

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

IN THE MATTER OF:)	
)	
APPLICATION OF KENTUCKY-AMERICAN)	
WATER COMPANY TO AMEND TARIFF FOR)	CASE NO. 2020-00027
THE ESTABLISHMENT OF QUALIFIED)	
INFRASTRUCTURE PROGRAM CHARGE)	

APPLICATION

Kentucky-American Water Company (“Kentucky American Water”) hereby applies to the Kentucky Public Service Commission (“Commission”) pursuant to the authority granted in the Commission’s Order dated June 27, 2019 in Case No. 2018-00358 and the Commission’s plenary authority under KRS 278.030 and KRS 278.040 to establish its Qualified Infrastructure Program (“QIP”) Rider. In support of its Application, Kentucky American Water states as follows:

1. Kentucky American Water is a corporation organized and existing under the laws of the Commonwealth of Kentucky with its principal office and place of business at 2300 Richmond Road, Lexington, Kentucky 40502. Kentucky American Water can be contacted by e-mail via the e-mail addresses of its counsel set forth below. Kentucky American Water was incorporated on February 27, 1882 and is currently in good standing in the Commonwealth of Kentucky. A Certificate of Good Standing is attached as Exhibit 1.

2. Kentucky American Water is a wholly-owned subsidiary of American Water Works Company, Inc. (“American Water”) and is engaged in the distribution and sale of water in its Central Division, consisting of Bourbon, Clark, Fayette, Franklin, Harrison, Jessamine, Nicholas, Scott and Woodford Counties; its Northern Division, consisting of Gallatin, Owen and Grant Counties; and its Southern Division, consisting of Rockcastle and Jackson Counties. It

currently owns, operates, and maintains potable water production, treatment, storage, transmission, and distribution systems for the purpose of furnishing potable water for residential, commercial, industrial, and governmental users in its service territory.

3. In its 2018 rate case, Case No. 2018-00358, Kentucky American Water explained its need to replace and/or upgrade its aging infrastructure in order to fulfill its obligations of providing safe, adequate, and reliable water service. Because of the substantial capital expenditures involved in performing the replacements and upgrades, Kentucky American Water proposed the QIP as a tariff rate adjustment mechanism to allow Kentucky American Water to make capital improvements to its system and recover the costs of such improvements on a timelier basis. Kentucky American Water proposed that it file an annual filing based on the forecasted test-period expense with an annual “balancing” or “reconciliation” filing of projected costs and actual costs. Kentucky American Water committed to make its first annual QIP filing no later than April 2, 2020.

4. The Commission approved Kentucky American Water’s proposed QIP mechanism in its Final Order in Case No. 2018-00358 and directed Kentucky American Water to file its first annual QIP filing no later than April 2, 2020 for the first QIP forecasted test period of July 1, 2020 through June 30, 2021. Kentucky American Water is now making this filing.

5. Kentucky American Water supports its request with the verified testimony and exhibits of Elaine K. Chambers, Director of Rates and Regulatory for American Water Works Company, Inc.’s Southeast Division, and Kurt A. Stafford, Director of Engineering for American Water Works Company, Inc.’s Southeast Division. Ms. Chambers supports the calculation of the QIP Rider and presents the proposed tariff sheets attached as Exhibit 2. Mr. Stafford describes the

projects Kentucky American Water plans to complete that are eligible for recovery under the QIP Rider.

6. As set forth in the Commission's Final Order in Case No. 2018-00358, the QIP Rider will appear on customer bills effective July 1, 2020. Kentucky American Water proposed and the Commission approved a 90-day review period for this initial Application (April 2, 2020 to July 1, 2020), but Kentucky American Water files this initial QIP Application today to allow the Commission and the parties more time prior to July 1, 2020 to the extent necessary. Kentucky American Water requests a procedural schedule that allows for a July 1, 2020 effective date for the proposed QIP Rider amount, which, as explained by Ms. Chambers and shown on the proposed tariff sheet, is a 1.62% QIP Rider for the applicable customers classes.

