

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-)
AMERICAN WATER COMPANY TO AMEND TARIFF) CASE NO. 2020-00027
FOR THE ESTABLISHMENT OF QUALIFIED)
INFRASTRUCTURE PROGRAM CHARGE)

NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on May 12, 2020 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording;
- A written log listing, *inter alia*, the date and time of where each witness' testimony begins and ends on the digital video recording of the evidentiary hearing conducted on May 12, 2020.

A copy of this Notice, the certification of the digital video record, and hearing log have been served upon all persons listed at the end of this Notice. Parties desiring to view the digital video recording of the hearing may do so at <https://youtu.be/FZ8L3AFjR3k>.

Parties wishing an annotated digital video recording may submit a written request by electronic mail to pscfilings@ky.gov. A minimal fee will be assessed for a copy of this recording.

Done at Frankfort, Kentucky, this 9th day of June 2020.



Kent A. Chandler
Executive Director
Public Service Commission of Kentucky

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

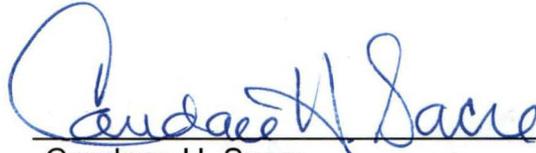
ELECTRONIC APPLICATION OF)	
KENTUCKY-AMERICAN WATER COMPANY TO)	CASE NO.
AMEND TARIFF FOR THE ESTABLISHMENT OF)	2020-00027
QUALIFIED INFRASTRUCTURE PROGRAM)	
CHARGE)	

CERTIFICATION

I, Candace H. Sacre, hereby certify that:

1. The attached DVD contains a digital recording of the Formal Hearing conducted in the above-styled proceeding on May 12, 2020. The Formal Hearing Log is included with the recording on May 12, 2020;
2. I am responsible for the preparation of the digital recording;
3. The digital recording accurately and correctly depicts the Formal Hearing of May 12, 2020; and
4. The Formal Hearing Log attached to this Certificate accurately and correctly states the events that occurred at the Formal Hearing of May 12, 2020, and the time at which each occurred.

Signed this 22nd day of May, 2020.



Candace H. Sacre
Administrative Specialist III



Stephanie Schweighardt
Notary Public State at Large
Commission Expires: January 14, 2023
ID#: 614400



Witness: Elaine Chambers; Kurt Stafford

Judge: Robert Cicero; Talina Mathews

Clerk: Candace Sacre

Date:	Type:	Location:	Department:
5/12/2020	Public Hearing\Public Comments	Hearing Room 1	Hearing Room 1 (HR 1)

Event Time	Log Event
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8:59:56 AM	Session Started	
9:00:36 AM	Vice Chairman Cicero Note: Sacre, Candace	Good morning. We're on the record in Case 2020-00027, Electronic Application of Kentucky-American Water Company to Amend the Tariff for the Establishment of Qualified Infrastructure Program Charge.
9:00:56 AM	Vice Chairman Cicero Note: Sacre, Candace	Can everybody hear me okay? Waive your hand if you do.
9:01:02 AM	Vice Chairman Cicero Note: Sacre, Candace	My name is Robert Cicero. I'm Vice Chairman of the Public Service Commission, and joining me today via videoconferencing is Commissioner Mathews. Unfortunately, Chairman Schmitt will not be able to attend due to a conflict but will review the hearing materials and recordings and participate in the final decision.
9:01:21 AM	Vice Chairman Cicero Note: Sacre, Candace	At this time, I would normally caution attendees to set your cellular phones to silent mode or turn them off. Due to the current state of emergency in Kentucky, the Commission is hosting this hearing via videoconferencing. Since this continues to be a learning experience for everyone, there are a few suggestions that I would offer. (Click on link for further comments.)
9:03:29 AM	Vice Chairman Cicero Note: Sacre, Candace	The hearing today is for the purpose of taking evidence on Kentucky-American's proposed Qualified Infrastructure Program (QIP) surcharge to replace aging water infrastructure.
9:03:53 AM	Vice Chairman Cicero Note: Sacre, Candace	So, at this time, we will have the entry of appearance of counsel, and, given the unique challenges of conducting the video hearing, I will request that each party's counsel also identify their witnesses at this time.
9:04:00 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Good morning, Your Honor. My name is Lindsey Ingram. I'm with Stoll Keenon Ogden in Lexington, Kentucky, 300 West Vine Street. I'm here on behalf of Kentucky-American Water. I'm their external counsel. With us, today, we have the two Kentucky-American witnesses who have provided direct testimony in this case, and they are also the two witnesses that have sponsored the Data Responses that have been filed in this case. The first is Mr. Kurt Stafford of Kentucky-American Water, and the second is Ms. Elaine Chambers of Kentucky-American Water.
9:04:36 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. For Staff?
9:04:40 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	Your Honor, JEB Pinney on behalf of the Office of General Counsel.

