

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-)	
AMERICAN WATER COMPANY TO AMEND)	CASE NO.
TARIFF TO REVISE QUALIFIED)	2023-00030
INFRASTRUCTURE CHARGE)	

ORDER

On March 1, 2023, Kentucky-American Water Company (Kentucky-American) filed its fourth Qualified Infrastructure Program (QIP) Rider (QIP 4) seeking authority to implement a surcharge for recovery of certain capital expenses to replace a portion of its aging water system infrastructure. Kentucky-American proposed an effective date of July 1, 2023. On March 28, 2023, Gerald Kemper filed a letter requesting intervention on behalf of himself and the general public as a customer of Kentucky-American. On March 30, 2023, Kentucky-American responded and requested the Commission deny the request based on Mr. Kemper’s failure to meet the standard for intervention set forth in 807 KAR 5:001, Section 4(11).¹ On April 13, 2023, the Commission denied the request for intervention.

On March 10, 2023, Kentucky-American filed supplemental testimony, wherein Jeffrey Newcomb testified that Kentucky-American published a customer notice reflecting a higher QIP rider charge than is proposed in this proceeding.² This is because the

¹ Kentucky-American’s Response to Gerald Kemper’s letter requesting intervention (filed on Mar. 30, 2023).

² The cumulative QIP rider charge changed from 8.41% to 8.27%. Kentucky American published notice of the higher rate.

customer notice was published prior to the final Order in Case No. 2022-00328,³ in which the Commission revised the QIP rider charge. On March 31, 2023, the Commission issued an Order requesting Kentucky-American to clarify whether that supplemental testimony was intended to amend or supplement the application.⁴ On March 31, 2023, Kentucky-American filed a response stating that the information was intended to supplement the initial application. On June 27, 2023, the Commission issued an order amending the Procedural Schedule for 90 days to allow Commission Staff additional time to evaluate the QIP 3 costs. Kentucky-American responded to two rounds of discovery.

Kentucky-American did not request a public hearing and instead requested that the matter be decided based on the written record.⁵ This matter now stands submitted to the Commission for a decision.

BACKGROUND

In Case No. 2018-00358, Kentucky-American requested approval of a QIP Rider to make incremental capital improvements to replace its aging mains that otherwise would not be replaced in a timely manner.⁶ In that proceeding, Kentucky-American stated that it would prioritize the replacement of cast iron and galvanized steel mains, which represented 15 percent of the distribution system but accounted for 64.2 percent of

³ Case No. 2022-00328 *Electronic Application of Kentucky-American Water Company for a Balancing Adjustment for its QIP Charge* (Ky. PSC Mar. 2, 2023).

⁴ Order (Ky. PSC Mar. 31, 2023) at 2.

⁵ Kentucky-American's Request for Decision Based Upon the Written Record (filed May 23, 2023).

⁶ Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC June 27, 2019), Order at 73–74. According to Kentucky-American, its infrastructure was deteriorating at a faster rate than the replacement rate.

annual main breaks.⁷ Kentucky-American further stated that the QIP would utilize a “systematic replacement plan” with a 25-year replacement cycle, and provided a list of QIP-eligible projects for the first five years.⁸

With the approval of the QIP Rider, the Commission established a filing schedule, calculation methodology, and filing contents. These requirements stated that QIP applications were to be filed on an annual basis on or before April 2, have a 90-day review period that can be extended for good cause, are based on a forecasted test period of July 1 to June 30, and have an annual true-up filing of projected costs and actual costs. However, in Case No. 2021-00090, the Commission found that it required additional time to thoroughly review Kentucky-American’s QIP applications given the number of projects and the need to closely evaluate those projects that are QIP eligible.⁹ Therefore, the filing requirements were updated and Kentucky-American is now required to file all future QIP applications no later than March 1 of each year for the QIP Rider that would be effective on July 1 of that year. The Commission reserves the right to continue any QIP proceeding beyond 120 days for good cause.¹⁰

⁷ Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC June 27, 2019), final Order at 76.

⁸ Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (filed Nov. 28, 2018) Direct Testimony of Brent E. O’Neill (O’Neill Direct Testimony), Exhibit 1 and Exhibit 2 at 12.

