

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-	)	
AMERICAN WATER COMPANY FOR AN	)	CASE NO.
ADJUSTMENT OF RATES, APPROVAL OF	)	2026-00094
SYSTEM IMPROVEMENT PROGRAM, AND	)	
TARIFF CHANGES	)	

COMMISSION STAFF'S POST-HEARING 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 no later than October 30, 2026. The Commission directs Kentucky-American to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ 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

¹ 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. Using the most recent 12-month period for which complete data are available, provide calculations of Kentucky-American's water loss percentage both including and excluding the recently acquired systems of Black Mountain Utility District, Livingston Municipal Water Works, and Water Service Corporation of Kentucky. Use the same reporting period for both calculations. Identify the beginning and ending dates of the reporting period and provide all supporting data and calculations.

2. Provide a copy of the 2025 billing data used to support Kentucky-American's revenue projection for the Clinton and Middlesboro service territories in the test year.

3. Refer to Kentucky-American's response to Commission Staff's First Request for Information (Staff's First Request), Item 3, Attachment "KAW_R_PSCDR1_NUM003_052926_Attachment.xlsx."² Refer to the "Meter Charge Calc" Tab, Cells B65 through B75. Refer also to the Hearing Testimony of Charles Rea.³

a. Explain how Kentucky-American's customers benefit from meter charges that exceed the cost of service.

b. Provide the dollar amount and percentage of variable costs each meter charge recovers at proposed rates.

c. Explain why Kentucky-American should not recover variable costs exclusively through volumetric rates.

4. Refer to Kentucky-American's response to Commission Staff's Second Request for Information, Item 60.⁴ Refer also to the Hearing Testimony of William Lewis.⁵ Explain whether Kentucky-American considered the duties of the employees retained or hired in connection with the acquisitions when projecting these expenses. If so, explain how that impacted the projected expense. If not, explain how Kentucky-American expects the expense level would be impacted.

² Kentucky-American's Response to Commission Staff's First Request for Information (filed May 29, 2026), Item 3.

³ Hearing Video Transcript (HVT) of the Oct. 13, 2026 Hearing at 04:36:04–04:36:23.

⁴ Kentucky-American's Response to Commission Staff's Second Request for Information (filed June 26, 2026), Item 60.

⁵ HVT of the Oct. 13, 2026 Hearing at 01:59:40–02:00:41.

5. Refer to the Hearing Testimony of William Lewis.⁶ It is mentioned that the Power and Pumping expenses related to Public Fire hydrant usage are “*de minimis* or negligible.”

- a. Explain how Kentucky-American tracks Public Fire Hydrant usage.
- b. Explain why municipalities would not have to pay for their share of costs of “normal system delivery” as it relates to Public Fire Service.
- c. If available, provide a detailed cost breakdown of Pumping and Power expense related to Public Fire hydrants for the calendar years 2023, 2024, 2025, and up to September of 2026. If not available, explain in detail why the cost of delivery of water to a Public Fire hydrant should not be included in the hydrant fee.

6. Refer to Kentucky-American’s response to Staff’s First Request, Item 3, Attachment “KAW_R_PSCDR1_NUM003_052926_Attachment.xlsx,” Account Detail Tab. Explain how the following expenses relate to Source of Supply. Provide the accounting records with identifiers as they relate to the expenses.

- a. Building and Maintenance
- b. Telecommunication
- c. Postage, Printing and Stationery
- d. Miscellaneous
- e. Rents

7. Refer to Kentucky-American’s response to Staff’s First Request, Item 3, Attachment “KAW_R_PSCDR1_NUM003_052926_Attachment.xlsx,” Summary Tab.

⁶ HVT of the Oct. 13, 2026 Hearing at 01:51:02–01:52:10.

a. Explain the logical reasoning behind allocating Source of Supply expenses to the Sales For Resale class.

b. Provide the total dollar amount of Kentucky River Authority Withdrawal Fees each applicable Sales For Resale customer has been charged for calendar years 2023, 2024, 2025, and up to September of 2026.

c. Explain the relationship between Source of Supply expense and the Kentucky River Authority Withdrawal Fee.