7. Appendix B to the Commission's Final Order in Case No. 2018-00358 (which was updated by Order dated November 12, 2019) described six different types of information that Kentucky American Water should provide in the QIP process. First, Kentucky American Water hereby provides the following names and addresses of the contractors that may be utilized for QIP projects in addition to Kentucky American Water's own internal labor: (1) Dix & Associates Pipeline Contractors, Inc., 210 Industry Road, Nicholasville KY 40356; (2) CJ Hughes Construction Company, Inc., 75 W 3rd Avenue, Huntington WV 25701; (3) Todd Johnson Contracting, Inc., 497 Dillehay Street, Danville KY 40422; and (4) TFH, LLC, 917 Contract Street, Lexington KY 40505. Second and third, as for bid documents actually signed with those contractors showing a description and scope of work, construction specification, construction management, and a construction schedule, no such documents have been executed yet. Kentucky American Water expects to execute them in April – May 2020 and will file them with the Commission as they are executed. Fourth, maps for each proposed pipeline construction project

are attached collectively as Exhibit 3. Fifth, Kentucky American Water will file the annual progress report for work completed, the amount of progress payment, and the costs of removal of the old pipes when it submits its initial filing for the annual *balancing* adjustment of the QIP Rider in 2021. Sixth and finally, Kentucky American Water provides all other identifying information through this Application and the accompanying testimony.

8. The proposed QIP projects are replacement projects for which Certificates of Public Convenience and Necessity (“CPCNs”) are not required. Pursuant to 807 KAR 5:001, Section 15(3), “extensions in the ordinary course of business” are exempt from the CPCN requirement. KRS 278.020(1), 807 KAR 5:001, Section 15(3), and previous Commission decisions list three factors for review when considering the need to apply for a CPCN. A CPCN is not necessary “for facilities that do not result in the wasteful duplication of utility plant, do not compete with the facilities of existing public utilities, and do not involve a sufficient capital outlay to materially affect the existing financial condition of the utility involved or to require an increase in rates.”¹ The proposed projects do not meet any of these three factors.

9. Pursuant to 807 KAR 5:001, Section 8, on January 31, 2020, Kentucky American Water filed with the Commission its Notice of Intent to file this Application along with its notice of election to use electronic filing procedures in this proceeding.

10. Pursuant to 807 KAR 5:011, Section 8, Kentucky American Water has provided notice to customers by newspaper publication. In addition, the Customer Notice has been physically posted at the Kentucky American Water office and electronically posted on Kentucky American Water’s website. Kentucky American Water’s website also contains a hyperlink to the

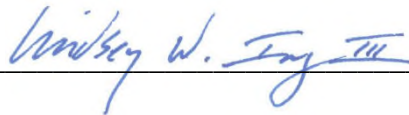
¹ *The Application of Northern Kentucky Water District (A) For Authority to Issue Parity Revenue Bonds in the Approximate Amount of \$16,545,000; and (B) A Certificate of Convenience and Necessity for the Construction of Water Main Facilities*, Case No. 2000-00481 (Ky. PSC Aug. 30, 2001).

Commission's website where the Customer Notice, Application, and other filings can be accessed by the public. Kentucky American Water will file proof of notice with the Commission as required by 807 KAR 5:011, Section 8(3) within 45 days.

WHEREFORE, Kentucky-American Water Company respectfully requests the Kentucky Public Service Commission enter an order approving the tariff for Kentucky-American Water Company's Qualified Infrastructure Program Rider and granting all other relief to which Kentucky-American Water Company may be entitled.

Respectfully submitted,

Lindsey W. Ingram III
L.Ingram@skofirm.com
Mary Ellen Wimberley
Maryellen.wimberely@skofirm.com
STOLL KEENON OGDEN PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3000
Fax: (859) 259-3503

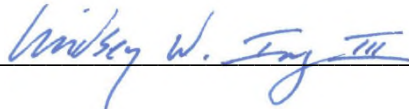
BY:  _____

Attorneys for Kentucky-American Water Company

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 March 2, 2020; 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

By 

Attorneys for Kentucky-American Water Company

Commonwealth of Kentucky
Michael G. Adams, Secretary of State

Michael G. Adams
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 228033
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Michael G. Adams, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

KENTUCKY-AMERICAN WATER COMPANY

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is September 15, 1927 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 28th day of February, 2020, in the 228th year of the Commonwealth.