⁹ Case No. 2020-00027, *Electronic Application of Kentucky-American Water Company to Amend Tariff for the Establishment of Qualified Infrastructure Program Charge* (Ky. PSC June 17, 2020), Order at 21.

¹⁰ Case No. 2020-00027, *Electronic Application of Kentucky-American Water Company to Amend Tariff for the Establishment of Qualified Infrastructure Program Charge* (Ky. PSC June 17, 2020), Order at 21.

The QIP Rider is based upon a revenue requirement that is the sum of the pre-tax return for qualified additions and removal expenditures, plus the depreciation and property tax for the proposed projects in the forecasted test year. The QIP surcharge percentage is calculated as the amount of the QIP revenue requirement divided by the \$98,880,622 authorized revenue requirement established in Case No. 2018-00358. The QIP Rider is applied as a percentage to all water revenue, excluding other surcharges or taxes, and is displayed as a separate line item on customer bills. The QIP Rider is reset to zero when the next base rates are approved because the next base rates will include recovery of the annual costs previously recovered through the QIP.

In the first QIP tariff (QIP 1), Case No. 2020-00027, Kentucky-American proposed QIP investment that consisted of 60 percent main replacement projects and 40 percent non-main plant replacement projects which were stand-alone projects and not incidental to main replacement.¹¹ In the final Order for Case No. 2020-00027, the Commission emphasized that the primary reason it approved Kentucky-American's QIP was to replace aging water mains that were reaching the end of their service life and were contributing to Kentucky-American's unaccounted-for water loss.¹² The Commission rejected stand-alone projects for non-main plant replacement, finding that QIP-eligible plant other than

¹¹ Case No. 2020-00027, *Electronic Application of Kentucky-American Water Company to Amend Tariff for the Establishment of Qualified Infrastructure Program Charge* (Ky. PSC June 17, 2020).

¹² Case No. 2020-00027, *Electronic Application of Kentucky-American Water Company to Amend Tariff for the Establishment of Qualified Infrastructure Program Charge* (Ky. PSC June 17, 2020), Order at 15.

replacement of aging mains “may be included in the QIP only if such plant is replaced incidental to the replacement of aging main.”¹³

For Case No. 2021-00090,¹⁴ the QIP 2 tariff rider (QIP 2) application, Kentucky-American proposed a strategic capital expenditures plan (SCEP) for QIP 2 that included four budget line items deemed “recurring projects”¹⁵ that were not developed for the QIP 2 specifically, but instead were projects previously identified as part of Kentucky-American’s larger plan to systematically accelerate spending on replacing aging infrastructure.¹⁶ Based upon its interpretation of the Commission’s intent in Case No. 2020-00027, Kentucky-American accelerated the replacement cycle of its main replacements in QIP 2 from a 25-year cycle to a 20-year cycle.¹⁷ The proposed reduction in the main replacement cycle increased Kentucky-American’s projected main replacement spending from \$7,623,282 in net plant additions approved in Case No. 2020-00027 to \$20,028,974 requested in QIP 2.¹⁸

In the final Order of Case No. 2021-00090, the Commission found that Kentucky-American’s main replacement projects in future QIP applications should be based on a

¹³ Case No. 2020-00027, *Electronic Application of Kentucky-American Water Company to Amend Tariff for the Establishment of Qualified Infrastructure Program Charge* (Ky. PSC June 17, 2020), Order at 17.

¹⁴ Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC Jun. 21, 2021).

¹⁵ Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC June 21, 2021), Order at 3.

¹⁶ Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC June 21, 2021), Order at 3.

¹⁷ Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC June 21, 2021), Order at 6.

¹⁸ Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC June 21, 2021), Order at 6.