9:04:45 AM	Vice Chairman Schmitt Note: Sacre, Candace	And?
9:04:46 AM	Asst Gen Counsel Vinsel PSC Note: Sacre, Candace	Nancy Vinsel on behalf of the Office of General Counsel.
9:04:49 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. It has been advised that public notice has been given and filed into the record. Is that correct?
9:04:57 AM	Asst Gen Counsel Vinsel PSC Note: Sacre, Candace	Yes.
9:04:58 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Are there any outstanding motions?
9:05:01 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	(Shook head negatively.)
9:05:02 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay.
9:05:03 AM	Asst Gen Counsel Vinsel PSC Note: Sacre, Candace	No.
9:05:06 AM	Vice Chairman Cicero Note: Sacre, Candace	So should anyone from the public like to provide the Commission with public comment, instructions to call in are located on our web site at psc.ky.gov. The phone lines will remain open for several minutes at the start of the hearing and close if there are no callers or after everyone has had an opportunity to speak. (Click on link for further comments.)
9:05:44 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Pinney, do we have anyone on the line for public comment?
9:05:48 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	This is JEB Pinney with the Public Service Commission. Is there anybody on the line that wishes to make public comment?
9:05:55 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	You Honor, it appears no one is on the line.
9:05:57 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay. Mr. Ingram, you may call your first witness.
9:06:02 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Thank you, Your Honor. We call, as our first witness, Kurt Stafford.
9:06:09 AM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
9:06:18 AM	Vice Chairman Cicero Note: Sacre, Candace	Please proceed.
9:06:21 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	Direct Examination. Mr. Stafford, would you please state your full name for the record?
9:06:29 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	And would you provide your job title and your business address, please?
9:06:44 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	Mr. Stafford, did you cause to be filed in this matter written direct testimony in early March of this year?
9:06:58 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	If I asked you the same questions here, today, that were on that written direct testimony that was filed in early March, would your answers be the same?
9:07:10 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	And have you also sponsored several Data Responses that have been filed in the record of this case?

9:07:20 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace If I asked you the same questions that were asked in those Data Requests, would your answers be the same as the written ones that have been filed in this matter?

9:07:33 AM Atty Ingram Kentucky-American
Note: Sacre, Candace Your Honor, Mr. Stafford is available for cross.

9:07:37 AM Vice Chairman Cicero
Note: Sacre, Candace Mr. Pinney, will it be you or Ms. Vinsel questioning?

9:07:41 AM Gen Counsel Pinney PSC
Note: Sacre, Candace I will be asking questions of Mr. Stafford.

9:07:43 AM Vice Chairman Cicero
Note: Sacre, Candace Mr. Pinney, you may proceed.

9:07:45 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace Cross Examination. Good morning, Mr. Stafford. How are you doing today?

9:07:49 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace Can you hear me okay?

9:07:56 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace So what is the status of the bid document signed by contractors that include the description and scope of work on the QIP projects?

9:08:39 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace Okay, and which project is the one that you anticipate to start in July?

9:09:14 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace It might be in Line B. We may have included it.

9:09:28 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace Thank you very much, and Kentucky-American has identified in projects contained in Budget Line B which are the QIP Mains Replaced/Restored and also Line D, Mains Relocated. Does Kentucky-American have a spreadsheet or table that identifies each project within Budget Line Items F through M?

9:10:07 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace Yes, because you have, you know, Budget Line B is the QIP's Mains Replaced/Restored, and you identified specific project for that as well as the mains to be relocated in Budget Line D, but for Budget Lines F, H, J, L, and M, I don't think that you all listed individual projects. Do you all have a list of those individual projects that are included in those?

9:11:31 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace Okay, so because one of the things I was contemplating asking you, if you did have a spreadsheet or table that included the line items for not B or D but F through M, that you were saying that does not exist internally?

9:12:25 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace Okay, all right, and just to be clear -

9:12:27 AM Atty Ingram Kentucky-American
Note: Sacre, Candace Mr. Pinney -

9:12:29 AM Gen Counsel Pinney PSC
Note: Sacre, Candace Yes.

9:12:47 AM Atty Ingram Kentucky-American
Note: Sacre, Candace - if I may interrupt for just one second, I'm told that maybe the live feed on the PSC's web site is not up and running, but it may be an operator error that I'm hearing from it. I just want to make sure that it's available for public viewing on PSC's website. That's what I was just told. I apologize for the interruption.

9:12:54 AM	Vice Chairman Cicero Note: Sacre, Candace	Let us check this out, and we'll confirm, and we'll be on hold, here, for a couple of minutes, and I'll find out and make certain that's happening. (Click on link for further comments.)
9:15:02 AM	Vice Chairman Cicero Note: Sacre, Candace	Go ahead, Mr. Pinney.
9:15:03 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	All right, thank you.
9:15:05 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	All right, Mr. Stafford, coming back to you, sorry about the delay, and I just want to clarify, the budget items you've included in your testimony in Responses to Data Requests, I think those are specifically B, C, D, F, H, J, L, M, and Q, those are included in the QIP, but other budget items that you've not included in your testimony, if not identified, are not included in the QIP, is that correct?
9:16:05 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Okay, and those are the only ones that are included in the QIP Application, correct?
9:16:14 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	In response to Commission's First Request for Information, Question 5-B, in response to the question, you stated that Kentucky-American has increased its focus on service and lateral replacements, beginning in 2018. Can you explain the reasons for increased focus on these replacements?
9:17:10 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	And this is a question that I'm sure that Mr. Ingram has, at least, answered in previous - in one way, shape, or form may have been, at least, addressed, but one category of the QIP projects is relocation and replacement of infrastructure that's buried in the public right of way that has to be relocated due to municipal or state projects, and in response to our, the Commission's, First Request for Information 1-A, you state that municipal or state agencies will allow a utility to bury their infrastructure in the public right of ways but with the understanding the utility will bear the cost of relocation when maintenance or construction impacts that buried infrastructure.
9:17:52 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	So my question is, on what basis is the requirement that Kentucky-American bear the cost? Is it a statutory, regulatory or is it a contractual requirement that Kentucky-American pay for those costs?
9:18:42 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Would you please slow down and say that number again, please, sir? I'm sorry to interrupt.
9:19:54 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Okay, and so I believe all - correct me if I'm wrong, but all the relocations that are included in the proposed QIP are inside of Fayette County, is that correct?

