

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC KENTUCKY-AMERICAN WATER)
COMPANY'S REQUEST FOR PERMISSION TO)
DEVIATE FROM 807 KAR 5:006, SECTION) CASE NO. 2016-00394
26(6)(B))

COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION
TO KENTUCKY-AMERICAN WATER COMPANY

Kentucky-American Water Company ("Kentucky-American"), pursuant to 807 KAR 5:001, is to file with the Commission the original in paper medium and an electronic version of the following information. The information requested herein is due within 14 days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response 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 response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky-American shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or,

though correct when made, is now incorrect in any material respect. For any request to which Kentucky-American fails or refuses to furnish all or part of the requested information, it shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should 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 filling a paper containing personal information, Kentucky-American shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Provide a copy of the inspection procedures used to assure safe and adequate operation of the utility's facilities and compliance with KRS Chapter 278 and 807 KAR Chapter 5 that were adopted by Kentucky-American and are currently in force. If the inspection procedures for meters, meter settings, or valves, of any size or type, have been modified since January 1, 2010, state each modification.

2. In a September 2, 2016 letter from David Shehee, Kentucky-American's Superintendent, Water Quality and Environmental Compliance, to Talina R. Mathews, Executive Director of the Commission, regarding the periodic water inspection of Kentucky-American's utility operations and management practices on April 27 and April 28, 2016, Mr. Shehee references a June 17, 2016 meeting between Kentucky-American and the Commission. Provide the name of each participant in the June 17, 2016 meeting.

3. Per the general outline for inspection procedures placed on file by Kentucky-American with the Commission, the minimum inspection period for valves and hydrants is stated as “annually.” Provide the following:

a. Identify the individual or individuals who approved the decision to utilize an inspection period of two years for valves between 16-inch and 24-inch and state when the policy became effective.

b. For each individual identified in sub-part a. of this question, provide the job duties for the individual at the time when the decision was made to utilize an inspection period that is different from the inspection period stated in the inspection procedures placed on file by Kentucky-American with the Commission.

c. Identify the individual or individuals who approved the decision to utilize an inspection period of five years for valves smaller than 16-inch and state when the policy became effective.

d. For each individual identified in sub-part c. of this question, provide the job duties for the individual at the time when the decision was made to utilize an inspection period that is different from the inspection period stated in the inspection procedures place on file by Kentucky-American with the Commission.

4. The inspection procedures that have been placed on file by Kentucky-American with the Commission contain a minimum inspection period for “Water Meters (Mastermeters).” State whether Kentucky-American has inspection procedures for its water meters that are not Mastermeters and, if applicable, provide the inspection procedures.

5. Refer to the Estimated Labor Costs in Kentucky-American's Application and, for the period beginning January 1, 2010, through the present, provide the following:

a. State whether Kentucky-American's rate applications in Case No. 2015-00418,¹ 2012-00520,² and 2010-00036³ included amounts for forecasted operations labor expenses.

b. For the test year for each rate case application listed in sub-part a. of this question, state whether Kentucky-American's forecasted labor expenses were developed under the assumption that Kentucky-American would conduct inspections of all valves not less frequently than annually. If the response is negative for any of the test years, then state the assumption that was used for that test year.

c. For each rate case application listed in sub-part a., if Kentucky-American based its test year forecasted labor expenses on the assumption that it would not conduct inspections of all valves at least annually, identify the portion(s) of the record in which Kentucky-American disclosed any adjustment or difference in forecasted labor expenses attributable to or a result of the use of a valve inspection schedule through which Kentucky-American was not inspecting all of its valves not less frequently than annually.

d. For each rate case identified in sub-part a., by rate case, identify the individual or individuals responsible for developing Kentucky-American's forecasted labor

¹ *Application of Kentucky-American Water Company for an Adjustment of Rates* (filed Jan. 29, 2016).

² *Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year* (filed Dec. 28, 2012).

³ *Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year* (filed Feb. 26, 2010).

expenses, and, for each individual, provide the job duties for the individual at the time when the forecasted labor expenses were developed.