25-year replacement cycle, be limited to annual main replacements of 10 to 13 miles, and be for QIP projects that are consistent with the amount proposed and approved in Case No. 2018-00358.¹⁹ The Commission directed Kentucky-American to be prepared to explain how each proposed project meets the prioritization matrix and external drivers in its 2022 QIP filing, and demonstrate what efforts Kentucky-American has implemented with contractors, suppliers, local transportation and engineering officials, and other utilities to contain and manage project costs.²⁰ Additionally, the Commission ordered Kentucky-American to provide any evidence of the steps it has taken to control such costs.²¹

Further, in Case No. 2021-00090, the Commission found that Kentucky-American must demonstrate that it is more proactive in planning for and managing construction costs, and relaying accurate data to the Commission, given that costs that are not found to be reasonable cannot be recovered from ratepayers.²² As one example, limiting the number of contractors inherently leaves open the potential for inflated pricing, especially if requests to bid are offered only to contractors hand-picked by Kentucky-American.²³ The Commission requested that in the 2022 QIP filing Kentucky-American should include

¹⁹ Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC June 21, 2021), Order at 12.

²⁰ Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC June 21, 2021), Order at 13.

²¹ Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC June 21, 2021), Order at 17.

²² Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC June 21, 2021), Order at 17.

²³ Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC June 21, 2021), Order at 17.

what efforts they have implemented with contractors, suppliers, local transportation and engineering officials, and other utilities to contain and manage project costs.²⁴

Kentucky-American proposed expenditures for QIP 3 that were limited to the budget line item B: QIP Mains Replaced/Restored,²⁵ and the items were to be constructed with internal labor or with pre-qualified contractors to whom Kentucky-American submitted requests for proposals.²⁶ Kentucky-American explained that the projects are based on a 10 to 13 mile per year replacement rate to meet its 25-year replacement goal.²⁷ Specifically, the investments included in the proposed QIP 3 were intended to replace aging infrastructure that is non-revenue producing.²⁸

Kentucky-American explained it used the same prioritization matrix to identify QIP 3 projects that was used to develop proposed QIP projects in Case Nos. 2018-00358, 2020-00027, and 2021-00090.²⁹ The prioritization matrix criteria includes the amount of water pressure, number of breaks or leaks, main age, main material type, main size, and water quality, and are evaluated along with external drivers, such as customer impact and scheduled paving by other governmental entities, to develop a final project list and schedule.³⁰

²⁴ Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC June 21, 2021), Order at 18.

²⁵ Case No. 2022-00032, Direct Testimony of Krista Citron (Citron/Porter Direct Testimony) (filed Mar. 1, 2022) at 4.

²⁶ Case No. 2022-00032, Citron/Porter Direct Testimony at 4.

²⁷ Case No. 2022-00032, Citron/Porter Direct Testimony at 4.

²⁸ Case No. 2022-00032, Citron/Porter Direct Testimony at 4.

²⁹ Case No. 2022-00032, Citron/Porter Direct Testimony at 7–8.

³⁰ Case No. 2022-00032, Citron/Porter Direct Testimony at 7–8.

Kentucky-American stated that the majority of replaced mains in this budget line are cast iron and galvanized mains and these mains represent 15.9 percent of the total inventory and 64 percent of all breaks.³¹ Kentucky-American explained that the break per mile for cast iron main is 1.1 breaks per mile of main compared to ductile iron, which has a break rate of 0.04 breaks per mile of main between January 2012 and December 2016.³² Kentucky-American asserted that replacing cast iron and galvanized steel water main infrastructure would result in a direct customer benefit of improved and sustained water quality and ensure reliability of water service to Kentucky-American customers.³³ In accordance with the final Order in Case No. 2021-00090, Kentucky- American provided detailed descriptions of how each proposed project included in QIP 3 addresses the aspects of its prioritization matrix in its selection.³⁴

According to Kentucky-American, as of June 2023, all but three projects included in QIP Year 3 will be in-service.³⁵ The three exceptions are: Greenwood Avenue, Bradley Court, and Edinburgh Court.³⁶ These roadways, totaling approximately 0.3 miles of QIP Year 3 replacements, were paved by Lexington Fayette Urban County Government (LFUCG) during the 2022 paving season, and the new pavement shall not be disturbed for a minimum of 12 months pursuant to LFUCG Ordinance 17C-19(e)(5).³⁷

³¹ Case No. 2022-00032, Citron/Porter Direct Testimony at 6.

³² Case No. 2022-00032, Citron/Porter Direct Testimony at 6–7.

³³ Case No. 2022-00032, Citron/Porter Testimony at 7.

³⁴ Case No. 2022-00032, Citron/Porter Testimony, Exhibit 3.