9:21:12 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Okay, and then I guess my question was, those projects that you listed are in Fayette County, and so my question relates to parts of Kentucky-American Water's plant, that is outside of Fayette County, you've cited the franchise agreement with Fayette County, but is it your understanding or to the best of your knowledge, do the other municipalities or government entities that are not the Highway Department or are not the Lexington-Fayette County Urban Government have the same requirements regarding moving of Kentucky-American's mains and Kentucky American bearing those costs?
9:22:00 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Okay, and I'll move on from that question and move on to the question about the booster station. Could you describe the controls in place to ensure that spending on Budget Lines B through M and the Cox Street booster station stays separate from other capital projects that are funded with current rates? An, if this question is better for Ms. Chambers, just let me know.
9:22:31 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	What are the controls that are in place to ensure that the budget lines that are included in the QIP along with the booster station remain separate from other capital projects that are funded with current rates?
9:23:21 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Okay, and then you testified that the Capital Investment Management Committee meets monthly to review capital expenditures compared to budgeted levels on capital projects, is that correct?
9:24:42 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	And, when you say moving from line to line, you're referring to budget lines, or you're referring to actual water lines, when you're moving those?
9:24:52 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	And then so does the Capital Investment Management Committee have any oversight over the QIP projects?
9:25:01 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	And is that the monthly - those line items for the QIP, will they be reviewed monthly as well?
9:25:21 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Okay, and would you mind explaining how Kentucky-American would address the situation of significant cost overruns, if they occurred, on the QIP projects?
9:26:02 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Okay, and I think you testified to this or, at least, you sponsored Responses to Commission Staff's Second Request 5-B, and, in describing the capital budget and monitoring program, you testified that dollars can be reallocated each month during the monthly budget review? I think you just spoke to that, but can you expand upon that?
9:27:09 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	And so that means that money can be allocated to QIP projects, you know, from different line items within the QIP projects, correct?
9:27:23 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Now is it possible that dollars that are allocated to QIP project be allocated to non-QIP capital projects?

9:27:43 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace Okay, and then also, in response to Commission Staff's Second Request for Information 5-A, you provided estimates for in-service dates for the seven identified Budget Line B projects, and my question is, you sponsored that awhile back, so have the estimates changed or otherwise been affected by the current pandemic?

9:28:33 AM Gen Counsel Pinney PSC - witness Stafford
Note: Sacre, Candace Okay, and then what would happen if these projects are not placed in service before Kentucky-American's next QIP filing in 2021?

9:28:58 AM Gen Counsel Pinney PSC
Note: Sacre, Candace Okay, all righty. I have no further questions, Your Honor.

9:29:03 AM Vice Chairman Cicero
Note: Sacre, Candace Commissioner Mathews?

9:29:13 AM Commissioner Mathews
Note: Sacre, Candace I have a question.

9:29:14 AM Commissioner Mathews - witness Stafford
Note: Sacre, Candace Examination. Would any of these projects been proposed or be getting processed without the QIP?

9:30:53 AM Commissioner Mathews - witness Stafford
Note: Sacre, Candace Okay, and I remember that, but the six to ten million dollars a year, how much of this 15 percent of the system will that replace? How long will it take?

9:32:03 AM Commissioner Mathews - witness Stafford
Note: Sacre, Candace So how did these other projects, the service lines and so forth, they jump up into the QIP program if the QIP program is primarily these cast iron mains?

9:33:06 AM Commissioner Mathews - witness Stafford
Note: Sacre, Candace And the service lines and meters and booster station wouldn't be ordinary maintenance, O&M type, you know, for capital spending to where an asset reaches the end of its life and you remove and replace it with the depreciation that you (inaudible)?

9:34:06 AM Commissioner Mathews - witness Stafford
Note: Sacre, Candace I guess my - you know, I'm struck by your 60 percent of the leaks are in 15 percent of your system that's cast iron how anything other than the cast iron would fall out in your ranking? I mean, I guess what you're saying is "We're replacing two miles of main. We're going to replace all of the hydrants and all of the service lines and all of the meters that are at a certain age while we're doing that section." Is that what you're saying?

9:35:27 AM Commissioner Mathews - witness Stafford
Note: Sacre, Candace So how do you decide when the capital - how are - other projects that are not paid for by QIP, how are those chosen?

9:36:19 AM Commissioner Mathews - witness Stafford
Note: Sacre, Candace Has the spending on the other projects remained constant and you've added the QIP projects on top of that, or the QIP projects replaced some of the projects that would have, otherwise, been replaced under just regular capital?

9:37:44 AM Commissioner Mathews - witness Stafford
Note: Sacre, Candace So are you spending the same amount on the other capital projects that you have been over the last few years?

9:38:39 AM Commissioner Mathews
Note: Sacre, Candace I don't have any more questions.

9:38:46 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Examination. So I want to follow up on the question Commissioner Mathews asked because I don't really think you gave the answer that, at least, I was hoping to hear. She specifically said, "Are you spending the same amount on capital that you have in the past in addition to the QIP spending?," meaning is your capital budget for all other the same or approximate to what it was in 2018, '17, '16, whatever and that the QIP is in addition to?

9:39:49 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace That's not a problem, so how do you determine what the total amount of the QIP budget is?

9:40:44 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Okay, so maybe you didn't understand my question. The total amount you're going to spend is twelve-point-five million, right?

9:40:55 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Okay. How did you decide that twelve-point-five million was a good number for the QIP program?

9:41:38 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Not really, but I'll continue to ask.

9:41:41 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace No, that's all right, so we've got twelve-point-five million dollars we're going to spend, and I - from what I see in the notes, seven-point-four million is on four projects, right?

9:41:58 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace And, I guess, most of that is for main replacement?

9:42:46 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Okay, so how much of the twelve-point-five million is actually for replacement of main that is cast iron or galvanized?

9:43:02 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Of the seven-point-four million, all of it?

9:43:53 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Okay, so I'm going to go through where I'm trying to go with this, and we'll see if we can get to where I'm trying to be.

