

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ATTORNEY GENERAL’S INITIAL REQUEST FOR INFORMATION

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, and submits this Initial Request for Information to Kentucky-American Water Company (“Kentucky American Water” or “Company”) to be answered by the date specified in the Commission’s Order of Procedure, and in accord with the following instructions:

(1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.

(2) Please identify the witness (es) who will be prepared to answer questions concerning each request.

(3) Please repeat the question to which each response is intended to refer. The Office of the Attorney General can provide counsel for Kentucky American Water with an electronic version of these data requests, upon request.

(4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the

scope of these requests between the time of the response and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or 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.

(6) If you believe any request appears confusing, please request clarification directly from Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded

statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

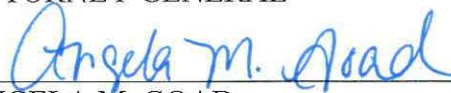
(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) The Attorney General reserves the right to pose additional preliminary data requests on or before the due date specified in the Commission's procedural schedule.

Respectfully submitted,

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1. Reference the Kentucky-American Water Company (“Kentucky American Water” or the “Company”) application generally. Provide all tables and exhibits referenced in or supporting the application and testimony in their native electronic format (i.e. Microsoft Word, Microsoft Excel), with data including formulae in all cells and rows fully intact and fully accessible.
 - a. Provide all relevant and supporting worksheets in electronic format with data including formulae in all cells and rows fully intact and fully accessible.
2. Reference the Kentucky American Water application generally. Provide the average dollar amount that the Kentucky American Water bill is currently for each rate class, and the average dollar amount should the proposed rates go into effect.
3. Reference the Kentucky American Water application generally. Provide all invoices from outside experts, consultants, and legal counsel related to the current rate case, as well as the total amount expended thus far. Provide this information on an ongoing basis.
4. Reference the Kentucky American Water application generally. Provide full copies of the Board of Directors (“BOD”) meeting minutes for every BOD meeting that has taken place from 11/1/2013 up until the present time where rates were discussed.
5. Reference the Kentucky American Water application generally. Provide copies of any and all documents, agendas, meeting notices, and/or annual reports relating to or distributed at any and all meetings with customers between 11/1/2013 and the present time, which address or otherwise discuss the need for a rate adjustment.
6. Reference the Kentucky American Water application generally. Provide copies of any and all documents, correspondences, newsletters, and/or annual reports mailed or provided

electronically to Kentucky American Water's customers from 11/1/2013 up to the present time, which address or otherwise discuss the need for a rate adjustment.

7. Reference the Kentucky American Water application generally. Has Kentucky American Water conducted a study to compare the Company's salary, benefits, and raises per employee with the standard salary, benefits, and raises by the workforce in the counties that it services? If so, provide copies of all such studies. If not, explain why a study has not been performed.
8. Reference the Kentucky American Water application generally. Provide copies of any salary surveys/studies or analysis of prevailing wage and salary amounts or any other documents utilized in the process of determining the amount of compensation for wage and salaried employees.
9. Reference the Kentucky American Water application generally to answer the following:
 - a. Provide a list of each Kentucky American Water salaried employee's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.
 - b. Provide a list of each Kentucky American Water hourly employee's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.
 - c. Provide a list of each Kentucky American Water BOD's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.

- d. Provide a list of each Kentucky American Water officer's job title with salary, overtime if any, percent pay increase for each of the past five years, and also include all benefits, bonuses, awards, etc.
10. Reference the Kentucky American Water application generally. Provide copies of all studies that Kentucky American Water has conducted addressing the impact that the proposed rate design will have on the elderly, low income, fixed income and home bound segments of its ratepayer base. Provide detailed information for each specified group.
11. Reference the Kentucky American Water application generally. Provide the general wage and salary increases that have been given, or will be given, to all Kentucky American Water employees for each year between 2012 - 2017.
12. Reference the Kentucky American Water application generally. Provide the policies and procedures that Kentucky American Water relies upon when making the determination as to providing a wage and/or salary increase to an employee.
13. Reference the Kentucky American Water application generally. Provide a detailed list of each and every raise or bonus that an employee may be entitled to, and whether or not a performance evaluation is the basis for each.
14. Reference the Kentucky American Water application generally. Provide a detailed description of the benefits package that Kentucky American Water offers its employees. Include all benefits including but not limited to health, dental, vision, disability, and life insurance plans, and include all dollar amounts paid by the employee and the employer contribution of the same. Include all relevant premiums, co-pays, deductibles, etc. Also, include 401k benefits, sick time, vacation time, overtime, etc.