8. Refer to Kentucky-American's response to Staff's First Request, Item 3, Attachment "KAW_R_PSCDR1_NUM003_052926_Attachment.xlsx," Account Detail Tab. Explain how the following expenses relate to Water Treatment. Provide the accounting records with identifiers as they relate to the expenses.

a. Postage, Printing and Stationery

b. Office Supplies and Services

9. Refer to Kentucky-American's response to Staff's First Request, Item 3, Attachment "KAW_R_PSCDR1_NUM003_052926_Attachment.xlsx," Summary Tab. Explain how the demand of the Sales For Resale class impacts the need for water treatment and how it compares with the other rate classes.

10. Refer to Kentucky-American's response to Staff's First Request, Item 3, Attachment "KAW_R_PSCDR1_NUM003_052926_Attachment.xlsx," Summary Tab.

a. Explain what facilities, system components, and water volumes are included in the Storage category, including whether the category accounts for water storage tanks, water contained within distribution mains, or water in transit to wholesale customers' master meters.

b. Explain whether Kentucky-American maintains water storage capacity specifically to serve Sales for Resale customers. If so, identify the storage facilities or capacity dedicated to those customers and explain how the associated costs are allocated.

c. Provide, if available, the test year average of water stored specifically for Sales for Resale use. If not available, explain how the allocation factor related to water storage was determined for Sales for Resale.

d. Explain whether the fluctuation of Sales for Resale demand directly impacts Kentucky-American's need for storage specific to the class.

11. Refer to Kentucky-American's response to Staff's First Request, Item 3, Attachment "KAW_R_PSCDR1_NUM003_052926_Attachment.xlsx."

a. Explain whether the cost to serve Nicholas County and Harrison County and their Sales for Resale contract usage statistics were utilized in the preparation of the class Cost-of-Service Study. If included, provide the amounts separately applicable to their service.

b. Explain whether any other special contracted wholesale customer's cost to serve and usage statistics were utilized. If included, provide the amounts separately applicable to providing service for those identified.

12. Refer to Commission Staff's Fourth Request, item 4. Provide the Kentucky-American contracts for Temporary Help Expense.

13. Refer to the hearing testimony of John Watkins.⁷ Mr. Watkins confirmed that a scheduled debt issuance with an expected start term of September 15, 2026, had

⁷ HVT of the Oct. 14, 2026 Hearing at 10:14:00–10:14:30.

occurred. Provide the amount and terms of the debt issuance. Also, if this debt issuance impacts the figures reflected in Schedule J to the Application, provide an update to Schedule J reflecting the changes resulting from that debt issuance.

14. In the As-Filed version of Schedule J, there were eight items listed as 'Proposed Issuances'.

a. Confirm that the Case No. for the Commission case in which these proposed issuances received Commission approval was Case No. 2026-00019.⁸

b. Confirm whether Case No. 2026-00019 resulted in the approval of debt issuances in an aggregate amount not to exceed \$100 million through December 31, 2027.

c. Confirm that the eight proposed issuances in the As-Filed Schedule J total \$105 million. If confirmed, explain why Kentucky-American included \$5 million of long-term debt in its projections that has not been approved by the Commission. If not confirmed, explain.

15. Refer to Case No. 2026-00019, Application, pages 7-8, paragraph 15, in which Kentucky-American stated that the interest rates charged by American Water shall be market rates, determined by market conditions at the time of issuance of each series.⁹ Refer also to Kentucky-American's Base Period Update, Schedule J. For the proposed issuances included in the updated Schedule J filed with the Base Period Update, explain

⁸ Case No. 2026-00019, *Electronic Application of Kentucky-American Water Company for Issuance of Indebtedness and Continued Participation with American Water Capital Corp.* (Ky. PSC Mar. 27, 2026), Order at 7, ordering paragraph 1.

⁹ Case No. 2026-00019, (filed Jan. 30, 2026), Application at 7–8, paragraph 15.

how the forecasted interest rates were determined. In the response, include whether those interest rates were determined by American Water.

16. Refer to the Mar. 27, 2026 Order in Case No. 2026-00019, page 7, where the Commission noted that Kentucky-American has the continual burden to present sufficient evidence that participating in the American Water Capital Corporation borrowing program is less expensive and more cost-effective than the alternatives.¹⁰ Explain what, if any, benefits of participating in the borrowing program are reflected in the rates requested in this proceeding.

