated operating model of a company that has repeated the same conduct in state after state. Whether the conduct described here reflects, at best, a persistent incompetence at managing the utilities it acquires, or at worst, a deliberate strategy to work the utility rate-setting process itself for the benefit of its executives and investors, the outcome for the people in this room is the same: captive customers, with no alternative provider, paying far more than their neighbors elsewhere in the state and the country for a service that has not materially improved.

We respectfully ask the Commission to reject Bluegrass Water's proposed increase in Case No. 2025-00354, and to hold the company to the standard Kentucky ratepayers deserve: reasonable rates, tied to genuine, well-managed investment — not to the cost of an aggressive acquisition strategy that Kentucky families never agreed to underwrite.

Respectfully submitted, Robert Evans



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