15. Reference the Kentucky American Water application generally. Has the Company raised premiums for employees or raised co-pays for doctor visits and/or pharmacy prescriptions in order to assist in keeping the insurance costs as low as possible?
16. Reference the Kentucky American Water application. Provide copies of all presentations made to rating agencies and/or investment firms by American Water Works Company, Inc. (American Water) and/or Kentucky American Water between January 1, 2015 and the present.
17. Reference the Kentucky American Water application. Provide copies of all prospectuses for any security issuances by American Water and/or Kentucky American Water between January 1, 2010 and the present.
18. Reference the Kentucky American Water application. Provide copies of all credit reports for American Water and/or Kentucky American Water between January 1, 2014 and the present from the major credit rating agencies (Moody's, S&P, and Fitch).
19. Reference the Kentucky American Water application. Provide the corporate credit and bond ratings assigned to American Water and/or Kentucky American Water and the other operating utilities of American Water since the year 2010 by S&P, Moody's, and Fitch. For any change in the credit and/or bond rating, provide a copy of the associated report.
20. Reference the Kentucky American Water application. Provide the breakdown in the expected return on pension plan assets for American Water and/or Kentucky American Water. Specifically, provide the expected return on different assets classes (bonds, US stocks, international stocks, etc.) used in determining the expected return on plan assets. Provide all associated source documents and work papers.

21. Reference the Kentucky American Water application generally. Provide all transcripts of American Water/Kentucky American Water shareholder calls for the past three years, where Kentucky American Water was mentioned.
22. Reference the Kentucky American Water application generally. Provide the authorized and earned return on common equity for Kentucky American Water and the other operating utility subsidiaries of American Water over the past five years. Provide copies of all associated work papers and source documents. Provide copies of the source documents, work papers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
23. Reference the Kentucky American Water application generally. Provide copies of the financial statements (balance sheet, income statement, statement of cash flows, and the notes to the financial statements) for American Water and Kentucky American Water for the past two years. Provide copies of the financial statements in both hard copy and electronic (Microsoft Excel) formats, with all data and formulas intact.
24. Reference the Kentucky American Water application generally. For the past ten years provide the dates and amount of:
 - a. cash dividend payments paid to American Water by Kentucky American Water and,
 - b. the cash equity infusions made by American Water into Kentucky American Water.

25. Reference the testimony and schedules of Dr. James H. Vander Weide to answer the following questions:

- a. Provide a copy of Dr. James H. Vander Weide's testimony and appendices in Microsoft Word.
- b. Provide copies of all source documents, articles, cited documents listed in footnotes, regulatory decisions, work papers, and other sources used in the development and preparation of the testimony and appendices of Dr. James H. Vander Weide.
- c. Provide an electronic copy of Schedules 1-9 of Dr. James H. Vander Weide in Microsoft Excel, with all data and equations left intact.
- d. Provide: (1) Microsoft Excel copies of all data, tables, charts, source documents, regression results and statistical tests, and work papers used in the development and preparation of the Schedules of the testimony and appendices of Dr. James H. Vander Weide; and (2) an index with files names and/or page or tab numbers associated with the materials provided in (1). For the Microsoft Excel copies of the data, work papers, regressions, and statistical tests, keep all formulas intact.
- e. With respect to page 19, line 5 to page 6, line 20, line 22, and Appendix 2, provide copies of all theoretical and empirical studies known to Dr. Vander Weide which compare and contrast the quarterly and annual DCF models.
- f. With respect to page 24, lines 10-13, provide: (1) a copy of the updated study by State Street Financial Advisers; and (2) copies of the work papers, data, and analyses used in the updated study. Provide the data in Microsoft Excel format, with all data and formulas in intact.