Michael G. Adams

Michael G. Adams
Secretary of State
Commonwealth of Kentucky
228033/0027327

KENTUCKY-AMERICAN WATER COMPANY

P.S.C. KY NO. 9

First Sheet Nos. 1-44, 48

Second Sheet Nos. 45-47, 49

Cancelling P.S.C KY NO. 8

KENTUCKY-AMERICAN WATER COMPANY

2300 Richmond Road
Lexington, KY 40502

<http://www.amwater.com/kyaw>

RATES – CHARGES – RULES – REGULATIONS

FOR FURNISHING

WATER SERVICE

AT

**BOURBON, CLARK, FAYETTE, FRANKLIN, GALLATIN, GRANT, HARRISON,
JACKSON, JESSAMINE, NICHOLAS, OWEN, SCOTT, WOODFORD, AND ROCKCASTLE
COUNTIES IN KENTUCKY**

FILED WITH THE

PUBLIC SERVICE COMMISSION

OF

KENTUCKY

ISSUED: March 2, 2020

Approved:

EFFECTIVE: July 1, 2020

ISSUED BY: /s/ Nick O. Rowe

Nick O. Rowe

President

2300 Richmond Road, Lexington, KY 40502



Service Address:
 JOHN DOE
 123 MAIN ST
 LEXINGTON, KY40504



Important Account Messages

- Want more convenience and less clutter? Try paperless billing. We send an email when your bill is available for viewing and include an option to pay. It's simple to sign up, just register or log into My Account at amwater.com/myaccount and make the selection for paperless billing.
- Tired of buying stamps and writing checks? Enroll in Auto Pay and your bill will be paid on time, every time directly from your bank account. To enroll, register or log on to My Account at amwater.com/myaccount.

For more information, visit www.kentuckyamwater.com

View your account information or pay your bill anytime at: www.amwater.com/MyAccount

Pay by Phone*: Pay anytime at 1-855-748-6066
 *A convenience fee may apply

Customer Service: 1-800-678-6301
 M-F 7:00am to 7:00pm – Emergencies 24/7

▼ Please return bottom portion with your payment. DO NOT send cash. Retain upper portion for your records. ▼



PO Box 6029
 Carol Stream, IL 60197-6029

Service to: 123 MAIN ST
 LEXINGTON, KY 40504

JOHN DOE
 123 MAIN ST
 LEXINGTON, KY40504

Monthly Statement

Account No. **1012-220000123456**

Total Amount Due:	\$64.06
Payment Due By:	February 28, 2020

Billing Date: February 12, 2020
 Service Period: Feb 25 to Mar 23 (28 Days)
 Total Gallons: 7,480

Account Summary – See page 3 for Account Detail

Prior Billing:		\$63.89
Payments:	=	\$63.89
Balance Forward:	=	\$0.00
Service Related Charges:	+	\$60.27
Taxes:	+	\$3.79
Total Amount Due:	=	\$64.06

Account No. **1012-220000123456**

Total Amount Due:	\$64.06
Payment Due By:	February 28, 2020

If paying after 2/28/20, pay this amount: \$64.41

Amount Enclosed \$

KENTUCKY AMERICAN WATER
 PO BOX 6029
 CAROL STREAM, IL 60197-6029

0001012220023149429000000000061158013

ISSUED: March 2, 2020
 EFFECTIVE: July 1, 2020

Approved:

ISSUED BY: /s/ Nick O. Rowe
 Nick O. Rowe
 President
 2300 Richmond Road, Lexington, KY 40502

Messages from Kentucky American Water

Make water conservation a part of your daily routine by making just a few small changes inside your home:

- Run dishwashers and clothes washers only when they are full. If you have a water-saver cycle, use it.
- Adjust the water level of your clothes washer so it matches your load size.
- Regularly check your toilets, faucets, and pipes for leaks. If you find a leak, have it fixed as soon as possible.
- Consider water and energy-efficient appliances. Products and services that have earned the WaterSense label have been certified to be at least 20% more efficient without sacrificing performance.
- Insulate exposed water pipes with pre-slit foam insulation. You'll enjoy hot water faster and avoid wasting water while it heats up.
- Turn off the tap while brushing your teeth or washing dishes in the sink.