9:44:04 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace When we went through the rate case last time, it was during a period of time the Commission was interested in water utilities upgrading their lines and being concerned that the lifecycle of main replacement was, in some cases, as much as 300 years, which is way out of bounds for any expectation of a useful life, in our opinion. It's particularly bad for infrastructure on the smaller water districts, but, since Kentucky-American Water came to us and said, "We have this same condition, and we'd like to accelerate, and we believe, if we have a QIP program, we can find additional funds to accelerate the replacement of those mains and, therefore, reduce leakage," because technically Kentucky-American Water is at 20-plus percent, I believe, on water loss, and so, in an effort to reduce that and in order to repair infrastructure, the Commission said, "Okay, they're going to replace mains; great idea. We're going to see what we can do, and we're going to permit them to implement this surcharge," which is where we are right now in reviewing the program.

9:45:16 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Now, if it's the Commissioners' fault or whoever's fault it might be, I think the emphasis was on water line replacement, water main replacement, and, obviously, there's other items in here, including manholes, which I'm not sure what that has to do with making the system better, but we'll go down through the list here.

9:45:37 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace You said you've taken a holistic approach, and the holistic approach is, I think, and you'll have to correct me because I was having a little bit of difficulty following it, is it for all of the lines associated with the specific section of main you're replacing, or how did you decide on the meters, the service lines, the manholes, and whatever else? Where are they located in relation to the water mains?

9:46:57 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace That's okay, so let's stop there a second, so how do you determine - because Kentucky-American's geographic footprint is so large, how do you determine - because you must have many, many of these that need to be replaced, how did you decide specifically on what water lines you were going to do and what meters you were going to replace?

9:47:26 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace These are the service lines, not the mains, okay? These are service lines I'm talking about.

9:49:17 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Have you identified specifically what service lines and meters are going to be replaced, or is this a "I budgeted X-amount of dollars, and I'm going to spend that as I go through it, replacing those," whatever happens to come up to meet the - for example, it says "replacement or improvement of up to 6,332 meters and meter settings nearing the end of their useful life budget one-point-two million." Where are those meter or meter settings located? Is this just a number of meters, or is there a specific location you're doing, or how did - what's that one-point-two million represent?

9:50:06 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace That you've identified already?

9:50:11 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace So they could be located wherever?

9:50:18 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Okay, so there's detail that supports te one-point-two million?

9:50:25 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace Okay, so let's go to the next portion of my question. The total program is twelve-and-a-half million, right?

9:50:34 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace And the main is seven-point-four million, is that correct?

9:50:40 AM	Vice Chairman Cicero - witness Stafford Note: Sacre, Candace	That represents, seven-point-four million represents, 60 percent of the total. Okay, why would Kentucky-American Water be taking a holistic approach on replacing items that, I would think, from the Public Service Commission's perspective, are more operating and maintenance normal issues, rather than replacing the cast iron and the galvanized which is the main reason why the QIP program was approved in the first place, was for water line replacement and trying to take care of the infrastructure that's creating a lot of leaks in the system? It really wasn't, and I'm going to say that the Order may have said that, and we might have to go back and look at how we look at this in the future for the program, but the main purpose of the program is to replace mains, and only 60 percent of the twelve-and-a-half million dollars is going to replace mains. The other 40 percent are ancillary projects that I don't disagree they may need replaced, but I'm not sure why they're in this program.
9:52:59 AM	Vice Chairman Cicero - witness Stafford Note: Sacre, Candace	So I don't disagree that a water utility needs to take a holistic approach because, obviously, the infrastructure varies; there's all kinds of materials that go into making a system functional. Not a disagreement. How many years would it take to replace the mains if you took all of this budget, applied it to the projects, replaced the mains, and then went back and replaced some of these things that you thought needed to be done because they're aging or whatever? How many years could you cut off of the main program, a replacement main?
9:53:54 AM	Vice Chairman Cicero - witness Stafford Note: Sacre, Candace	Yeah, I think when the Commission looks at it, I understand you want to replace 6,332 meters. Are those service line meters?
9:54:12 AM	Vice Chairman Cicero - witness Stafford Note: Sacre, Candace	Right, so we have many utilities that are replacing meters right now but trying to do it through an infrastructure improvement project. Some of them are having to do it because their meters just plain don't work. But, for you guys, because we're holding you to kind of a higher standard here, we did give you a program that for an IOU and an investor-owned utility is probably something unusual outside of the gas industry, and we're looking for, I think, you guys to do the operating and maintenance type items and to go ahead and do the main replacement as quickly as possible.
9:54:55 AM	Vice Chairman Cicero - witness Stafford Note: Sacre, Candace	Now, the other Commissioners, I'm sure we'll discuss this after the hearing, and they may have a different viewpoint on that, and Staff may make recommendations, but that would be my suggestion on how to approach this, so I don't know. It seems to me like we're kind of off base, here, on this.
9:55:15 AM	Vice Chairman Cicero Note: Sacre, Candace	But, at any rate, those are all the questions I have.
9:55:18 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Ingram, do you want to do a redirect?
9:55:22 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Yes, Your Honor, I do have some questions. I think it would be helpful if I can share my screen for a couple of these, if I can make that work from a technology perspective. The first thing I want to share is Kentucky-American's existing tariffs. I'm going to try to pull that up, if that's okay.
9:55:40 AM	Vice Chairman Cicero Note: Sacre, Candace	Sure.

9:55:42 AM Atty Ingram Kentucky-American
Note: Sacre, Candace And, Mr. Stafford, you let me know if you can see it, or if anybody can't see it, please let me know.

9:55:54 AM Atty Ingram Kentucky-American
Note: Sacre, Candace Okay, can you all see that tariff?

9:55:57 AM Vice Chairman Cicero
Note: Sacre, Candace We can.

9:56:00 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Redirect Examination. So, Mr. Stafford, just so the record's clear, do I have it blown up large enough that you all can view - can you see the type?

9:56:08 AM Vice Chairman Cicero
Note: Sacre, Candace I can read it.

