

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:)
)
THE APPLICATION OF KENTUCKY-AMERICAN) CASE NO. 2015-00418
WATER COMPANY FOR AN ADJUSTMENT OF)
RATES)

**KENTUCKY-AMERICAN WATER COMPANY’S
DATA REQUESTS TO ATTORNEY GENERAL AND LFUCG**

In accordance with the Public Service Commission’s (“Commission”) February 22, 2016 Order, Kentucky-American Water Company (“KAW”) propounds the following data requests upon the Attorney General of Kentucky (“AG”) and the Lexington-Fayette Urban County Government (“LFUCG”). Due to the fact that the AG and LFUCG have jointly sponsored the testimony of Andrea Crane and Randall Woolridge, KAW propounds these data requests in the same joint fashion. AG and LFUCG shall respond to these requests in accordance with the provisions of the Commission’s February 22, 2016 Order and the instructions set forth below.

INSTRUCTIONS

1. In producing documents and things responsive to these requests, AG and LFUCG (collectively, “you”) shall respond in accordance with the requirements set forth in the Commission’s February 22, 2016 Order and the production shall be organized and labeled to correspond with the data requests to which they are responsive, regardless of whether these documents and things are possessed directly by you or by your present or past agents, employees, companies, licensees, representatives, investigators, or attorneys.

2. If the attorney-client privilege or work product immunity is asserted as to any document or thing, or if any document or thing is not produced in full, produce the document or

thing to the extent the request for production is not objected to, and, in so doing, state the following:

- (a) the specific ground(s) for not producing the document or thing in full;
- (b) the basis for such a claim of privilege or immunity and the facts supporting that basis; and
- (c) fully identify the information or material contained within the document or thing for which such privilege or immunity is asserted, including as applicable, the name of any document or thing; its date; the name, address and job title of each author or other person involved in its preparation, each addressee and each person to whom a copy of the document or thing has been sent or received; and the general nature of the document or thing (e.g., memoranda, letter).

3. Where an objection is made to a request, state all grounds upon which your objection is based.

4. If, after exercising due diligence, you are unable to determine the existence of any documents or things falling within a specific request, you shall so state in your written response.

5. With respect to each of the following requests, you shall identify and/or produce all documents which are known to you or which can be located or discovered by you through diligent effort on your part, including, but not limited to, all documents which are in your business, personnel, and/or personal files or those of your present or past employees or contained or stored within a computer in your possession or those of your present or past representatives, attorneys, or accountants, or accessible to you or your present and past employees, or its representatives, attorneys, or accountants.

6. Whenever used herein, the singular shall be deemed to include the plural and the plural shall be deemed to include the singular and the disjunctive shall be deemed to include the conjunctive and the conjunctive shall be deemed to include the disjunctive so as to elicit all information potentially responsive to the request for production.

REQUESTS

1. Please provide the workpapers in Excel format supporting Dr. Woolridge's testimony and exhibits, including the data files that produce the charts/tables provided in either testimony or exhibits. The Excel files should contain the data which produce the charts and tables, not just pictures of images of the charts and tables. All formulas in the Excel files should be intact.
2. Please provide copies of all articles and sources cited in Dr. Woolridge's testimony.
3. Please provide the workpapers in Excel format supporting Ms. Crane's testimony and exhibits, including the data files that produce the charts/tables provided in either testimony or exhibits. The Excel files should contain the data which produce the charts and tables, not just pictures of images of the charts and tables. All formulae in the Excel files should be intact.
4. Please provide copies of all articles and sources cited in Ms. Crane's testimony.
5. At page 8, Ms. Crane states: "While I understand that state law permits the use of a forward-looking Test Period, the use of forecast data does make it more difficult for regulators to assess the reasonableness of a utility's claim."
 - (a) How many public utility commissions in the US use partially or fully forecasted test years to set base rates?
 - (b) Has a utility commission ever abandoned the use of forecasted test years because it was too difficult for regulators to assess the reasonable of a utility's claim? If so, provide the details.
6. Reference Ms. Crane's testimony, page 20 at line 6. Please provide the support or citation with regard to the statement "I understand that the IRS in fact approved the Company's tax deduction for these costs in February 2010."
7. Reference Ms. Crane's testimony, page 23. Ms. Crane states that "[s]ince the Company will be made "whole" for these costs once rate recovery begins, there is no reason to speculate on projected future levels of deferred maintenance costs." Please explain how the Company will be "made whole" for these costs once rate recovery commences? Does this mean that the Company will recover the full amount of these costs?

8. Reference Ms. Crane's testimony, pages 24-29.
 - (a) With respect to pension obligation, does Ms. Crane agree that the minimum pension contribution required by ERISA is not the same as the pension contribution that would be required by the former FAS 87, now ASC 715-30?
 - (b) If a company makes the minimum pension contribution under ERISA, is it not highly likely that the company will be in an under-accrued position under GAAP?
 - (c) If a pension fund is over funded on a GAAP basis, is it not the case that the rate case expense requirement for the fund will be reduced or eliminated, depending on the amount of overfunding?
9. Reference Ms. Crane's testimony, page 41, line 2. Please provide support for the overtime rate of \$40.09 and provide the calculations showing that rate.
10. Reference Ms. Crane's testimony, page 43. Please produce any general or specific studies to support the claim that benchmarking studies produced by Willis Towers Watson or other consulting firms are: "dangerous to the ratemaking process" and "do not objectively report compensation results – they are being used to drive incentive compensation claims across the country."
11. Reference Ms. Crane's testimony, page 43. Please describe how industry benchmarks, which are widely used by utility companies to support their compensation policies, results in a "spiraling of compensation costs as companies that are below the market median attempt to improve their position relative to the utilities at or above the median." What has been the annual trend over the last 5 years to support your claim? Please provide any general or specific studies supporting this claim.
12. Reference Ms. Crane's testimony, page 43. Provide evidence that supports your contention that "benchmarking steadily increases compensation levels for all utility employees to which it is applied, regardless of their actual job performance." Please produce any general or specific studies supporting this claim.
13. If not shown in response to Item 3 of this request, please provide the components, a detailed breakdown and all calculations used by Ms. Crane to derive the \$7,250,675 figure set forth for "Cost of Capital" on Schedule ACC-26.

Dated: May 23, 2016

Respectfully submitted,

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CERTIFICATE

This certifies that Kentucky-American Water Company's electronic filing is a true and accurate copy of the documents to be filed in paper medium; that the electronic filing has been transmitted to the Commission on May 23, 2016; that a paper copy of the filing will be delivered to the Commission within two business days of the electronic filing; and that no party has been excused from participation by electronic means.

STOLL KEENON OGDEN PLLC

Maura H. Braun

By _____

Attorneys for Kentucky-American Water Company