- g. With respect to page 25, line 3 to page 27, line 2, provide: (1) the total flotation costs (direct expenses as well as market pressure costs) of the equity issued by American Water on behalf of Kentucky American Water over the past five years and/or expected equity issuance in the test year; (2) the flotation costs allocated to Kentucky American Water for each of the past and projected equity issues.
- h. With respect to page 27, lines 9-17, indicate: (1) the water companies eliminated by each of the screens applied to the companies listed in the Value Line Investment Survey; (2) the reason each was eliminated.
- i. With respect to page 30, lines 7-17 indicate: (1) all companies considered as part of the natural gas industry groups; (2) what gas companies were eliminated by each of the screens applied to the companies listed in the Value Line Investment Survey; (3) the reason each was eliminated.
- j. With respect to pages 31-35 and Schedule 3, provide: (1) copies of all source documents, data, and work papers used in Dr. Vander Weide's ex ante risk premium study; (2) an electronic version (Microsoft Excel) of the data used in the analysis, with all data and equations left intact; and (3) copies of the regressions run on the data.
- k. With respect to pages 36-39 Schedules 4, 5, and 6, provide: (1) copies of all source documents, data, and work papers used in Dr. Vander Weide's ex post risk premium study using the S&P 500, (2) the sources of the data items employed, (3) an electronic version (Microsoft Excel) of the data used in the analysis, with all data and equations left intact, and (4) copies of the regressions run on the data.

financings, and other data used to determine the cost rates for short-term debt, long-term debt, and preferred stock; and (3) an electronic version (Microsoft Excel) of Exhibit 37, and Schedules J-1 – J-5 and work papers used to determine the 13-month capitalization amounts and capital costs, with all data and equations left intact.

- d. With respect to Exhibits SWR-2, provide (1) all data, work papers, assumptions, and calculations associated with the short-term interest rates projections; and (2) an electronic version (Microsoft Excel) of Exhibits SWR and work papers used to determine the short-term interest rate projections, with all data and equations left intact.

27. Reference the Kentucky American Water application and state if the “2015” data shown in Exhibit 37K is actual data for 2015 or if it includes some estimated data. If the latter, update the exhibit to reflect actual data for 2015.

28. Reference the Kentucky American Water application generally. Identify all rate base, expense, and/or revenue categories that have an allocation to sewer operations. For each such allocation, identify the amount and percentage allocated to sewer operations in the Base Period and the Test Period, as well as the basis for the allocation factor utilized.

29. Reference the Kentucky American Water application generally. Has the Company filed any information regarding the linkage period, i.e., the period between the end of the Base Period ending April 30, 2016 and the beginning of the Test Period beginning September 1, 2016? If so, identify where in the filing such information can be found.

30. Reference the Kentucky American Water application. Provide the 2016 Annual Business Plan and 2017 Strategic Business Plan used to develop the Base Period and Test Period in this case. If this information has been provided previously, provide the applicable cite.
31. Reference the Kentucky American Water application and update Exhibit 37C, page 2 to reflect actual costs, by category, for each year from 2011-2015.
32. Reference the Kentucky American Water application generally. For each American Water jurisdiction, state if
 - a. if there is an infrastructure replacement program currently in place that provides for recovery between base rate cases,
 - b. if any such recovery is based on projected plant additions (with a subsequent true-up) or is limited to actual plant additions over some period, and
 - c. if the jurisdiction uses a future Test Period based on the first twelve months during which rates will be effective or some other Test Period.
33. Reference the Kentucky American Water application and provide a copy of the December 2014 Report by AUS Consultants referenced on page 8 of Ms. Bridwell's testimony at lines 21-22.
34. Reference the Kentucky American Water application. Has AUS updated the report referenced on page 8, lines 21-22 of Ms. Bridwell's testimony? If so, provide any and all updates to this report.
35. Reference the Kentucky American Water application generally. Is the Company proposing to charge interest on over/under recoveries if its proposed Qualified Infrastructure Program surcharge is approved? If so, what interest rate does the Company propose to utilize?

36. Reference the Kentucky American Water application. Regarding Exhibit 37I, page 5, does the “2015” data shown on this exhibit include actual 2015 data for a full year, or does it contain some estimates? If the latter, update this exhibit to reflect a full year of actual 2015 data.
37. Reference the Kentucky American Water application regarding Exhibit 37I, page 5, and provide the same information for each year from 2006-2010.
38. Reference the Kentucky American Water application generally. Is it correct that Dr. Spitznagel’s model used a 30-year period to determine the relationships between water usage and various variables? If so, state why a 30-year period was selected.
39. Reference the Kentucky American Water application generally. Identify all other American Water jurisdictions that use a 30-year period to determine the relationship between water usage and various variables for purposes of establishing utility rates.
40. Reference the Kentucky American Water application. Provide the forecasted water sales (in volumes) that would result if Dr. Spitznagel had used the following periods to determine the relationship between water usage and various variables, and provide all calculations and supporting workpapers with your response:
 - a. 5 years,
 - b. 10 years,
 - c. 15 years,
 - d. 20 years, and
 - e. 25 years.
41. Reference the Kentucky American Water application generally. What percentage of the Company’s water sales are weather sensitive?

