

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-	)	
AMERICAN WATER COMPANY FOR ISSUANCE	)	CASE NO.
OF INDEBTEDNESS AND CONTINUED	)	2026-00019
PARTICIPATION WITH AMERICAN WATER	)	
CAPITAL CORP.	)	

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 March 4, 2026. 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 person supervising the preparation of the response on behalf of the entity that 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).

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. Refer to the Application, page 6, paragraph 12. Explain the frequency and amounts of equity infusions that Kentucky-American plans to receive from American Water Capital Corporation (AWCC).

2. Refer to the Application, page 6, paragraph 11. Refer also to the Commission's final Order in Case No. 2025-00122.<sup>2</sup> Explain how the proposed financing, and the indicated equity infusions would impact Kentucky-American's capital structure.

3. Provide Kentucky-American's anticipated capital structure once the proposed financing has been completed and any equity infusions have been made.

4. Refer to the Application, page 7, paragraph 11.

a. Identify the major construction projects for which short-term debt is currently being used.

b. For each project, provide a brief description and the amount of short-term debt attributable to that project.

c. From the projects listed in response to Item 4(a), identify which projects currently utilize short-term debt that Kentucky-American expects to refinance with the proposed indebtedness.

5. Refer to the Application, Exhibit 1. Confirm that the cost-allocation methodology under the Financial Services Agreement has not changed since the Commission's most recent approval in Case No. 2024-00018.<sup>3</sup> If unable to confirm, explain the changes.

6. Refer to the Application, page 7, paragraph 13. Clarify whether replacement of the \$26.5 million in maturing debt discussed in paragraph 13 is included within the \$100 million aggregate requested financing authority, or in addition to it.

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<sup>2</sup> Case No. 2025-00122, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky PSC Dec. 16, 2025), Order at 49.

<sup>3</sup> Case No. 2024-00018, *Electronic Application of Kentucky-American Water Company for Issuance of Indebtedness and Continued Participation with American Water Capital Corp.* (filed Jan. 31, 2024), Application, Exhibit 1.

7. Refer to the Application, pages 7–8, paragraph 15, which states that interest rates charged by AWCC shall be at market rates, determined by market conditions at the time of issuance of each series, and that the securities evidencing the long-term indebtedness will be at market or lower than market all-in cost.

a. Confirm whether Kentucky-American or AWCC have set parameters such that the issuance of the proposed financing(s) would be contingent upon reasonable market rates. If confirmed, identify and explain each parameter and explain how Kentucky-American or AWCC will determine if the applicable market rates are reasonable.

b. Explain why it may be in the best interest of Kentucky-American for AWCC to enter into one or more swaps, hedges, or other derivative agreements or arrangements with respect to long-term debt.

c. If financial market interest rates are rising, explain whether these types of arrangements help secure relative lower long-term rates as well as help mitigate interest rate fluctuations.

d. Explain whether AWCC utilizes private placement for its long-term debt and if so, compare and contrast utilizing private placement debt versus using the public markets.

e. In the future, if interest rates fall after Kentucky-American has issued long-term debt, explain whether the long-term debt would be refinanced to cost effectively lock in the lower interest rates and how much of a decline in interest rates would trigger such a refinancing.

8. Refer to the Application, page 8, paragraph 17.

a. Should a third-party offer better competitive financing rates, explain whether Kentucky-American could borrow from or obtain financial services from that third party as opposed through AWCC for up to 100 percent of the proposed financing.

b. Explain how the third-party financing would be secured.

c. If Kentucky-American were to borrow from a third party, explain whether Kentucky-American anticipates it would seek private placement debt or financial institution or bank debt.



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DATED **FEB 17 2026**

cc: Parties of Record

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