17. Refer to Case No. 2023-00191, in which the Commission put Kentucky-American on notice regarding its increasing common equity ratio.¹¹ Refer also to Case No. 2025-00122, in which the Commission acknowledged the decrease in Kentucky-American's equity ratio since its last base rate proceeding and stated that it expects Kentucky-American to continue to exercise prudent control over the amount of equity that is issued so that it maintains a balanced capital structure.¹² Explain what measures Kentucky-American has taken in its financial planning since the 2023 case to move towards a more balanced capital structure, and what options the company is exploring to continue that trend moving forward.

¹⁰ Case No. 2026-00019, Mar. 27, 2026 Order at 7.

¹¹ Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, a Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Ky. PSC May 3, 2024), Order at 28–29.

¹² Case No. 2025-00122, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Dec. 16, 2025), Order at 49.

18. Refer to the Hearing Testimony of John Magner¹³ regarding construction coordination and pavement restoration with LFUCG and other municipalities. Provide the current construction and restoration plans and supporting cost estimates for the anticipated work, together with any applicable municipal coordination or cost-sharing agreements.

19. Refer to the Hearing Testimony of Linda Schlessman.¹⁴ Provide Kentucky-American's property tax bills for 2025 and 2026.

20. Refer to the hearing testimony of John Magner.¹⁵ Compare the prior QIIP program as well as the general capital expenditures for Kentucky-American for the years 2020 to present and provide the total miles of pipeline replacement for each year.

21. Provide a comparison of projected versus actual capital expenditures by calendar year, for the years 2020 to present. In the response, include a reconciliation of the variances in each year.

22. Provide a comparison of projected versus actual rate base by calendar year, for the years 2020 to present. In the response, include a reconciliation of the variances in each year.

23. Refer to the Rebuttal Testimony of Robert Prendergast, page 18.¹⁶ Explain the criteria used to determine eligibility for severance pay and the amount of severance

¹³ HVT of the Oct. 13, 2026 Hearing at 03:17:35–03:17:59.

¹⁴ HVT of the Oct. 13, 2026 Hearing at 03:37:00–03:39:30.

¹⁵ HVT of the Oct. 13, 2026 Hearing at 03:20:12–03:20:30.

¹⁶ Kentucky-American's Rebuttal Testimony (filed Sept. 16, 2026).

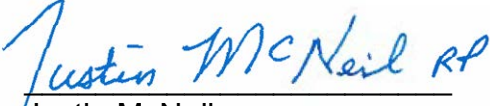
paid, including the criteria applicable to service-company severance expenses allocated or directly charged to Kentucky-American.

24. Refer to the Rebuttal Testimony of Ann E. Bulkley (Bulkley Rebuttal Testimony), Exhibits AEB-2-R through AEB-5-R. For each data source that does not identify the date of the underlying data or the date the data were accessed, provide the missing date or dates. Include the growth rates identified in Exhibit AEB-2-R, notes [5] through [7], and the Value Line betas identified in Exhibit AEB-3-R, note [2]. Provide each Value Line report used in the rebuttal analyses that differs from the reports used in the Direct Testimony of Ann E. Bulkley (Bulkley Direct Testimony).

25. Refer to the Bulkley Rebuttal Testimony, Exhibits AEB-2-R and AEB-3-R. Using the company-level results in those exhibits, provide the mean and median constant growth Discounted Cash Flow (DCF), Capital Asset Pricing Model (CAPM), and Empirical CAPM (ECAPM) results for a water-only proxy group consisting of American States Water Company, California Water Service Group, Middlesex Water Company, and H2O America. Provide the supporting calculations in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

26. Refer to the Bulkley Direct Testimony, page 18, line 18, through page 19, line 5. For each company classified by Value Line as a Water Utility or Natural Gas Distribution Company as of the date of her direct analysis that was excluded from either her direct or rebuttal proxy group, identify the company, the proxy group from which it was excluded, and the screening criterion or criteria supporting its exclusion.

27. Provide the daily 10-year and 30-year Treasury par yields published by the United States Department of the Treasury for the period December 16, 2025, through October 14, 2026, in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible. Identify the source of the data.


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DATED OCT 20 2026

cc: Parties of Record

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