42. Reference the Kentucky American Water application generally. For each category of miscellaneous revenue, provide the actual revenue received in each of the past five years, as well as the miscellaneous revenues projected for the Base Period and the Test Period.
43. Reference the Kentucky American Water application generally. Does the Company have any contracts related to antenna leases? If so, for each such contract, provide:
- a. the actual revenues received by contract, in each of the past five years,
 - b. the Base Period and Test Period claims included in the filing, and
 - c. a description of any contractual increases in 2016 or 2017.
44. Reference the Kentucky American Water application generally. Provide, for each of the past five years, the total amount paid to Towers Watson by American Water and its subsidiaries and affiliates. For each year, provide the total amount incurred as well as the amount, if any, allocated to Kentucky operations.
45. Reference the Kentucky American Water application generally. Provide, for each of the past five years, the total amount paid to Towers Watson directly by Kentucky American (not allocated from other entities) for work done on Kentucky American's behalf.
46. Reference the Kentucky American Water application generally. Did Towers Watson include in its study any analysis regarding the extent to which incentive compensation costs paid by the companies in its study are included in regulated utility rates and recovered from ratepayers? If so, provide the results of that analysis.
47. Reference the Kentucky American Water application generally. Identify all criteria used to award Long Term Performance Plan ("LTTP") incentive payments a) in each of the past three years, b) for the Base Period, and c) for the Test Period.

48. Reference the Kentucky American Water application generally. Identify all criteria used to award Annual Performance Plan (“APP”) incentive payments:
- a. in each of the past three years,
 - b. projected for the Base Period, and
 - c. projected for the Test Period.
49. Reference the Kentucky American Water application generally. Itemize all incentive compensation costs allocated from American Water and/or other affiliates that are included in the Company’s claim. Provide this information separately for the Base Period and the Test Period.
50. Reference the Kentucky American Water application generally. Provide the date(s) when the Company first offered incentive compensation and explain why Kentucky American Water did not previously request recovery in rates.
51. Reference the Kentucky American Water application generally. Describe any changes to employee or office incentive programs over the past five years or that are projected for the future.
52. Reference the Kentucky American Water application generally. Identify and quantify all officer compensation by component, including incentive awards and bonuses, paid in each of the past three years and indicate the portion of each component that is included in the Company’s proposed revenue requirement. Also identify, by title, the officers whose compensation is included in this response. Include both Kentucky American Water officers as well as officers of affiliates whose costs are allocated to Kentucky American Water in your response.

53. Reference the Kentucky American Water application generally. Identify all compensation, bonuses, and benefit costs included in the Company's claim relating to:
- a. the Kentucky American Water Board of Directors, and
 - b. Board of Directors' costs allocated from American Water and/or other subsidiaries.
54. Reference the Kentucky American Water application. Provide the budgeted and actual number of employee positions for each month from January 1, 2013 through the latest month available.
55. Reference the Kentucky American Water application generally. Itemize the amounts included in the Base Period and Test Period for positions that were vacant at the end of the Base Period.
56. Reference the Kentucky American Water application generally. Provide the actual overtime hours in each of the past three years, as well as the hours assumed in the Base Period and Test Period in the filing.
57. Reference the Kentucky American Water application generally. Provide the basis for the 4% increase assumed for non-OPEB insurance costs, as discussed on page 8 of Mr. Petry's testimony.
58. Reference the Kentucky American Water application generally. Identify all benefits that vary depending upon the date of hire of the employee, and describe how the various benefits vary depending on hire date.
59. Reference the Kentucky American Water application generally. Provide a job description for each new position added since the Company's last water base rate case.