9:56:10 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, so this is - does this look like to you the front page, the cover page, of Kentucky-American's existing tariff, Mr. Stafford?

9:56:49 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, and so the QIP tariff sheets, you said 48, so there's First Sheet 48, correct?

9:56:58 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace And there's First Sheet 49, correct?

9:57:02 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace And that's the existing tariff, so, at the bottom - well, and then the next sheet is unrelated to QIP, correct, so it's just two pages, is that right?

9:57:12 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace And so the second sheet of the current tariff has a zero percent charge for QIP because this was the tariff sheet that was approved by the Commission the last rate case, and so, of course that number will be zero, and what Kentucky American's asking for now is for that number to be one-point-six-two percent, is that correct?

9:57:32 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, so, going back to the First Sheet 48, I don't mean to belabor the point here, but the tariff sheet does define, where my cursor is, QIP Eligible Utility Plant, is that correct?

9:57:48 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace And so when it's - could you describe the two subcategories of QIP Eligible Utility Plant that are defined there, please?

9:58:39 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, and so, if that is the defined QIP Eligible Utility Plant, do the nine budget line items that you have presented in this QIP case fit within those descriptive categories in your tariff sheet?

9:58:58 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, and then the next thing I wanted to show was a couple of the Data Responses in this case, so I'm going to go to, actually, PSC Question 2-4, and that means the Second Set of Information Requests, Item No. 4, and can you see that on my screen, Mr. Stafford?

9:59:26 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, and do you recall that the Response to this particular Data Request attached to it a Data Response that Kentucky-American provided in the rate case?

9:59:48 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, so here's 2-4. That's the first page of it, there's the second page of it, and there's the third page of it. On the second page, Part B, that's where my cursor is, does that reference the attachment to this Data Response, which is Attorney General Question 1-59 in Kentucky-American's last rate case, 2018-00358?

10:00:14 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace And does it indicate that a copy of that is attached?

10:00:19 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, so I'm gonna flip to that rate case DR that was attached here. There it is, Attorney General's First Request for Information. As you said, the witness is Mr. O'Neill, and it was Question No. 59, is that correct?

10:00:33 AM Vice Chairman Cicero - witness Stafford
Note: Sacre, Candace And so the question asked - could you read the question and the answer provided, please?

10:00:58 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, and so we said, "Please see attached," and I'm not sure that's large enough, but is that the attachment to AG 1-59 in the last rate case?

10:01:10 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, and could you just walk us through kinda what this spreadsheet is showing with a particular emphasis on the projects that Kentucky-American said it would include in the QIP and then the dollars it said it would include in the QIP in the QIP period for 2020 and 2021?

10:03:02 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace And so, for example, what you're showing in this spreadsheet or what Mr. O'Neill showed, there's two line items for B and B2, your main replacements, right, and so these -

10:03:12 AM Atty Ingram Kentucky-American
Note: Sacre, Candace I hope you all can see my cursor. Mr. Vice Chairman, can you see my cursor, what I'm focusing on there?

10:03:18 AM Vice Chairman Cicero
Note: Sacre, Candace Yes, I'm actually looking at it on my paper copy that I have.

10:03:23 AM Atty Ingram Kentucky-American
Note: Sacre, Candace Okay, great.

10:03:24 AM Atty Stafford Kentucky-American - witness Stafford
Note: Sacre, Candace So, if you've got the 2020 column, the 2021 column and you're looking at rows for B and B2, those are your main replacement projected costs that you made in the rate case, correct?

10:03:38 AM Atty Ingram Kentucky-American - witness Stafford
Note: Sacre, Candace And then also you've got the various other line items shown here in the rate case that Kentucky-American has also proposed for inclusion in QIP, and that would include everything from unscheduled main replacement to you Line J, your meter replacement, your (inaudible) equipment, and those kinds of things, and so I guess what I'm just asking you, just a very basic question, is what Kentucky-American has included in the QIP case consistent with what it said it would include in the QIP case back in rate case in response to AG 1-59?

10:04:18 AM Atty Stafford Kentucky-American - witness Stafford
Note: Sacre, Candace Okay, and those categories here, just to go back to the tariff sheet, those categories here, those match up well with the categories of QIP Eligible Plant that exists in Kentucky-American's tariff sheet that we went over a minute ago, is that correct?

10:04:34 AM	Atty Stafford Kentucky-American Note: Sacre, Candace	Okay. I think those are all the questions I have at this time, Mr. Vice Chairman.
10:04:40 AM	Vice Chairman Cicero Note: Sacre, Candace	And I appreciate you pointing that out as Staff has already pointed out to me that that was what was already approved in the 2018 case, and my comments that I made in regard to this being an initial program that we provided for Kentucky-American Water in order to take care of some of the aging infrastructure, and so we would have liked to have had more emphasis on main replacements, and it may be my problem for not understanding what exactly was going to be in the program, even though it's laid out very clearly there, so I'm not going to criticize Kentucky-American Water for what they may have presented.
10:05:22 AM	Vice Chairman Cicero Note: Sacre, Candace	I also believe that, going into the future, we may want to look at this and how much money is spent in each category in order to focus more on the mains than we do on some of the ancillary items.
10:05:33 AM	Vice Chairman Cicero Note: Sacre, Candace	I mentioned the meters. The only meters that get replaced under a surcharge under the small water I'm probably looking at it more from the perspective of looking into the future and how we're going to approach this because obviously the main priority of the Commission is replace infrastructure related to leakage, which is primarily in the mains, is if they're replacing the whole set of meters, and they do it usually through a KIA and some ancillary funding that comes through a surcharge, but, in terms of just regular replacement of meters, a 6,332 - I don't know what percentage that represents, but certainly it's not a whole system meter replacement, and it's being put into this QIP program, and, again, I appreciate the fact that you've pointed out that the tariff and the budget that was presented is exactly what was presented in the prior, so I'm not being critical of Kentucky-American Water for doing what they said they were going to do. I'm probably looking at it more from the perspective of looking into the future and how we're going to approach this because obviously the main priority of the Commission is replace infrastructure related to leakage, which is primarily in the mains,
10:06:35 AM	Vice Chairman Cicero Note: Sacre, Candace	So I'll leave it at that. You presented documents that support what you've presented, and, of course, the Commission is going to look at this part of the program that we look at this year, and then, going forward, we'll look at whatever we're going to do, if we make modifications or whatever, but those are all the comments I have.
10:06:54 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Pinney, do you have any other questions you want to ask?
10:06:57 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	Just a follow-up relating to franchises of Mr. Stafford, but, Mr. Ingram, you might be able to answer it.