³⁵ Direct Testimony of Krista Citron (Citron Direct Testimony) (filed Mar. 1, 2023) at 15.

³⁶ Citron Direct Testimony at 15.

³⁷ Citron Direct Testimony at 15.

QIP Year 4 projects

For its QIP Year 4 projects, Kentucky-American proposed only Budget Line B: QIP Mains Replaced/Restored projects in this case.³⁸ The total length of the proposed projects is 12.01 miles.³⁹ Those projects are based on a 10-13 miles per year rate to meet the 25-year replacement goal.⁴⁰ These investments are to replace aging infrastructure that is non-revenue producing.

Kentucky-American explained it used the same prioritization matrix to identify QIP 4 projects that was used to develop proposed QIP projects in the previous line of cases.⁴¹ For QIP Year 4, projects were selected using additional factors which are: the pavement condition rating and coordination with upcoming Lexington-Fayette Urban County Government (LFUCG) sanitary sewer projects, Dove Run Road and Greentree Road/Court.⁴² The pavement condition rating is a measure of how much useful life is remaining on any given section of roadway. Kentucky-American also considered the pavement condition rating from LFUCG.⁴³ Kentucky-American stated that the goal of including this factor in its analysis is to identify segments of main located within roadways that are likely to be paved in the near future to better coordinate paving restoration requirements with LFUCG.⁴⁴

³⁸ Citron Direct Testimony at 3.

³⁹ Citron Direct Testimony at 3.

⁴⁰ Citron Direct Testimony at 4.

⁴¹ Citron Direct Testimony at 5–6, Exhibit 4.

⁴² Citron Direct Testimony at 6–7.

⁴³ Citron Direct Testimony at 6.

⁴⁴ Citron Direct Testimony at 6.

Kentucky-American did include a replacement project of 16” pre-stressed concrete pipe along Rosemont Garden with new 16” ductile iron pipe.⁴⁵ According to Kentucky-American, this particular section of main has experienced two recent main breaks and has a high consequence of failure for customers due to the large main diameter.⁴⁶ Additionally, there is a parallel 6” cast iron water main along this same segment of roadway dating back to 1939, and the inclusion of this replacement project will allow Kentucky-American to eliminate the cast iron and prevent repeated main breaks on the concrete pipe.⁴⁷

Kentucky-American added two new bidders for its QIP paving and restoration projects.⁴⁸ Kentucky-American continued a paving pilot program⁴⁹ as well as a Paving Share Agreement.⁵⁰ The Paving Share Agreement has not been executed but according to Kentucky-American, the agreement will assist the company in reducing or minimizing expenses passed on to the customer.⁵¹ Kentucky-American stated that it utilizes vendors serving American Water Works Service Company to help minimize costs for the QIP projects.⁵²

⁴⁵ Citron Direct Testimony at 7.

⁴⁶ Citron Direct Testimony at 7.

⁴⁷ Citron Direct Testimony at 7.

⁴⁸ Citron Direct Testimony at 9.

⁴⁹ Citron Direct Testimony at 14–15.

⁵⁰ Citron Direct Testimony at 11–12.

⁵¹ Citron Direct Testimony at 10–12.

⁵² Citron Direct Testimony at 8.

While Kentucky-American has implemented the construction cost management procedures detailed above, Kentucky-American noted that the issues currently impacting the global supply chain have increased the cost per linear foot of the replacement of mains, as shown below.⁵³

	Cost Per Linear Foot	
	Estimated	Completed
QIP Year 1	\$ 230	\$ 265
QIP Year 2	250	265
QIP Year 3	265	331
QIP Year 4	318	

QIP 3 Rate Base End of Period Values

Kentucky-American pointed to the Commission’s decision in Case No. 2021-00090 directing Kentucky-American to calculate its rate base for a forecasted QIP period on a 13-month average values rather than the “end-of-period” or “terminal” values since the investment in the proposed QIP projects have yet to occur and the exact timing of the QIP investment is uncertain.⁵⁴ According to Kentucky-American as of July 1, 2023, the effective date of QIP 4, the amount of investment in the QIP 3 main replacement projects will be known precisely and all of the QIP 3 replacement projects will become “used and useful.”⁵⁵ For these reasons, Kentucky-American argued that for consistent and sound ratemaking purposes it is appropriate to update the QIP 3 rate base and revenue

⁵³ Citron Direct Testimony at 9–16; Kentucky American’s Response to Commission Staff’s First Request for Information (filed May 1, 2023), Item 1.

