

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
KENTUCKY-AMERICAN WATER)	CASE NO. 2018-00358
COMPANY FOR AN ADJUSTMENT)	
OF RATES)	

ATTORNEY GENERAL'S SUPPLEMENTAL DATA REQUESTS

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention (“Attorney General”), and submits these Supplemental Data Requests to Kentucky-American Water Company (hereinafter “KAWC” or the “Company”) to be answered by March 1, 2019, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (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 undersigned 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, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(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 regardless of the media or format in which they are stored, 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) 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) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

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1. Reference the Excel spreadsheet attachment to the Company's response to AG 1-7.
 - a. Confirm that the payroll *expense* is the net of labor, labor CWIP, and labor RWIP shown on this schedule. If not, then provide a schedule comparable to that provided in response to AG 1-7, but reflects *expense* only.
 - b. Unlike the offset to labor costs for CWIP and RWIP, there does not appear to be similar offsets to the related employee benefits costs. Explain why there are no offsets. If the Company does not capitalize a portion of the employee benefits, explain why it does not do so. If the Company does capitalize a portion of the employee benefits, then provide a schedule, comparable to that provided in response to AG 1-7 that provides total cost for each employee benefits, the offsets to CWIP and RWIP, and the remaining net expense.
2. Reference the Direct Testimony of Mr. Kevin Rogers ("Rogers Direct") at page 21, lines 8-26.
 - a. Confirm that line locate costs are reimbursed by the governmental authority(ies). If confirmed, then describe the accounting for the reimbursements, i.e., revenues or negative expenses, and describe where the Company has included the increase in reimbursements in the test year compared to the base year. If not confirmed, then explain why these costs are not reimbursed by the governmental authority(ies).
 - b. Provide a monthly history of the Company's line locate costs and the reimbursements by FERC account from January 2015 through the most recent month for which actual information is available and for each month in the base period and in the test year and each of the intervening months between the base period and the test year.
 - c. Describe the line locate process, including the role and use of the Company's GIS and digitized mapping system(s).
 - d. Describe what effect additional line locate positions will have on the "overtime" and "heavier work load." In addition, provide a quantification of overtime and other savings due to the proposed additional line locate positions, including all assumptions, data, workpapers, and business case analyses and/or studies relied on to justify the additional line locate positions and/or the quantification of savings reflected in the test year.
 - e. Confirm that more line locates result in fewer damage incidents and lower repair and maintenance expense due to the avoided damage to the Company's utility plant.

3. Reference Rogers Direct at page 22, lines 1–3.
 - a. Does this activity result in the relocation of the Company's lines and services? If so, confirm that relocation costs are reimbursed by the governmental authority(ies). If confirmed, then describe the accounting for the reimbursements, i.e., revenues or negative expenses, and describe where the Company has included the increase in reimbursements in the test year compared to the base year. If not confirmed, then explain why these costs are not reimbursed by the governmental authority(ies).
 - b. Provide a monthly history of the Company's line relocation costs and the reimbursements by FERC account from January 2015 through the most recent month for which actual information is available and for each month in the base period and in the test year and each of the intervening months between the base period and the test year.
 - c. Describe the line relocation process, including the role and use of the Company's GIS and digitized mapping system(s).
4. Reference Rogers Direct at page 25, line 7 through page 26, line 4. Quantify the reductions in expense due to each of the activities described, including the addition of two employee positions and a contractor position to improve "real losses" and indicate where the Company has reflected these savings in the test year compared to the base period. Provide all assumptions, data, workpapers, and business case analyses and/or studies relied on to quantify these savings and to justify the additional employee and contractor positions.
5. Reference the Direct Testimony of Mr. Nick O. Rowe ("Rowe Direct") at page 16, lines 11–14, wherein he states:

With Kentucky-American being among the last of American Water's regulated subsidiaries without a mechanism to achieve timely recovery of its investment in accelerated infrastructure replacement, it is at a significant disadvantage to attract discretionary capital allocations from American Water as compared to its affiliates.