WATER BILL PAYMENT ASSISTANCE

We offer the H2O Help to Others Program for income-eligible customers who find themselves unable to pay their water bills. Visit the Customer Service & Billing page on our website to see if you qualify for assistance.

KENTUCKY AMERICAN WATER
WE ADD LIFE. PLUMBING.

CUSTOMER SERVICE
1-800-678-6301

HOURS: M-F, 7am-7pm • Emergencies: 24/7
TTY/TDD FOR THE HEARING IMPAIRED:
711 (and then reference Customer Service number listed above)

SERVICES

- Go Paperless:** Save time. Save money. Sign up for Paperless Billing and Auto Pay on My Account at amwater.com/myaccount. Not registered? Log in and be sure to have your account number handy.
- Water Quality:** We take water quality seriously. When it comes to complying with federal drinking water standards, we consistently score better than the industry average. For a copy of the annual water quality report for your area, visit kentuckyamwater.com. Under Water Quality, select Water Quality Reports.
- H2O Help To Others:** This program helps low-income customers who qualify with their water bills. For more information, visit kentuckyamwater.com. Under Customer Service & Billing, select Low Income Program.

EXPLANATION OF OTHER TERMS

- Payment by Check:** Paying by check authorizes American Water to send the information from your check electronically to your bank for payment. The transaction will appear on your bank statement. The physical check will not be presented to your financial institution or returned to you.
- Estimated Bill:** This occurs when we are unable to read the water meter. Your usage from the same billing period the prior year is used to calculate the estimated bill. The next actual meter reading corrects any over or under estimates.
- Disputes:** If you have questions or complaints about your bill, please call us at 1-800-678-6301 before the due date. If your bill is unusually high, it may indicate that there is a leak in your plumbing. For tips on how to detect leaks and use water wisely, visit us online. You'll find helpful tools under the Water Information menu. Every drop counts!
- Rates:** A detailed listing of charges that make up your bill is available upon request by contacting Customer Service or visiting us online at kentuckyamwater.com. Under Customer Service & Billing, select Your Water Rates.
- Correspondence:** Please send written correspondence to PO Box 578, Alton, IL 62002-0578. Be sure to include your name, account number, service address, mailing address and phone number including area code. Please do not send correspondence with your payment, as it may delay processing your payment and correspondence.

H2O HELP TO OTHERS PROGRAM - lend a hand to customers in need

I'm adding a one time contribution of \$_____ with my payment.

I'd like to add a recurring contribution to each bill of \$_____. I understand this amount will be added to each bill.

Address Change(s) _____

Name _____

Address _____

City _____

State _____ Zip Code _____

() _____ Mobile Number _____

Phone Number _____

E-mail Address _____

Other ways to pay your bill

Auto Pay **Online** **In Person**

Save time and money. Enroll in Auto Pay, and your bill will be paid on time, every time, directly from your bank account on the due date. No stamps required!

With My Account, you can pay your bill anytime, anywhere. Registration is fast and easy. Visit www.amwater.com/MyAccount or pay without registration at www.amwater.com/billpay (fee may apply).

We have agreements with several authorized payment locations in our service areas. Visit our website to find one near you.



ISSUED: March 2, 2020
EFFECTIVE: July 1, 2020

Approved:

ISSUED BY: /s/ Nick O. Rowe
Nick O. Rowe
President
2300 Richmond Road, Lexington, KY 40502



Meter Reading and Usage Summary

Meter No.	Measure	Size	From Date	To Date	Previous Read	Current Read	Meter Units	Billing Units	Total Gallons
HD 13251999	100 CF	5/8"	02/25/2020	03/23/2020	300 (A)	310 (A)	10	74.80	7,480

A = Actual E = Estimate 1 CF = 7.48 gallons 1 Billing Unit = 100 gallons Total Gallons: 7,480

Billed Usage History (graph shown in 100 gallons)

- 7,480 gallons = usage for this period
- 748 gallons = usage for same period last year