10:07:05 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Recross Examination. Mr. Stafford, you said that - when I was asking you about who bore the costs for moving mains with regard to municipals or city governments outside Fayette County, you said that the local franchise agreements may govern that. One of the things that that caused me to do was to check, and we don't have any franchise agreements on file except for Kentucky-American's franchise agreement with Lexington-Fayette County Urban Government. Just as a way, of course, could one of you all please check to see if you do have franchise agreements with other municipalities? And, if so, those need to be on file with the Commission.
10:07:55 AM	Gen Counsel Pinney PSC - witness Stafford Note: Sacre, Candace	Okay, and then, just to clarify, I think we do have one post-hearing data request question coming out of this recent round of questioning, and that would be the supporting documentation or information relating to the meter replacements because, Mr. Stafford, you said that you have that information, you have supporting information for that?
10:08:18 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	All right, thank you. Your Honor, no further questions.
10:08:22 AM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews, do you have anything else?
10:08:26 AM	Commissioner Mathews Note: Sacre, Candace	I don't.
10:08:27 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Mr. Ingram?
10:08:30 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	I just had a quick question about hearing data requests. We've already received one. Is that something that Commission Staff will put in writing and we'll get those later, or do you want us just to take notes and respond by whatever deadline gets set?
10:08:44 AM	Vice Chairman Cicero Note: Sacre, Candace	The Commission Staff will provide a written request. We'll go over at the end of the hearing in case there's other post-hearing data requests, set a date for them to be issued by the parties, and then responses due, and then we'll go from there, okay?

10:09:01 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Okay, and just one more item for Mr. Pinney. I think Mr. Stafford misspoke on franchise agreements, Mr. Pinney. I think, to the best of my knowledge, the only franchise agreement that Kentucky-American has with any municipality is with the City of Lexington. I know that there is, of course, Kentucky-American infrastructure in other municipalities' rights of way, and that has been done, generally, by acquisition agreement. For example, when Kentucky-American purchased the Owenton system, there's an asset purchase agreement that essentially includes the ability for Kentucky-American to have its infrastructure in the Owenton right of way. I do not - I guess my only point on that was that, on a percentage basis, the amount of Kentucky-American infrastructure in municipal right of way other than the City of Lexington or in the state right of way is extremely small, so you're talking about, essentially, Owenton, North Middletown, and a couple of other very small municipalities, and, in fact, for those, most of the time, to my knowledge, Kentucky-American's infrastructure is in state right of way rather than in small municipal roads, so sorry for the long response, but I just wanted to make sure the record is clear on the existence of franchise agreements and why there's only the LFUCG one on file with the Public Service Commission.
10:10:30 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	Okay, and I wasn't being accusatory, Mr. Ingram. It was just curiosity on my part because, as Kentucky-American is wont to grow, this might be an issue - as there's additional plant outside of Fayette County, there might be an issue later on. That's why I was probing around for that.
10:10:47 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Absolutely, and I only give you that response solely because I want the record to be complete and clear and accurate, as you understand, I'm sure.
10:10:54 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	Understood. Thank you very much.
10:10:55 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	No further questions, Your Honor.
10:10:56 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Does anyone else have any questions for this witness?
10:11:01 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay. I think Mr. Stafford can be excused.
10:11:06 AM	Vice Chairman Cicero Note: Sacre, Candace	Do you have any other witnesses, Mr. Ingram?
10:11:08 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	We do. We have Ms. Elaine Chambers.
10:11:12 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, if she could talk so that the camera will go to her -
10:11:21 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Could I ask for a second, would it - I'm not sure how much in the way of questioning there is for Ms. Chambers. Would it make any sense to take a short break and reconvene, or do you want to plow on through, Mr. Vice Chairman? Whatever you'd like to do.
10:11:35 AM	Vice Chairman Cicero Note: Sacre, Candace	If you need a break, we can go till, shall we say, 10:20. Let's go to 10:30. We'll come back at 10:30, okay?
10:11:45 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Thank you, Your Honor.