 - a. Explain this statement, e.g., indicate whether capital allocations from American Water are inadequate and will remain inadequate without a QIP-type mechanism. Provide all support for this proposition, including any indications that the capital allocations from American Water are insufficient to meet customer needs in a reliable and cost-effective manner.
 - b. Confirm that the absence of a QIP does not relieve the Company of its obligation to make prudent and timely capital expenditures necessary to provide reliable and cost-effective service.

- c. Confirm that the absence of a QIP does not preclude the Company from making prudent and timely capital expenditures necessary to provide reliable and cost-effective service.
 - d. Confirm that the only purpose of a QIP is to accelerate the timing of recovery of capital expenditures incurred after the forecast test year and prior to the forecasted test year in the Company's next base rate case. If this is not correct, then explain why it is not correct and provide a correct statement.
 - e. Confirm that a QIP should result in a reduction in the required return on equity due to lower financial and regulatory risk, all else equal. If this cannot be confirmed, then explain why this statement is not correct and provide a correct statement.
6. Reference the Direct Testimony of Ms. Melissa L. Schwarzell ("Schwarzell Direct") at page 4, lines 11–12 and page 48, lines 11–15. Provide each of the North Middleton revenues and costs (expense and rate base components) included in the forecast test year costs and identify where each such revenue and cost is reflected in the calculation of the test year revenue requirement.
 7. Reference Schwarzell Direct at page 9, footnote 2 and page 48, lines 6–10. Describe the February 2018 Eastern Rockcastle Acquisition. In addition, provide the customer counts at time of acquisition, purchase price, rate base added, and estimated annual revenues and operating expenses at time of acquisition.
 8. Reference Schwarzell Direct at page 11, lines 14–17. Provide the actual Trane revenues in 2015, 2016, 2017, and 2018 by tariff, and the forecast revenues by tariff that would have been included in the 2019 and 2020 budgets/forecasts if Trane had not announced the Lexington plant closing. Provide all support, including billing determinants, tariff rates, and the calculations of the 2019 and 2020 revenues.
 9. Assuming that rates are reset in this proceeding on or about July 1, 2019, describe the Company's proposal with respect to the revenues it receives from the Lexington Trane plant until it actually is closed and service is discontinued.
 10. If given the choice, would the Company prefer to 1) have the Lexington Trane plant revenues reflected as a reduction to the revenue requirement and then defer the lost revenues as a regulatory asset after the plant is closed or 2) exclude the revenues from the revenue requirement and then defer the actual revenues as a regulatory liability until the plant is closed or the meter is removed. Explain any response.
 11. Provide a schedule of ADIT by FERC account/subaccount and by temporary difference at December 31, 2017, each month during 2018 and forecast for each month thereafter through June 2020, the end of the test year. Provide all calculations, including electronic workpapers in live format with all formulas intact. This request includes all separate calculations that may feed into such workpapers, such as for NOL ADIT, if any.
 12. Provide the actual NOL ADIT at December 31, 2015, December 31, 2016, December 31, 2017, each month during 2018 and forecast for each month thereafter through June 2020,

the end of the test year. Provide all calculations, including electronic workpapers in live format with all formulas intact.