60. Reference the Kentucky American Water application generally. Provide the total amount of severance expenses incurred in each of the past three years, and identify any severance costs included in the Base Period and/or Test Period in this case.
61. Reference the Kentucky American Water application generally. Provide the total relocation expenses in each of the last three years and as projected for the Base Period and Test Period.
62. Reference the Kentucky American Water application generally. For each of the past five years, provide the following:
 - a. the actual pension cost booked by the Company, and
 - b. the amount of any contributions to the pension fund.
63. Reference the Kentucky American Water application generally. For each of the last five years provide the following:
 - a. the actual post-retirement benefit cost booked by the Company,
 - b. the amount of any contributions to a post-retirement benefit fund, and
 - c. the amount actually paid out in OPEB benefits.
64. Reference the Kentucky American Water application generally. Fully describe any non-qualified retirement benefits whose costs are included in the Company's claim, and include both costs that are directly incurred by Kentucky American Water as well as costs allocated to the Company:
 - a. identify the Base Period and Test Period costs included in the Company's filing,
 - b. state how the Company's claims were determined, and
 - c. identify the individuals eligible for such benefits.

65. Reference the Kentucky American Water application generally. Identify all entities from whom Kentucky American Water purchases water. For each such entity provide:
- a. the volume of water purchased in each of the last five years,
 - b. the volume of water anticipated to be purchased in the Base Period and the Test Period,
 - c. identify any required minimum annual purchases, and
 - d. the current purchased water rate.
66. Reference the Kentucky American Water application generally. Provide a copy of all purchased water contracts for which costs are included in the Company's claim.
67. Reference the Kentucky American Water application generally. Provide the percentage of non-revenue water in each of the past ten years, and as projected for the Base Period and the Test Period.
68. Reference the Kentucky American Water application generally. What is the Company's target for non-revenue water?
69. Reference the Kentucky American Water application generally. Regarding page 15, lines 6-13 of Ms. Bridwell's testimony, provide the underlying assumptions and calculations showing how the fuel and power adjustments were calculated. Include all supporting calculations in excel (if available). If this information has been provided previously, identify the specific page references where such information can be found.
70. Reference the Kentucky American Water application. Regarding page 15, line 18 to page 16, line 4 of Ms. Bridwell's testimony, provide the underlying assumptions and calculations showing how the chemical expense adjustments were calculated. Include all

excel files (if available). If this information has been provided previously, identify the specific page references where such information can be found.

71. Reference the Kentucky American Water application generally. Provide, for each of the past five years, the volume of water sold, volume of each chemical utilized, kwhs of electricity utilized, and volume of fuel utilized.
72. Reference the Kentucky American Water application. Describe the “need to begin removing waste from the KRS II intake structure beginning in 2016” as referenced on page 16, lines 9-10 of Ms. Bridwell’s testimony, and state why this was not previously required.
73. Reference the Kentucky American Water application generally. Provide the waste disposal costs in each of the past five years. Include both the volume of waste removed as well as the annual removal costs.
74. Reference the Kentucky American Water application generally. Provide the underlying assumptions and calculations showing how the estimated waste removal costs for KRS II were determined.
75. Reference the Kentucky American Water application generally. For each entity included in contract services, provide the actual costs incurred in each of the past five years.
76. Reference the Kentucky American Water application generally. Identify any anticipated changes in contract services for the Base Period and Test Period relative to prior periods.
77. Reference the Kentucky American Water application. Regarding page 16, lines 21-22 of Ms. Bridwell’s testimony, explain the reasons for the “expected increases in security costs, trash removal, janitorial expense and grounds keeping” and provide all supporting assumptions, workpapers, and calculations showing how the underlying forecast was

determined. Include all excel files. If this information has been provided previously, identify the specific page references where such information can be found.

78. Reference the Kentucky American Water application, and for each entity included in building maintenance and services category per page 16, lines 16-22 of Ms. Bridwell's testimony, provide the actual costs incurred in each of the past five years.
79. Reference the Kentucky American Water application generally. Regarding page 17, lines 1-4 of Ms. Bridwell's testimony, explain the reasons for the expected increases in telecommunications expenses and provide all supporting assumptions, workpapers, and calculations showing how the underlying forecast was determined. Include all excel files. If this information has been provided previously, identify the specific page references where such information can be found.
80. Reference the Kentucky American Water application generally. Provide the actual costs incurred in each of the past five years for telecommunications expenses.
81. Reference the Kentucky American Water application generally. Regarding page 17, lines 5-7 of Ms. Bridwell's testimony, explain the reasons for the expected increases in postage, printing and stationary expenses and provide all assumptions, supporting workpapers, and calculations showing how the underlying forecast was determined. Include all excel files. If this information has been provided previously, identify the specific page references where such information can be found.
82. Reference the Kentucky American Water application generally. Provide the actual costs incurred in each of the past five years for postage, printing, and stationary expenses.
83. Reference the Kentucky American Water application. Regarding page 17, lines 8-11 of Ms. Bridwell's testimony, explain the reasons for the expected increases in each category

of other supplies and services expenses and provide all supporting assumptions, calculations, and workpapers showing how the underlying forecast was determined. Include all excel files. If this information has been provided previously, identify the specific page references where such information can be found.