10:11:46 AM	Vice Chairman Cicero Note: Sacre, Candace	We'll be in recess until 10:30.
10:11:56 AM	Session Paused	
10:29:36 AM	Session Resumed	
10:29:38 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay. We're back in session. Mr. Ingram, do you have another witness?
10:29:50 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	The next and last Kentucky American witness in this case is Ms. Elaine Chambers.
10:29:59 AM	Vice Chairman Cicero Note: Sacre, Candace	Witness is sworn.
10:30:07 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Mr. Ingram, you may ask.
10:30:10 AM	Atty Ingram Kentucky-American - witness Chambers Note: Sacre, Candace	Direct Examination. Ms. Chambers, would you state your full name for the record?
10:30:17 AM	Atty Ingram Kentucky-American - witness Chambers Note: Sacre, Candace	Would you tell us your job title and business address, please?
10:30:31 AM	Atty Ingram Kentucky-American - witness Chambers Note: Sacre, Candace	Ms. Chambers, did you cause to be filed in this docket your written direct testimony on March 2nd, 2020?
10:30:43 AM	Atty Ingram Kentucky-American - witness Chambers Note: Sacre, Candace	And, if I asked you the same questions here, today, that were set forth in that written direct testimony, would your answers be the same?
10:30:52 AM	Atty Ingram Kentucky-American - witness Chambers Note: Sacre, Candace	Ms. Chambers, were you also the identified responsible witness for several of the Data Responses Kentucky-American provided in this case in response to questions?
10:31:04 AM	Atty Ingram Kentucky-American - witness Chambers Note: Sacre, Candace	And, if I asked you those same questions in those Data Requests here, today, would your answers be the same as provided in Kentucky-American's Data Responses?
10:31:14 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Thank you, Ms. Chambers.
10:31:16 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Ms. Vinsel, Ms. Chambers is available for cross examination.
10:31:19 AM	Asst Gen Counsel Vinsel PSC - witness Chambers Note: Sacre, Candace	Thank you, Mr. Ingram.
10:31:20 AM	Asst Gen Counsel Vinsel PSC - witness Chambers Note: Sacre, Candace	Cross Examination. Good morning, Ms. Chambers. How are you?
10:31:26 AM	Asst Gen Counsel Vinsel PSC - witness Chambers Note: Sacre, Candace	Good, good. Let me start out with a question that Mr. Pinney asked Mr. Stafford. Are you able to discuss what controls are in place to ensure that spending on the QIP projects are kept separate from the other capital budget spending?
10:32:07 AM	Asst Gen Counsel Vinsel PSC - witness Chambers Note: Sacre, Candace	I was going to say - and we're talking about the work papers that were filed as an exhibit to your direct testimony, correct?
10:34:50 AM	Asst Gen Counsel Vinsel PSC - witness Chambers Note: Sacre, Candace	Okay, thank you. I'm sorry. I'm checking to make sure that none of my coworkers have asked a further question for that one. It appears not.

10:35:12 AM	Asst Gen Counsel Vinsel PSC - witness Chambers Note: Sacre, Candace	A follow up on one of the Responses to Data Requests, and this is about the retirement ratio. I'm really looking at a comment and hoping to have you expand upon it. Now, let's go back. Can you - let me have you explain rather than me ask a different question. Can you explain exactly what the retirement ratio is?
10:37:07 AM	Asst Gen Counsel Vinsel PSC - witness Chambers Note: Sacre, Candace	Okay. I think, with that, you have answered my question, so I'm gong to move on to a similar piece. The depreciation rates. We know that you proposed a two-point-two-percent depreciation rate. Can you walk us through it? Just like you do with the retirement ratio, explain what it is and how you obtain that number.
10:38:19 AM	Asst Gen Counsel Vinsel PSC - witness Chambers Note: Sacre, Candace	Do you think it's the Excel file you filed in response to PSC 1-13?
10:40:27 AM	Asst Gen Counsel Vinsel PSC - witness Chambers Note: Sacre, Candace	And then, of course, with the knowledge that we've got the balancing mechanism?
10:40:43 AM	Asst Gen Counsel Vinsel PSC - witness Chambers Note: Sacre, Candace	And I've just got one last question, here, and this is in regard to the retirement and removal of aging main. Is the old main physically removed from the ground when a main is replaced?
10:41:32 AM	Asst Gen Counsel Vinsel PSC Note: Sacre, Candace	Okay. I do not have any more questions at this time for Ms. Chambers. Vice Chair, I would ask that, once the cross is completed with Ms. Chambers, that I be allowed to ask Mr. Stafford to see if he has more information he would like to provide to that response.
10:41:51 AM	Vice Chairman Cicero Note: Sacre, Candace	I think we can arrange for that.
10:41:54 AM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews, do you have any questions?
10:42:01 AM	Commissioner Mathews Note: Sacre, Candace	I do not.
10:42:03 AM	Vice Chairman Cicero - witness Chambers Note: Sacre, Candace	Examination. Okay, and I think Ms. Vinsel was very clear in asking her question about this, but, from an accounting perspective, I have to ask it one more time, and, that is, right now, you're using all of these spreadsheets to develop a forecast of estimated depreciation and retirements, is that correct?
10:42:26 AM	Vice Chairman Cicero - witness Chambers Note: Sacre, Candace	But, when you do the actual reconciliation, you will take the assets that have been actually removed and take those retirements out at the actual amounts that are incurred?
10:42:44 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, Mr. Ingram, do you have any redirect?
10:42:50 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	I do not. I had one question of redirect, but it's probably more appropriate for Mr. Stafford, so, if we're going to call him back, I'll just ask him that redirect question.
10:43:01 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Pinney, did you have any questions?
10:43:05 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, all right, so this witness may be excused, and we'd like Mr. Stafford to come back as a witness.
10:43:05 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	No, Your Honor.

