

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2019-00366
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: Susan L. Lancho

1. In its Response to Staff 1-2, KAW refers to “an ever-growing service area”, and has acquired multiple water systems in recent years.
 - a. Explain whether it plans to increase the shareholder contribution for the H2O Help to Others Program in light of this expansion.
 - b. Explain the factors that go into determining the amount of shareholder contributions in any one year.
 - c. Refer to KAW Response to Staff 1-1. Explain why the shareholder contributions have remained relatively flat since 2014-2015, following a modest increase in 2017-2018, and decreased in the most recent program year.

Response:

Refer to KAW_R_PSCDR1_NUM007_111819. Four out of the past five years, the \$62,500 contribution was not fully expended and the remaining funds were rolled over to the next program year. The one year the fund was fully expended, the Company made an additional donation of \$5,000 which was not depleted and rolled over to the following year. The Company has demonstrated in recent years that if the need for more funding exists and budget permits, it will provide additional assistance to its program to help meet customers' needs.

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2. Refer to KAW Response to Staff 1-4. KAW refers to its calculations in determining the Operating Fee as including “funds projected to be raised by other means (customer donations or fundraising efforts).”
 - a. Explain the meaning and extent of fundraising efforts, and whether this changes year to year.

Response:

KAW could elect to host fundraising efforts for its program, and those plans could change from year to year. The Company has not held fundraising efforts for the program in recent years.

Customer bills include language advising how customers can donate to the Company's program.

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3. Refer to KAW Response to Staff 1-1, wherein KAW disclosed, apparently for the first time, that in Case No. 2018-00358 it “inadvertently included \$11,764 in its proposed revenue requirement which is now embedded in current rates.”
 - a. Explain whether the errant inclusion of the \$11,764 in the Company’s proposed revenue requirement in Case No. 2018-00358 was specifically related to the Company’s HEA, or whether it was an unrelated oversight.
 - b. Identify where in KAW’s application in Case No. 2018-00358 this error occurred and where it can be identified.
 - c. State when KAW first became aware of this error, and by what means it became aware of it.
 - d. Explain how KAW proposes to return the \$11,764 to ratepayers.
 - e. Explain whether the Company incurred any additional costs or charges related to this oversight. If so, explain further whether the Company proposes to return those additional charges to ratepayers.

Response:

- a. The errant inclusion of the \$11,764 in the Company’s proposed revenue requirement in Case No. 2018-00358 was an unrelated oversight.
- b. The error occurred in the Miscellaneous Expense Workpaper 3-20, Account 52556500 – Low Income Pay Program.
- c. KAW first became aware of this error during the discovery process of this Home Energy Assistance Case (Case No. 2019-00366). While verifying that no HEA costs were included in the proposed revenue requirement, the Company found the error.
- d. Please refer to the response for Commission Staff’s Second Request for Information, Item 4.
- e. The Company has not incurred any additional costs related to this oversight.

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4. Refer to KAW Response to Staff 1-7. Provide the number of available slots in the KAW HEA program for each of the past 5 years.
 - a. Explain how much of any increase in slots for each of the past 5 years is due to rolling unexpended funds from one program year to the next.
 - b. Explain whether KAW increased the number of slots in the HEA program for any reason other than having unexpended funds. If so, fully describe any such reason.

Response:

The amount of funds provided to each customer in need can vary, up to a maximum amount of \$125. The Company does not have a designated number of annual "slots" for the program but rather a budgeted annual donation to the program. Any funds not expended are carried over to the next program year.

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5. Refer to KAW Response to Staff 1-9. If neither KAW nor its administrator measure how applicants learned of the HEA program, explain how KAW ensures that customers who may qualify for the HEA program have been sufficiently engaged and educated on the available benefits, and how the Companies gauge the effectiveness of their communication efforts.

Response:

Please refer to PSC DR 1-8 that lists the multitude of communications channels the Company has and continues to use to educate customers and communities about the program. In addition, if customers contact the Company's customer service team and express a need for assistance, customer service representatives can provide information about the program. Information about the program is also included on every customer bill and every final shut off notice.