84. Reference the Kentucky American Water application. Regarding page 17, lines 8-11 of Ms. Bridwell's testimony, provide the actual costs incurred in each of the past five years for each category included in other supplies and services.
85. Reference the Kentucky American Water application generally. Identify each software license. For each such license, provide the current term of the license, the current annual cost of the license, and the cost increases expected during the Base Period and Test Period. For each such increase, state if the increase is contractual pursuant to the current license agreement.
86. Reference the Kentucky American Water application. Regarding page 17, lines 16-22 of Ms. Bridwell's testimony, explain the reasons for the expected decrease in miscellaneous expenses and provide all supporting assumptions, calculations, and workpapers showing how the underlying forecast was determined. Include all excel files. If this information has been provided previously, identify the specific page references where such information can be found.
87. Reference the Kentucky American Water application generally. Provide the actual costs incurred in each of the past five years for miscellaneous expenses.
88. Reference the Kentucky American Water application. Provide the actual costs incurred in each of the past five years for rent expense, per page 18, lines 1-4 of Ms. Bridwell's testimony.

89. Reference the Kentucky American Water application generally. Identify all vehicles included in the Company's transportation expenses. For each such vehicle, identify when the vehicle was acquired, the make and model, the purpose of the vehicle, and whether the vehicle is leased or owned.
90. Reference the Kentucky American Water application generally. Provide the actual costs incurred in each of the past five years for transportation expense.
91. Reference the Kentucky American Water application generally. Does the Company have a bad debt reserve? If so, provide, for each of the past five years as well as for the Base Period and Test Period, the beginning balance in the reserve, the amount added to the reserve, the amounts written off, and the ending balances. Include an excel file with your response.
92. Reference the Kentucky American Water application generally. Provide, for each of the past three years:
- a. the amount of bad debts written-off,
 - b. the amount of bad debts written off that were subsequently recovered,
 - c. the amount of any additions to a bad debt reserve, if applicable, and
 - d. the total revenues from water sales.
93. Reference the Kentucky American Water application generally. Itemize the customer accounting expenses included in the filing. For each category, provide the actual expenses in each of the past five years.
94. Reference the Kentucky American Water application. Provide all supporting assumptions, workpapers, and calculations underlying the forecast for customer

accounting expenses, as discussed on page 18, beginning at line 21, of Ms. Bridwell's testimony.

95. Reference the Kentucky American Water application generally. Did Kentucky American Water incur fees for credit card payments in the Base Period? If so, identify such fees and state the number of credit card payments in the Base Period as well as the projected percentage of credit card payments that the Company expects in the Test Period.
96. Reference the Kentucky American Water application generally. Itemize the estimated rate case costs for this proceeding and state how each component of the rate case cost claim was determined.
97. Reference the Kentucky American Water application generally. Identify any regulatory commission expenses included in the Company's proposed revenue requirement, other than costs associated with the current rate case.
98. Reference the Kentucky American Water application generally. For each of the past three Kentucky American Water rate case filings, provide:
 - a. filing date,
 - b. test year,
 - c. the amount of the increase requested,
 - d. the percentage increase requested,
 - e. the amount and percentage of increase granted,
 - f. the average residential bill amount before and after the rate increase,
 - g. the average residential percentage bill increase,
 - h. whether the case was litigated or settled,
 - i. the total rate case costs incurred, and

- j. the effective date of new rates.
99. Reference the Kentucky American Water application generally. Provide a copy of all contracts with consultants or other third parties for rate case services claimed in this filing.
100. Reference the Kentucky American Water application generally. Provide copies of all Requests for Proposal issued by or on behalf of Kentucky American Water with regard to the provision of rate case services in this case.
101. Reference the Kentucky American Water application generally. Provide all supporting assumptions, calculations, and workpapers for the Company's claim for Insurance Other Than Group, discussed on page 19, lines 14-22 of Ms. Bridwell's testimony.
102. Reference the Kentucky American Water application generally. Provide, separately by general liability, workers compensation and property insurance, the actual costs incurred in each of the past five years.
103. Reference the Kentucky American Water application generally. Provide all supporting assumptions, workpapers, and calculations for the maintenance, supplies and services expenses of \$2,215,590 per page 20, lines 1-4 of Ms. Bridwell's testimony, and state if labor is included in these costs.
104. Reference the Kentucky American Water application generally. Provide, for each of the past five years, the actual the maintenance, supplies and services expenses incurred by the Company.
105. Reference the Kentucky American Water application generally. Provide the amount of expenses for memberships and dues included in the filing indicating the organization paid and the employees who participate (union, management, directors, etc.). Include both

costs that are directly incurred by Kentucky American Water as well as costs allocated to the Company.