10:43:21 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you very much.
10:43:23 AM	Vice Chairman Cicero Note: Sacre, Candace	So, Mr. Stafford, are you there?
10:43:28 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, you're still under oath, so I think Ms. Vinsel had a question for you to start with.
10:43:34 AM	Asst Gen Counsel Vinsel PSC - witness Stafford Note: Sacre, Candace	Recross examination. Good morning, Mr. Stafford, so the question then, to build upon Ms. Chambers' response about when main is removed from the ground, sometimes it's physically removed, and, other times, it's abandoned in place. Could you expand on what goes into the decision for either one?
10:45:12 AM	Asst Gen Counsel Vinsel PSC Note: Sacre, Candace	Thank you very much, Vice Chairman, I have no further questions for Mr. Stafford.
10:45:20 AM	Vice Chairman Cicero Note: Sacre, Candace	Commissioner Mathews, did you have any follow-up you wanted to ask Mr. Stafford?
10:45:24 AM	Commissioner Mathews Note: Sacre, Candace	I don't.
10:45:25 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Ingram, you wanted to do a redirect?
10:45:29 AM	Vice Chairman Cicero Note: Sacre, Candace	Yes, Your Honor, this will just take a second, and I'll share my screen, if that's okay.
10:45:45 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	Redirect Examination. Okay, Mr. Stafford, I know this sounds odd, but this is kind of the way this has developed as this morning has gone. What I'm showing you here, do you recognize this as the cover page of Ms. Chambers' direct testimony in this QIP case?
10:46:01 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	Okay, and then it's a fairly short piece of testimony. I'm going to go all the way to the last page, and this is her Exhibit No. 1 to her direct testimony, and do you recognize that exhibit just based on your familiarity with this case, Mr. Stafford?
10:46:22 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	And this is where Ms. Chambers kind of sets forth the total amount requested in this QIP Application, and, from a revenue requirement standpoint, that would be about one-point-six million, is that correct?
10:46:39 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	So Kentucky-American's asking for about a one-point-six-two percentage amount to be applied, to be used, in the line item charge on customer bills beginning July 1st of this year, is that right?
10:46:51 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	Okay, and then, in your testimony earlier this morning, there was some discussion with Vice Chairman Cicero about the 12-point, kind of four million in gross plant change. That twelve-point-five million number, is that the same number we talked about earlier this morning that I had my cursor on?

10:47:09 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	And so, that twelve-point-five million, that is the number that is derived from all your different budget line items that you spoke to earlier this morning, your main replacement, your Line Item B, which is about seven-point-four million, but then all the other budget line items that you discussed in some of your spreadsheets, correct?
10:47:30 AM	Atty Ingram Kentucky-American - witness Stafford Note: Sacre, Candace	So, if this Commission were to decide, at some point in the future, that it wants Kentucky-American to place more of an emphasis on main replacements rather than on other QIP-eligible plant but still authorize the full amount requested in the case, would your budgeting process allow you to kind of take from one pot and put it in the other, so to speak, and, I guess, to be more exact would it allow you to remove or move money in your projected budget from some of your budget line items that are QIP eligible over to different budget line items that are QIP eligible while still holding true to the total twelve-point-five-million-dollar ask?
10:48:17 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Thank you, Mr. Stafford.
10:48:19 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	That's all I have, Vice Chairman.
10:48:22 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you for that question because I think you're responding to my comments, and, obviously, I don't believe the Commission has any issue with granting spend on a qualified improvement program, but, as I mentioned prior, I would like to see more money spent on main replacement than on some of the other projects that have been identified.
10:48:51 AM	Vice Chairman Cicero Note: Sacre, Candace	And, again, I understand that what Kentucky-American Water did was identify projects that were previously identified in the case that was the rate case of 2018, but what we're looking at maybe, going into the future, is changing some of the emphasis to be more focused on the main replacement, so I appreciate your bringing that up, and I'm just trying to give you an idea where the Commission's focus is when it comes to this infrastructure replacement.
10:49:22 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Thank you, Your Honor, and we just wanted to demonstrate that Kentucky-American can be flexible, and as, Mr. Rowe has stated numerous times with this Commission, we'll do what the Commission directs us to do.
10:49:33 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. I appreciate that.
10:49:35 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Stafford, I think you can be excused as a witness for a final time this time, unless anybody else has any questions.
10:49:43 AM	Vice Chairman Cicero Note: Sacre, Candace	Thank you. Do you have any more witnesses, Mr. Ingram?
10:49:48 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	No, Your Honor.
10:49:50 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so, at this point, I don't believe any exhibits were introduced, so there's no marking of that. The only thing we have is -
10:50:01 AM	Vice Chairman Cicero Note: Sacre, Candace	Mr. Pinney, you had a data request, right?

10:50:05 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	Yes, Ms. Vinsel spoke to Mr. Ingram while you were out of the hearing room. We haven't settled on a date, but she's clarified with him what the contents were.
10:50:18 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so we'll issue a so written request for Staff's post-hearing data request by the 15th of May, okay?
10:50:27 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	Okay.
10:50:29 AM	Vice Chairman Cicero Note: Sacre, Candace	And then, Mr. Ingram, can you have - I think there's only a couple. You can have it back by the 22nd of May?
10:50:36 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Yes, Your Honor.
10:50:38 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, so you're not going to brief this, are you, or are you?
10:50:44 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	What I'd like to do is - the short answer to your question is, no, I don't think so, but what I would like to do before I give you a final answer on that, I'd like to talk to the Kentucky-American team that has worked on this case, some of whom are behind the scenes and not here today, before we have a final decision. I just don't want to commit to not filing a brief without making sure Kentucky-American's okay with that.
10:51:08 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	So if I could have just a day or two to make that decision and let Ms. Vinsel know, I would appreciate that.
10:51:13 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, I'll let you coordinate it with Ms. Vinsel, but I would say that, if you do plan on filing a brief, I'm going to request it by May 29.
10:51:23 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	That's no problem, Your Honor.
10:51:24 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, I guess that would be it unless anybody has anything else?
10:51:30 AM	Gen Counsel Pinney PSC Note: Sacre, Candace	No, Your Honor.
10:51:31 AM	Vice Chairman Cicero Note: Sacre, Candace	Okay, all right, well, thank you very much. This hearing is now adjourned. Thank you.
10:51:48 AM	Session Ended	

*Kentucky-American Water Company
2300 Richmond Road
Lexington, KY 40502

*Elaine K Chambers
Director, Rates and Regulatory
Kentucky-American Water Company
2300 Richmond Road
Lexington, KY 40502

*John Dillon
Kentucky-American Water Company
2300 Richmond Road
Lexington, KY 40502

*Honorable Lindsey W Ingram, III
Attorney at Law
STOLL KEENON OGDEN PLLC
300 West Vine Street
Suite 2100
Lexington, KENTUCKY 40507-1801