⁵⁴ Direct Testimony of Jeffrey Newcomb (filed Mar. 1, 2023) (Newcomb Direct Testimony) at 7–8.

⁵⁵ Newcomb Direct Testimony at 7–8.

requirement to reflect “end-of-period” values just as they would be calculated in a general rate case with an historic test year.⁵⁶

In its application, Kentucky-American did not provide sufficient detail for the Commission to evaluate cost variances between each project’s original estimate and subsequent actual cost. In response to Staff’s Second Request for Information (Staff’s Second Request), Kentucky-American provide the detailed information for each project variance along with the Company’s reasoning for each variance.⁵⁷ Of the 22 projects reviewed in this application, six projects’ actual cost are below the original cost estimate while 18 projects’ actual costs are higher than the original estimate. Areas noted by Kentucky-American for the variance included the need for additional linear feet of piping, additional work identified during the construction phase and underestimating the amount of paving material needed for the project.⁵⁸

The Commission directs Kentucky-American in all future QIP filings to include detailed, supporting documentation justifying how Kentucky-American develops its scope of work and cost estimates for each project, including an itemized breakdown for material, labor, and paving and reasoning for each variance from the original estimate. The Commission will look, in future QIP applications, to hold the utility accountable for cost overruns that are a result from Kentucky-American’s actions or inactions.

⁵⁶ Newcomb Direct Testimony at 7–8.

⁵⁷ Kentucky American’s Response to Commission Staff’s Second Request for Information (filed July 27, 2023), Item 1.a.

⁵⁸ Kentucky-American’s Response to Commission Staff’s Second Request for Information, Item 1.a.

Based upon its review of the record in this proceeding, the Commission finds that Kentucky-American's proposal to revise its QIP 3 surcharge rate to reflect forecasted "end-of-period" construction investment is reasonable and should be accepted. However, in Kentucky-American's 2024 QIP filing, the Commission directs Kentucky-American that its end-of-period update to QIP 4 should reflect the actual construction costs incurred for the QIP 4 projects as of January 31, 2024, and the remaining five months (February 1, 2024- through June 30, 2024) of the QIP 4 period should reflect the forecasted construction costs for that period. Additionally, any differences between the forecasted construction costs for the remaining period and what was forecasted in the instant case should be supported by filed testimony.

The Commission finds that Kentucky-American's proposed Annual Balancing Adjustment adjustments are reasonable and should be accepted.

QIP Rider Surcharge Amount

Based upon the above findings, the Commission accepts Kentucky-American's proposed 8.27 percent QIP Rider as reasonable and, therefore, is approved.⁵⁹

QIP 4 Projects are Extensions in the Ordinary Course of Business

KRS 278.020(1) requires a utility to obtain a Certificate of Public Convenience of Necessity (CPCN) prior to constructing any new facility that is intended to furnish regulated utility services to the public. However, this statute also provides an exemption from the certificate requirements if the new facility is an ordinary extension of existing systems in the usual course of business.⁶⁰ Commission regulation 807 KAR 5:001,

⁵⁹ 1.03 (QIP 1) +2.33% (QIP 2) + 3.59% (QIP 3) +1.32% (QIP 4) = 8.27% (Total QIP).

⁶⁰ KRS 278.020(1)(a)(2).

Section 15(3), defines an ordinary extension in the usual course of business as an extension that does not create wasteful duplication of plant or conflict with existing certificates of other utilities operating in the same area and under the jurisdiction of the Commission, and does not involve sufficient capital outlay to materially affect the existing financial condition of the utility or will not result in increased charges to its customers.

Having reviewed the record and being sufficiently advised, the Commission finds that Kentucky-American's proposed QIP 4 projects approved in this Order are replacement projects of ordinary distribution facilities that do not require a CPCN because they would be classified as extensions in the ordinary course of business, and therefore exempt from the requirements of a CPCN pursuant to KRS 278.020(1). The QIP projects approved in this Order do not create a wasteful duplication of plant.