106. Reference the Kentucky American Water application generally. For each entity for which dues and membership expenses are included in the filing, identify any portion of dues or membership fees that are directed toward lobbying activities by the organization.
107. Reference the Kentucky American Water application generally. Provide the amount of meals expenses included in the Test Period that are not deductible in the Company's income tax return.
108. Reference the Kentucky American Water application generally. Provide the pro forma Test Period depreciation expenses if the current depreciation rates had been utilized. Include an excel file with the Company's Test Period plant, by account, its current depreciation rates, and the resulting annual depreciation expense.
109. Reference the Kentucky American Water application generally. State if Kentucky American Water utilized the proposed new depreciation rates to develop both its Base Period claim and its Test Period claim.
110. Reference the Kentucky American Water application generally. Itemize all costs charged to Kentucky American Water by affiliates (including the Service Company) in each of the past three years, and as projected for the Base Period and Test Period. Provide this information by department or activity. For each year, separately identify the costs that were a) directly charged to Kentucky American Water and b) allocated to Kentucky American Water based on an allocation factor.
111. Reference the Kentucky American Water application generally. Provide the following:

- a. identify all non-regulated services provided by Kentucky American Water in each of the past three years, as well as for the Base Period and Test Period
 - b. identify all costs associated with the provision of these non-regulated services, and
 - c. state how such costs are reflected in the Company's filing.
112. Reference the Kentucky American Water application generally. Regarding the property tax adjustment discussed on pages 24-25 of Ms. Bridwell's testimony, provide the underlying calculations and workpapers used to develop her property tax expense of \$5,440,027. Include the excel file(s) supporting the Company's claim.
113. Reference the Kentucky American Water application generally. Provide, for each of the past five years as well as for the Base Period and Test Period:
- a. the total assessed property value,
 - b. the average property tax rate,
 - c. the total property taxes paid, and
 - d. any refunds of taxes paid.
114. Reference the Kentucky American Water application. Provide support for the average PSC fee rate of .1901% referenced on page 25, line 10 of Ms. Bridwell's testimony.
115. Reference the Kentucky American Water application. Provide support for the Taxes and Licenses adjustment of \$9,691 per page 25, line 15 of Ms. Bridwell's testimony.
116. Reference the Kentucky American Water application generally. Does Kentucky American Water file its income taxes as part of a consolidated income tax group? If so, provide a list of all companies included in the consolidated income tax return of which Kentucky American Water is a member.

117. Reference the Kentucky American Water application generally. For each company listed in the response to the previous question:
- a. state if the company is regulated or non-regulated, and
 - b. provide a brief description of the services provided by each company.
118. Reference the Kentucky American Water application generally. If the Company files its taxes as part of a consolidated group, provide a copy of the tax sharing agreement that determines how payments of each entity to the parent company are determined.
119. Reference the Kentucky American Water application generally. If the Company files a consolidated income tax return, provide the taxable income or tax loss incurred by each company included in the consolidated income tax return of which Kentucky American Water was a member for each of the past ten years.
120. Reference the Kentucky American Water application generally. If the Company files a consolidated income tax return, provide, for each of the past ten years, the actual income taxes paid by the consolidated group to the IRS.
121. Reference the Kentucky American Water application generally. If the Company files a consolidated income tax return, provide, for each of the past ten years:
- a. the federal income taxes booked by Kentucky American Water, and
 - b. the amount of any payment made by Kentucky American Water to the parent company or other entity relating to the tax sharing agreement among members of the consolidated group.
122. Reference the Kentucky American Water application generally. If the Company files a consolidated income tax return, state the amount paid to each loss company by the parent or other subsidiary in each of the past ten years in compensation for tax losses incurred

by that member, as well as the total payments made to members by the consolidated group.

