

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

IN THE MATTER OF:

**THE APPLICATION OF KENTUCKY-AMERICAN
WATER COMPANY FOR AN ADJUSTMENT OF
RATES**

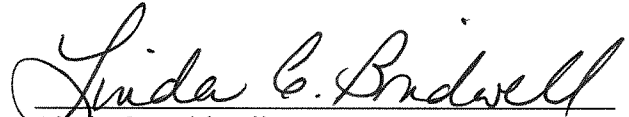
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CASE NO. 2015-00418

CERTIFICATION OF RESPONSES TO INFORMATION REQUESTS

This is to certify that I have supervised the preparation of Kentucky-American Water Company's responses to the Commission Staff's Hearing Data Requests and that the responses are true and accurate to the best of my knowledge, information and belief formed after reasonable inquiry.

Date: 7/26/16



Linda C. Bridwell
Manager of Rates and Regulation
Kentucky-American Water Company

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2015-00418
HEARING DATA REQUEST FOR INFORMATION

Witness: **Linda C. Bridwell**

1. With regard to a customer whose monthly meter charge has been prorated upwards because of a “long read” (meaning that the customer’s billing period has exceeded 35 days), provide the period of time the Company utilizes to determine whether an offsetting credit should be applied to that customer’s bill(s).

Response:

During the research for this data request, we have discovered a gap in our processes that would have ensured all “long bills” were reviewed. As a result, we are working with our customer service center to ensure that Kentucky American is aware of “long bills” each month, and a review process will be completed should a “long bill” be generated for a customer.

The company is in the process of developing a report that would provide the number of “long bills” generated along with the ability to identify the customer. The customer service team would then review the next monthly customer bill generated after the long read, and the 11 previous months of bills (12 months total history) to determine whether an offsetting credit should be applied to the customer’s bill. To ensure all “long bills” are reviewed, the company will provide a manually processed query each month to the Kentucky team to identify any “long bills” until the scorecard is in place. This will begin immediately.

Example:

Customer Doe receives a prorated monthly meter charge on his June bill that was prorated upward because of a “long read” (billing period greater than or equal to 36 days since previous monthly read). In determining whether an offsetting credit should be applied, the Company will wait for the July bill to be issued to see if a prorated “short read” has been generated to provide the offset. If not, the Company will review Customer Doe’s account back to the previous June to review a full year’s history, to see if any other prorated “short read” was generated and provided an offsetting credit. If not, Customer Doe’s bill will be credited to ensure that he has not overpaid the monthly meter service charge (no more than 12 times the appropriate amount for the year).

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2. Provide the number of long reads that have occurred from January 1, 2012 through the most recent month for which information is available. Also provide the total amount of additional charges billed as a result of those long reads, state whether those additional charges were offset by subsequent reduced charges, and the total amount of those reduced charges.

Response:

When a long read or short read is made on an account, meaning a reading is taken outside the 26-35 day typical read window, the resulting bill will include a prorated service charge. Short bills (for reads of less than 26 days) prorate the service charge to be less than the standard charge while long bills (for reads greater than 35 days) prorate to be more than the standard charge. Since January 1, 2012 Kentucky American Water has generated approximately 6,800,000 monthly bills to its customers of which 26,075 included a long or short prorated service charge totaling a net of \$17,366.83 of additional service charges. 15,454 of these were prorated long bills totaling \$44,977.98 of additional service charges but were partially offset by an associated 814 shortbills with \$3,616.13 of reduced charges. The remaining prorated billings were 9,807 shortbills totaling \$23,998.02 of reduced charges that were not related to a long bill to the customer. These additional short bills have occurred as either the result of an initial bill or a final bill. Long bills have generally occurred when due to unexpected operational issues, a the full workload of meters to be read that day is not completed. This might happen due to weather, unexpected absences, or if some of the AMR meter signals are not received by the reading unit while the meter route is being read. In an effort to balance labor expenses, a decision may be made to add the uncompleted meter readings to the workload on the subsequent day rather than estimate those uncompleted meter readings or utilize overtime to read those meters. However, if the workload shifts additionally, a few unread meters may slip into the long read bills.

A summary chart of the billings is included below:

**Summary of Prorated Meter Service Charges
January 2012 - July 2016**

<u>Type</u>	<u>Count</u>	<u>Dollars</u>
Long	15,454	\$ 44,977.98
Short	9,807	\$ (23,998.02)
Short - Offset	814	\$ (3,613.13)
Grand Total	26,075	\$ 17,366.83

As referenced in response to the first and third Hearing Data Requests, Kentucky American Water has identified a gap in our processes. As described in the response to the first and third Hearing Data Requests, we have now instituted a manual process that will ensure all short and long bills are reviewed until a permanent notification trigger is created to automatically flag a short or long bill account for review.

Kentucky American Water will calculate and refund with interest the accounts referenced above for the net amount of the short and long bills that resulted in a customer being charged greater than the standard service charge. This will be completed within 90 days of the filing of this data request, and the PSC will be notified when it is completed

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3. State whether the Company has a written policy regarding the review of prorated monthly meter charges. Provide a copy of any such policy and, if there is no such written policy, provide a narrative of the process the Company utilizes.

Response:

The Company does not have a written policy with regard to reviewing prorated monthly meter service charges.

Currently, the Company has structured its SAP billing system to automatically calculate a pro-rated monthly charge if the meter has been read less than 26 days, or more than 35 days since the last reading. Prior to reaching 35 days, there is a feature in the billing software that will generate an automatic estimated bill based on the prior month's assigned meter reading date. The automatic estimated bill feature can be overridden if the meter is scheduled to be read the next day to minimize estimated bills. However, in researching the response to these requests for information, it has been determined that if the prior month was read early (due to holiday or weekend schedule), the automatic estimation may not occur before the 35 days is exceeded. If a long read should occur without a preceding or subsequent offsetting short bill, the Company will refund the prorated long amount.

The company is working to establish a monthly report that will allow a customer that has received a "long bill" to be identified. This will ensure any customer account receiving a system-generated long-bill with a prorated monthly meter charge will be flagged for review during the next normal billing cycle. The Company will review the next monthly customer bill generated after the long read, and the 11 previous months of bills (12 months total history) to determine whether an offsetting credit should be applied to the customer's bill. If appropriate, a bill credit will be provided to the customer's account to offset any prorated amount from the prior monthly bill that would cause an overpayment of the monthly meter charge.

In the interim until the report is in place, our customer service center will process and provide to the Kentucky team a manual query each month that would identify a customer that received a "long bill". This will initiate the above mentioned process and ensure a timely review.