

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF AMERICAN	)	
WATER WORKS COMPANY, KENTUCKY-	)	
AMERICAN WATER COMPANY, NEXUS	)	CASE NO.
REGULATED UTILITIES, LLC, AND WATER	)	2025-00171
SERVICE COMPANY OF KENTUCKY FOR	)	
APPROVAL OF THE TRANSFER OF CONTROL	)	
OF WATER SERVICE COMPANY OF KENTUCKY	)	

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

Kentucky-American Water Company (Kentucky-American), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on June 25, 2025. The Commission directs Kentucky-American to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

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<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

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 Kentucky-American obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Kentucky-American fails or refuses to furnish all or part of the requested information, Kentucky-American shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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 applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing 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. Describe the following:

a. Kentucky-American's technical ability and resources to manage and operate the Water Service Company of Kentucky (Water Service Kentucky) water system.

b. Kentucky-American's financial ability and resources to manage and operate the Water Service Kentucky water system, including, but not limited to, available funds, lines of credit, loans, grants, or other financial support.

c. Kentucky-American's management ability and resources to manage and operate the Water Service Kentucky water system.

2. Provide any current notice of violations issued by the Energy and Environment Cabinet (EEC) or the Department of Water (DOW) to Kentucky-American. Provide copies of each outstanding notice of violation and state how the violations will be resolved.

3. Provide documentation of any communications between the Joint Applicants and the EEC or DOW regarding the Joint Application.

4. Provide a copy of Water Service Kentucky's most current balance sheet and income statement for a period ending not more than 90 days prior to the application date.

5. Using Water Service Kentucky's balance sheet provided in response to Item 4, provide the journal entries that Kentucky-American will record to reflect the acquisition of Water Service Kentucky.

6. Explain whether and how Kentucky-American and American Water Works Company (American Water) appraised Water Service Kentucky as a going concern prior to and at the time it entered into the Asset Purchase Agreement.

7. Provide a copy of all studies, reports, or related analyses of appraisals or valuations of Water Service Kentucky as a going concern conducted by or caused to be conducted by Kentucky-American.

8. Provide any acquisition related due diligence communications between Kentucky-American and Water Service Kentucky.

9. Explain how Kentucky-American appraised Water Service Kentucky's assets prior to and at the time it entered into the Asset Purchase Agreement.

10. Refer to the Joint Application, page 6, paragraph 14. It states that Kentucky-American will "serve Water Service Kentucky's customers in accordance with KAWC's existing water service tariff on file with the Commission except that the rates to be charged would remain the same."

a. Explain how Kentucky American's current rate case will affect Water Service Kentucky's customers.

b. If the rates charged to current Water Service Kentucky customers will remain the same, please describe the time frame in which Kentucky-American expects the current Water Service Kentucky customers to fall under Kentucky-American's base rates.

11. Refer to the Joint Application, page 4, paragraph 9. It states that Water Service Kentucky currently has a net utility plant of \$7,7577,458, but Kentucky-American is buying the assets for \$13.671 million.

a. Explain the difference between the total value of Water Service Kentucky's assets and the purchase price allocated to Kentucky-American for the purchase of Water Service Kentucky.

b. Explain how the assets and purchase price will be recorded on Kentucky-American's balance sheet.

c. If Kentucky-American's debt and equity will increase by \$13.671 million, explain how the difference between the purchase price and the net book value of the transferred assets will be removed for ratemaking purposes.

d. Provide the total purchase price between American Water and Nexus Regulated Utilities, LLC and explain how the purchase price was allocated to Kentucky-American.

12. Describe any system improvement projects Kentucky-American has identified within the current Water Service Kentucky system. If any system improvement projects have been identified, explain each project.

13. Provide Kentucky-American's current water loss percentage.

14. Refer to the Joint Application, page 5, paragraph 12. It states that all current Water Service Kentucky employees will be retained. Explain if all Water Service Kentucky employees will maintain their current positions and job duties after the merger is completed.

15. Explain whether Kentucky-American plans to hire additional employees to assist with the operation of the Water Service Kentucky system.

16. Provide copies of any filings or applications regarding proposed merger that have been filed with any additional regulatory agency on behalf of Kentucky-American.

17. Explain how the proposed merger is in the public interest.

18. Describe any efficiencies the merger creates within the Kentucky-American water system.

19. Provide a summary of the proposed Kentucky-American tariff changes should the merger be approved in a redline form to the current tariff.

*Linda Bridwell RP*

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Linda C. Bridwell, PE  
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Public Service Commission  
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DATED JUN 16 2025

cc: Parties of Record

Case No. 2025-00171

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