123. Reference the Kentucky American Water application generally. If the Company files a consolidated income tax return, quantify the amount of any tax loss carryforward currently available to the consolidated group, and identify the period(s) over which these tax loss carryforwards are available to be used by the consolidated group.

124. Reference the Kentucky American Water application generally. Provide the amount of income taxes that the consolidated group, as well as Kentucky American Water, expects to pay to the IRS for 2015, 2016, and 2017. Provide supporting calculations with your response.

125. Reference the Kentucky American Water application generally. Has the Company included an NOL adjustment in its deferred income tax reserve claim? If so, quantify the NOL adjustment and provide all supporting workpapers and calculations.

126. Reference the Kentucky American Water application. Identify the amount of the FIN 48 liability, if any, included in the Company's rate base claim and state if the entire liability is related to the change in the accounting method for repairs and maintenance costs.

127. Reference the Kentucky American Water application. Provide a narrative update regarding the status of any outstanding tax issues for which a FIN 48 liability has been included in the Company's rate base claim.

128. Reference the Kentucky American Water application generally. For each of the past five years and as projected for the Base Period and the Test Period, provide the Alternative Minimum Tax (if any) paid by the Company and/or the Consolidated Income Tax Group.

129. Reference the Kentucky American Water application generally. Provide calculations supporting the Company's AFUDC rate for each month of the Base Period and Test Period.
130. Reference the Kentucky American Water application generally. Does the Company include short-term debt in its AFUDC calculation? If not, explain why short-term debt is not included.
131. Reference the Kentucky American Water application generally. Identify any plant held for future use included in the Company's rate base. For each such plant asset, include:
- a. the date that the asset was acquired,
 - b. a description of the asset and its eventual use,
 - c. the date by which the asset is expected to be put into service, and
 - d. a description of any current activities relating to preparing the asset to enter utility service.
132. Reference the Kentucky American Water application generally. Provide a five-year history of gains and losses of asset dispositions and state how such gains/losses are reflected for ratemaking purposes.
133. Reference the Kentucky American Water application generally. For each of the past ten years, provide the capital expenditures approved by the Board of Directors and the actual capital expenditures. Provide this information separately by:
- a. normal recurring construction,
 - b. construction projects funded by others, and
 - c. major investment projects.

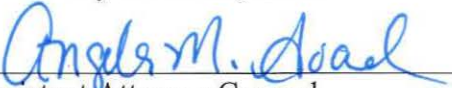
134. Reference the Kentucky American Water application generally. For the Base Period and the Test Period, identify the forecasted rate base additions, separately by:
- a. normal recurring construction,
 - b. construction projects funded by others, and
 - c. major investment projects.
135. Reference the Kentucky American Water application and update Exhibit 37B, pages 53 and 54, to include:
- a. actual data for December 31, 2015 and
 - b. actual data for the latest month available.
136. Reference the Kentucky American Water application generally. Provide the actual net cost of removal incurred by the Company in each of the past five years.
137. Reference the Kentucky American Water application generally. Regarding page 22, lines 4-6 of Ms. Bridwell's testimony, identify all amortizations included in the Company's filing. For each such amortization, provide:
- a. the total amount of the amortization approved,
 - b. a cite to the Order approving the amortization,
 - c. the beginning and ending dates of the amortization, and
 - d. the annual amortization expense.
138. Reference the Kentucky American Water application generally. Provide the actual balance for Contributions in Aid of Construction at December 31st for each of the past five years.
139. Reference the Kentucky American Water application generally. Provide the actual balance for Advances for Construction at December 31st for each of the past five years.

140. Reference the Kentucky American Water application generally. Identify all components of the Company's claim for deferred debits. For each such component, provide a cite to a Commission order authorizing the inclusion of the deferred debit in rate base.
141. Reference the Kentucky American Water application generally. Regarding the Other Rate Base components discussed on page 32, lines 1-5 of Ms. Bridwell's testimony, describe the deferred compensation and accrued pensions included in the Company's rate base claim and state how the monthly amounts of deferred compensation and accrued pensions are determined.

Certificate of Service and Filing

Counsel certifies that the foregoing is a true and accurate copy of the same document being filed in paper medium; that the electronic filing has been transmitted to the Commission on March 7, 2016; that there are currently no parties that the Commission has excused from participation by electronic means in this proceeding; and that an original of the foregoing is being filed with the Commission on March 8, 2016,

this 7th day of March, 2016.



Assistant Attorney General