6. State whether Kentucky-American conducts visual inspections of its meters and meter settings as often as necessary but not less frequently than annually. If Kentucky-American is not currently conducting visual inspections of its meters and meter settings at least annually, state the date when Kentucky-American was last conducting such inspections not less frequently than annually.

7. Notwithstanding the prior question, state whether Kentucky-American conducts visual inspections of its Mastermeters and their meter settings as often as necessary but not less frequently than annually. If Kentucky-American is not currently conducting visual inspections of its Mastermeters and their meter settings at least annually, state the date when Kentucky-American was last conducting such inspections at least annually.

8. Refer to Kentucky-American response to Commission Staff's First Request for Information, Item 6, and provide the following information:

a. State whether Kentucky-American conducts periodic inspections of its valves, of all sizes, as often as necessary but not less frequently than established in 807 KAR 5:006, Section 26(6)(b).

b. If Kentucky-American is not conducting periodic inspections of its valves, of all sizes, as often as necessary but not less frequently than established in 807 KAR 5:006, Section 26(6)(b), state the date when Kentucky-American was last in compliance with 807 KAR 5:006, Section 26(6)(b).

c. Notwithstanding the request in sub-part b of this question, state whether Kentucky-American has ever conducted inspections of its valves, regardless of size, at a frequency not less frequently than annually. If it was conducting inspections of all of its valves at a frequency not less than annually, state when and explain why Kentucky-American ceased conducting inspections at this frequency.

9. Refer to 807 KAR 5:006, Section 26(3), which states: "Appropriate records shall be kept by a utility to identify the inspection made, the date and time of inspection, the person conducting the inspection, the deficiencies found, and action taken to correct the deficiencies." Provide the following:

a. Kentucky-American's most recent inspection record for each valve 16-inch or larger;

b. By year, for the years 2010 through 2016, the number of valves larger than 24-inch in Kentucky-American's system, the number of inspections conducted by Kentucky-American of valves larger than 24-inch, and the number of valves found to have deficiencies. By year, for the same period, provide a schedule that summarizes the number of deficiencies found during the inspections by type of deficiency and the action necessary to correct the deficiency.

c. By year, for the years 2010 through 2016, the number of valve failures or damage in valves larger than 24-inch in Kentucky-American's system discovered during an attempt to use the valve while not conducting an inspection. By year, for the same period, provide a schedule that summarizes the deficiencies determined to be responsible for the failures, the action necessary to correct the deficiency, and whether the valve had been inspected within 12 months prior to the failure.

d. By year, for the years 2010 through 2016, the number of valves between 16-inch and 24-inch in Kentucky-American's system, the number of inspections conducted by Kentucky-American of valves between 16-inch and 24-inch, and the number of valves found to have deficiencies. By year, for the same period, provide a schedule that summarizes the number of deficiencies found during the inspections by type of deficiency and the action necessary to correct the deficiency.

e. By year, for the years 2010 through 2016, the number of valve failures or damage in valves between 16-inch and 24-inch in Kentucky-American's system discovered during an attempt to use the valve while not conducting an inspection. By year, for the same period, provide a schedule that summarizes the deficiencies determined to be responsible for the failures, the action necessary to correct the deficiency, and whether the valve had been inspected within 12 months prior to the failure.

f. By year, for the years 2010 through 2016, the number of valves smaller than 16-inch in Kentucky-American's system, the number of inspections conducted by Kentucky-American of valves smaller than 16-inch, and the number of valves found to have deficiencies. By year, for the same period, provide a schedule that summarizes the number of deficiencies found during the inspections by type of deficiency and the action necessary to correct the deficiency.

g. By year, for the years 2010 through 2016, the number of valve failures or damage in valves smaller than 16-inch in Kentucky-American's system discovered during an attempt to use the valve while not conducting an inspection. By year, for the same period, provide a schedule that summarizes the deficiencies

determined to be responsible for the failures, the action necessary to correct the deficiency, and whether the valve had been inspected within 12 months prior to the failure.



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DATED APR 20 2017

cc: Parties of Record

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