IT IS THEREFORE ORDERED that:


1. The QIP Rider of 8.27 percent as proposed by Kentucky-American is fair, just and reasonable, and is approved for service rendered on and after October 1, 2023, through June 30, 2024.
2. Kentucky-American's proposed revision to the calculation of its QIP 3 rate to reflect forecasted "end-of-period" construction investment is approved.
3. Kentucky-American, in all future QIP filing applications, shall include detailed, supporting documentation justifying how Kentucky-American develops its scope of work and cost estimates for each project, including an itemized breakdown for material, labor, and paving and reasoning for each variance from the original estimate.
4. Within 20 days of the date of this Order, Kentucky-American shall, using the Commission's electronic Tariff Filing System, file its revised tariffs setting out the rates

authorized in this Order and the revised QIP Rider and reflecting they were approved pursuant to this Order.

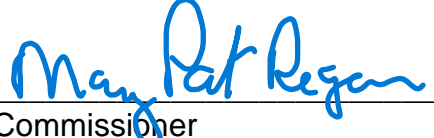
5. This case is now closed and removed from the Commission's docket.

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PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ENTERED
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KENTUCKY PUBLIC
SERVICE COMMISSION

ATTEST:


Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 2023-00030 DATED SEP 29 2023

	QIP 1	QIP 2	QIP 3	QIP 4	
	July 2020- June 2021	July 2021- June 2022	July 2022- June 2023	July 2023- June 2024	Total QIP
QIP Plant Additions	\$9,328,645	\$19,931,459	\$29,387,592	\$9,728,609	\$68,376,305
Retirements	(633,049)	(414,148)	(1,309,626)	(219,472)	(2,576,294)
Net Change to Gross Plant	8,695,596	19,517,311	28,077,966	9,509,137	65,800,011
Cost of Removal	549,261	2,433,439	2,814,869	972,861	6,770,429
Retirements	633,049	414,148	1,309,626	219,472	2,576,294
Depreciation Accrual - QIP 1	(137,516)				(137,516)
Depreciation Accrual - QIP 2		(311,545)			(311,545)
Depreciation Accrual - QIP 3			(429,593)		(429,593)
Depreciation Accrual - QIP 4				(145,490)	(145,490)
Net Change to Accum Depreciation	1,044,794	2,536,041	3,694,901	1,192,333	8,322,579
Net Change to Net Plant	9,740,390	22,053,352	31,772,868	10,701,470	74,268,080
Accumulated Deferred Taxes - QIP 1	(1,550,183)				(1,550,183)
Accumulated Deferred Taxes - QIP 2		(3,674,353)			(3,674,353)
Accumulated Deferred Taxes - QIP 3			(2,135,155)		(2,135,155)
Accumulated Deferred Taxes - QIP 4				(1,750,395)	(1,750,395)
Net Change to Rate Base	8,190,207	18,379,000	29,637,713	8,951,075	65,157,995
Pre-Tax Rate of Return	9.28%	9.28%	9.28%	9.28%	9.28%
QIP Revenue on Net Change to Rate Base	760,223	1,705,957	2,751,002	830,848	6,048,030
QIP Depreciation Expense - QIP 1	137,516				137,516
QIP Depreciation Expense - QIP 2		311,545			311,545
QIP Depreciation Expense - QIP 3			429,593		429,593
QIP Depreciation Expense - QIP 4				145,490	145,490
QIP Property Taxes - QIP 1	120,869	21,361	(4,348)	7,826	145,708
QIP Property Taxes - QIP 2		261,532	(9,759)	17,566	269,339
QIP Property Taxes - QIP 3			378,880	25,447	404,327
QIP Property Taxes - QIP 4				274,540	274,540
QIP Revenue Requirement Rate Adjustment	\$1,018,608	\$2,300,395	\$3,545,368	\$1,301,716	\$8,166,087
Authorized Revenues 2018-0358	\$98,880,622	\$98,880,622	\$98,880,622	\$98,880,622	
QIP Rider Charge	1.03%	2.33%	3.59%	1.32%	8.27%

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