13. Provide the actual NOL ADIT at December 31, 2018 and forecast at June 30, 2019 and June 30, 2020 that the Company considers the minimum necessary to include in rate base to avoid a normalization violation, if any. Provide all calculations, including electronic workpapers in live format with all formulas intact.
14. Refer to cell E5 on the tab entitled "Fed Tax Dep" in the Excel spreadsheet entitled "Deferred_Taxes_2018-2020(1)." Identify the source of the 4.0% federal tax depreciation rate. If this is a straight line tax depreciation rate, explain why the Company does not use or forecast that it will use MACRS depreciation rates.
15. Provide the weighted average service life for all UPIS reflected in the Company's depreciation study. Provide all calculations, including electronic workpapers in live format with all formulas intact.
16. Refer to the Direct Testimony of Mr. John Wilde ("Wilde Direct") at page 7, line 22 through page 8, line 8, and the response to Staff 2-65, which states that "The 2017 federal income tax return was completed in October of 2018, EADIT estimates as of 12/31/2017 are known with greater certainty, and ADIT and EADIT amounts in our accounting recordings now reflect the book to tax differences as claimed on tax returns through 12/31/2017."
 - a. Provide the excess ADIT at December 31, 2017 and the related regulatory liabilities for each temporary difference, including, but not limited to the separate temporary differences for accelerated tax depreciation and repair allowance.
 - b. Provide the amount of the repair allowance deduction for each tax year 2008 through 2018.
 - c. Confirm that the Company is required under GAAP to amortize the excess ADIT deemed "protected" and that it did so starting in January 2018.
 - d. Indicate whether the amortization of the excess ADIT regulatory liabilities deemed "protected" in 2018 were taken to income or deferred to new or different regulatory liability accounts. Describe the Company's accounting for the amortization of these excess ADIT amounts for each temporary difference.
 - e. Provide the amortization of the excess ADIT regulatory liability by temporary difference deemed "protected" for each month January through December 2018 recorded on the Company's accounting books and forecast for each month thereafter through June 2020. Provide the calculation of these amortization amounts, including all assumptions, data, calculations, and electronic spreadsheets in live format with all formulas intact. Also provide the actual monthly journal entries for January through December 2018, including any related deferrals of the amortization expense to new or different regulatory liability accounts.

17. Refer to Wilde Direct at page 8, lines 9–16. Provide the net state excess ADIT and the regulatory liability for each temporary difference as of December 31, 2017 or the first month in which the Company recorded the excess ADIT as a regulatory liability. Also provide the calculation of the regulatory liability for each temporary difference. In addition, provide the actual journal entry to record the regulatory liability for each temporary difference.
18. Refer to Wilde Direct at page 11, lines 1–5.
 - a. Confirm that the Consent Agreement addresses only the ADIT due to the repair allowance deduction without consideration of excess ADIT resulting from subsequent tax law changes, such as the TCJA.
 - b. Confirm that the Consent Agreement does not address excess ADIT resulting from subsequent tax law changes, such as the TCJA.
 - c. Confirm that the Consent Agreement repeatedly states that if there are subsequent changes in the law, e.g., final or proposed regulations, that are inconsistent with the conclusions reached in this letter ruling, the method of accounting utilized as a result of the letter ruling will no longer be regarded as a proper method of accounting and would be subject to change.
 - d. Confirm that the TCJA does not require normalization accounting for the excess ADIT repair allowance. If the Company disagrees, then provide a copy of all authoritative support and research relied on for your conclusion.
 - e. Identify all other utilities that consider the excess ADIT repair allowance to be “protected” or otherwise subject to the normalization requirements under §167 or §168 of the IRC.
19. Refer to the response to AG 1-22. Confirm that the amounts provided are expense, not total costs. If the amounts are total costs, then provide the portions that are: a) expensed, b) capitalized, and c) deferred.
20. Refer to Schedule J, W/P - 7-3.
 - a. The most recent actual short-term debt interest rate was 2.35% for September 2018. Provide the actual short-term debt interest rates for each month from October 2018 through the most recent month for which actual information is available.
 - b. The most recent actual short-term debt outstanding was \$14.822 million in August 2018. Provide the actual short-term debt outstanding each month from September 2018 through the most recent month for which actual information is available.
21. Provide a schedule showing the deferred rate case expenses from the *last* rate case and the actual monthly amortization expense for each component of the deferred expenses through

the most recent month for which actual information is available and the forecast rate case amortization expense for each month thereafter through the end of the test year.

22. Provide a schedule showing the deferral of rate case expenses for *this* rate case and the monthly amortization expense for each component of the deferred expenses through the most recent month for which actual information is available and the forecast rate case amortization expense for each month thereafter through the end of the test year.
23. Provide a schedule showing the Company's monthly earnings on common, common dividends declared, and common dividends paid from January 2015 through the most recent month for which actual information is available. In addition, provide the date that each common dividend was paid since January 2015. Further, provide a copy of all written dividend policies and guidelines.
24. Refer to the Confidential attachment response to Staff 2-23 and to the Confidential versions of the Chemicals Exhibit Support 2019.xlsx and Chemicals Exhibit Support 2020.xlsx provided as Excel supporting workpapers to the filing and referenced in the response to Staff 2-23. Refer further to the individual water treatment plant pricing under the sections titled "2018 Actual Price per Unit" and "2019 Budget Price per Unit" in the Chemicals Exhibit Support Excel workpapers. The 2018 and 2019 pricing for chemicals listed in these files do not match for a number of the chemicals utilized at each of the water treatment plants.
 - a. For each of the chemicals utilized at each of the water treatment plants, provide a side-by-side comparison of the 2018 pricing between the prices reflected in the Confidential attachment response to Staff 2-23 and the Confidential versions of the Chemicals Exhibit Support 2019.xlsx and Chemicals Exhibit Support 2020.xlsx. In addition, explain which source represents the actual 2018 pricing and all reasons, such as various forms of pricing discounts, for any variances by chemical type.
 - b. For each of the chemicals utilized at each of the water treatment plants, provide a copy of an invoice received during the last quarter of 2018 which shows the appropriate 2018 chemical rate being paid.
 - c. For each of the chemicals utilized at each of the water treatment plants, provide a side-by-side comparison of the 2019 pricing between the prices reflected in the Confidential attachment response to Staff 2-23 and the Confidential versions of the Chemicals Exhibit Support 2019.xlsx and Chemicals Exhibit Support 2020.xlsx. In addition, explain all reasons for any variances by chemical type.
 - d. For each of the chemicals utilized at each of the water treatment plants, provide a copy of an invoice received during 2019 which shows the appropriate 2019 chemical rate being paid.

- f. For a number of the chemicals, an escalation factor was used to project the 2019 cost rate based on an increase of the "2018 Actual Price per Unit" listed instead of the 2019 prices reflected in the Confidential attachment response to Staff 2-23. Explain why the use of the 2018 escalated prices are appropriate as opposed to the 2019 prices reflected in the Confidential attachment response to Staff 2-23.
- g. Provide all support for the prices utilized in the Chemicals Exhibit Support 2019.xlsx and Chemicals Exhibit Support 2020.xlsx analyses for the following new chemicals projected to be used starting in August 2019. Include copies of all price quotes received or market prices relied upon.

CHM, sodium hypochlorite 12% bulk

CHM, ammonia aqua 19% bulk

CHM, liquid lime

- 25. Refer to the Confidential versions of the Chemicals Exhibit Support 2019.xlsx and Chemicals Exhibit Support 2020.xlsx provided as Excel supporting workpapers to the filing. Refer further to the tab entitled "120251 – Richmond Road Plant" and to cell row 232 for costs associated with "Copper sulfate for reservoir."
 - a. The description states that the costs are applicable to 8 applications of copper sulfate to reservoir at \$30K each. Provide the number of 2018 applications of copper sulfate for the Richmond Road Plant and the cost of each application. If 8 applications were not performed in 2018, explain all reasons why it is appropriate to have 8 applications in the test year.
 - b. Provide the source of the need to perform 8 applications and the source of the \$30K per application pricing.
 - c. In addition to the 8 \$30K applications with costs in this cell row for both files, amounts were copied from cell row 233 which appears to introduce an error in the quantification of costs and overstates them. Confirm that this is an error in the quantification of costs for both years and quantify the amount of any overstatement of costs.
- 26. Reference the Direct Testimony of Mr. Brent O'Neill ("O'Neill Direct") starting at page 19, wherein he discusses changes to the Richmond Road and Kentucky River Stations to begin utilizing the new chemical treatment process's elimination of gaseous chlorine, anhydrous ammonia and caustic soda. Provide copies of all studies or analyses relied upon to justify the changes in the treatment processes utilized by the Company.
- 27. Refer to the Commercial meters in the base period and the test year by line diameter on the tab entitled "Link in" in the Excel workbook entitled "KAW_R_PSCDR2_NUM011_012519_Attachment_2_Exhibit_37_Schedule_M-

- 2_All_Customers.” Explain why the number of commercial meters declines in the test year compared to the base period for 5/8”, 1 ½”, 4”, and 6”. Provide all support for these forecast declines.
28. Refer to the Industrial meters in the base period and the test year by line diameter on the tab entitled “Link in” in the Excel workbook entitled “KAW_R_PSCDR2_NUM011_012519_Attachment_2_Exhibit_37_Schedule_M-2_All_Customers.” Explain why the number of industrial meters declines in the test year compared to the base period for 5/8”. Provide all support for this forecast decline.
 29. Provide a monthly history of budget FTE and actual FTE by department from January 2015 through December 2018 for KAWC.
 30. Provide a monthly history of budget FTE and actual FTE by department from January 2015 through December 2018 for American Water Works Service Company, Inc. (“AWWSC”).
 31. Provide the date when the Company receives an invoice from AWWSC each month for the prior month’s services. Confirm that the Company receives the monthly invoice after the accounting close for the prior month. If this is not correct, then explain why it is not correct and provide a correct statement.
 32. Indicate when the Company records the liability to AWWSC each month for the prior month’s services, e.g., in conjunction with the Company’s accounting close for the prior month or in the current month when the invoice is received.
 33. Provide a copy of the AWWSC invoices for each month January 2017 through December 2018. Provide the date at which each of those invoices was paid.
 34. Reference KAWC’s response to AG 1-78. KAWC refers to Staff Opinion 2018-012, which was issued in response to KAWC’s query about whether it needed to apply for a CPCN to build the Owenton Maintenance Garage. Staff advised that due to the project’s overall cost in relation to KAW’s net utility plant, the project would be considered in the ordinary course of business and would not require a CPCN.
 - a. Confirm that the Commission is not bound by staff opinions, which are merely advisory in nature.
 - b. Confirm that Staff did not conduct a review of the reasonableness or the need for this particular project.
 - c. Explain whether any of the parameters, specification, or cost regarding the proposal to build the Owenton Maintenance Garage have changed since the issuance of Staff Opinion 2018-012.

35. Reference KAWC's response to AG 1-56.
- a. Confirm that the study provided and labelled as Footnote 2, *Dawn of the Replacement Era*, was published in 2001. Explain whether any of the relied upon assumptions in the study have changed over the past 18 years.
 - b. Refer further to page 19 of the study, with the heading "Addressing affordability is the heart of the challenge." The study cites an "'affordability gap' or a 'reality gap' and defined it as 'the difference between what you think you should be spending on infrastructure and what you or your customers can afford to spend in reality.'" Fully explain how KAW has approached the problem of affordability in the present rate case and point to specific measures for addressing this problem.
36. Reference KAWC's response to AG 1-63. Why were the separate costs of service for Eastern Rockcastle and North Middletown not determined?
- a. In this instance, a residential customer with average use in Eastern Rockcastle service will receive a 11 percent decrease, while a residential customer with average use in the remaining service areas will receive a 22 percent increase, correct?
 - b. Acknowledging the value of regionalization or consolidation of water systems, fully explain how a unified rate structure or single tariff pricing is advantageous to those customers who continue to pay for rate increases to absorb the costs of acquiring rural water systems.
 - c. Are the Eastern Rockcastle and North Middletown systems connected to the Company's system?
 - d. Are the Eastern Rockcastle and North Middletown systems contiguous to the Company's system?
 - e. Were KAW's Northern, Central Tri-Village and/or Owenton systems connected to the Company's system or each other?
 - f. Were KAW's Northern, Central Tri-Village and/or Owenton systems contiguous to the Company's system or each other?
 - g. Would KAW consider a purchase of a water system neither contiguous nor connected to its system in a different part of the state, such as in Ballard county, system consolidation?
37. Explain what charge or direction Ms. Heppenstall was given by the Company in her calculation of the residential customer charge. If Ms. Heppenstall's calculation was different than that used in her last five (5) engagements, explain why and provide citation to those five (5) engagements.

38. Explain whether KAWC included an offset to account for non-revenue water above the 15% threshold allowed by the Commission.
 - a. If so, state where such an offset can be found in the application.
 - b. If not, fully explain why not.
39. Reference the Company's response to AG DR 1-86.
 - a. Provide the Company's non-revenue water percentage for each of the past 10 years, and the expected non-revenue water percentage in the forecasted test-year.
 - b. Explain any increase in non-revenue water.
 - c. Provide the same percentage for the Company's unaccounted-for water for each of the past 10 years and the expected unaccounted-for water in the forecasted test-year.
40. Reference Rowe Direct, at page 22, line 23 to page 23, line 12.
 - a. Explain the progress of the agreed upon discussion and implementation of methods to improve the awareness of the H2O program.
 - b. Explain any other efforts by KAWC, and the subsequent results, to improve access to and the viability of the H2O program.
41. Reference the newspaper article reporting that Linda Bridwell left KAWC to take a position at the Kentucky Infrastructure Authority, available at <https://kentucky.gov/Pages/Activity-stream.aspx?n=KentuckyInfrastructureAuthority&prId=38>.
 - a. Fully explain whether the loss of Ms. Bridwell will have an impact on KAWC's projected expenses.
 - b. Quantify and breakdown any such impact on expenses.
 - c. Identify and quantify any impact on expenses from other employee turnover since the filing of the rate case.
42. Reference KAWC's response to AG 1-66. Provide the average portion of Company employees' compensation that is performance based or variable.
 - a. Provide a breakdown of employee classes indicating whether they do or do not receive variable compensation, and the respective average for each class.
43. Reference KAWC's response to AG 1-71. "Typically, the Company will update a Comprehensive Planning Study every 5 to 7 years." Since the last study was performed in

2013, state when the Company plans to update it and explain any changes or additions that are known.

44. Reference KAWC's response to AG 1-76, which lists growth as a strategic goal. Does this mean continued expansion of the KAWC footprint through the acquisition of rural water utilities?
 - a. Explain how the Company identifies possible acquisitions.
45. Reference KAWC's response to PSC 2-50(c). What is the average foot of main replacement for the past 3 years, broken out between unscheduled vs. scheduled?
46. Reference KAWC's response to PSC 2-52. If the QIP is approved, KAWC needs 5 years of projects to determine whether the projected 10 to 13 mile replacement rate is truly sustainable?
 - a. Fully explain how 5 full years of data is necessary to determine this.
 - b. Doesn't KAWC already maintain adequate communication and coordination with stakeholders regarding approved and proposed projects? Explain why any additional communication or coordination would be necessary.
 - c. Through KAWC's current infrastructure program and everyday maintenance, doesn't it already study and/or have current procedures and practices to "ensure an effective deployment of resources"? Explain why further development of procedures and practices is necessary.
47. Reference KAWC's response to AG 1-83. Confirm that KAWC's projected total spend on asbestos cement main replacement during the 40 year period used in the cited model ranges from \$120 million to \$280 million dollars.
 - a. Explain whether KAWC is able to further narrow the range of this projection and what factors will determine the final amount of total spend.
48. Reference KAWC's response to AG 1-95. Explain whether KAWC has considered requiring employees to bear more of the costs for certain benefits, especially dental, disability and life insurance in order to better align with the median figures for both the full BENVAl database and the energy industry subset of the BENVAl database as cited.
49. Reference the Company's response to AG 1-104. The response did not provide copies of invoices. Provide the copies of invoices as originally requested.