Next Scheduled Read Date: on or about April 23, 2020
Account Type: Residential

Average daily use for this period is: (28 days)



Year to Date Billed Usage: 23,936 gallons

Account Detail

Account No. 1012-220000123456

Service To: 123 Main St LEXINGTON, KY 40504

Prior Billing 63.89
Payments 63.89

Balance Forward 0.00

Service Related Charges - 02/25/20 to 03/23/20

Water Service 58.06
Water Service Charge 15.00
Water Usage Charge (74.8 x \$0.5757) 43.06
Other Charges 2.21
OSP Surcharge Water (\$58.06 x X.XX%) 0.00
KRA Withdrawal Fee (74.8 x \$0.0296) 2.21

Total Service Related Charges 60.27

Taxes 3.79
Franchise Taxes (\$63.17 x 3.000%) 1.81
School District Tax (\$63.17 x 3.000%) 1.81

Total Current Period Charges 64.06

Total Amount Due **\$64.06**

Understanding Your Bill

The information below defines some of the new terms you may find on your bill:

- Service Related Charges:** This section includes charges for services related to water, wastewater and fire protection. If applicable, credits and debits for correction to previously billed charges are itemized in this section.
- Fees and Adjustments:** This section provides details related to additional charges or adjustments for the service period referenced. Fees, when applicable, would include items such as service activation and late payment charges.
- Pass Through Charges:** Charges in this section, when applicable, are separated from other service related charges to provide visibility into what portion of your bill is being remitted to other entities. Payment received for these charges does not remain with American Water. While we may bill and collect for them, the payments received are passed along to other companies and agencies.
- Billing Units:** One billing unit equals 100 gallons of water used. If the meter serving your property measures your water use in cubic feet or a different unit of measure, we convert the usage to gallons to make it easier to understand.
- Average Daily Use:** The gallons shown in the water droplet above represent your average daily water use for the current billing period. Tracking the amount of water you use can help you manage your overall water use from month to month.
- Still have questions?** We are here to help. Our customer service representatives are available M-F, 7 a.m. to 7 p.m. More information on understanding your bill and charges can also be found on our website. See the link below.

For more information about your charges and rates, please visit: <https://www.water.com/ky/ra/ra>

(N)

(N) signifies a new rate or requirement

ISSUED: March 2, 2020

EFFECTIVE: July 1, 2020

Approved:

ISSUED BY: /s/ Nick O. Rowe

Nick O. Rowe

President

2300 Richmond Road, Lexington, KY 40502

RATES

All customers subject to this QIP Rider receiving water service shall be assessed a monthly QIP Rider charge in addition to the service charge, consumption charge or monthly fee component of their applicable rate schedule that will enable the Company to complete the Qualified Infrastructure Program.

The QIP Rider will be updated annually and subsequently adjusted to true-up the projected costs with the actual costs. The initial annual prospective QIP period will be the first full twelve month period following the Forecast Test Period utilized by the Commission in establishing Base Rates of the Company in its prior Base Rate Case proceeding. A filing with the projected costs for each twelve month QIP period will be submitted annually at least 90 days prior to the commencement of that QIP period, to become effective with the first day of the QIP period. The Company will submit a balancing adjustment annually no later than 90 days after the end of each 12 month QIP period to true-up the projected program costs and revenues, with the actuals for the same period. The balancing adjustment true-up to the rider will become effective 180 days after the end of the QIP period.

The monthly QIP Rider charges for all respective water service classifications will be calculated as a percentage and applied to all water charges including meter fees, volumetric water sales, fire service fees, and public and private hydrant fees from the Company's most recent base rate case, but excluding any other surcharge or add-on taxes. It will be listed as a separate line item on the customer bill. The QIP percentage shall be calculated on an annual prospective basis. The QIP Rider charge effective on and after the effective date is:

(I) 1.62%

(I) signifies increase

ISSUED: March 2, 2020

Approved:

EFFECTIVE: July 1, 2020

ISSUED BY: /s/ Nick O. Rowe

Nick O. Rowe

President

2300 Richmond Road, Lexington, KY 40502



**KENTUCKY
AMERICAN WATER**

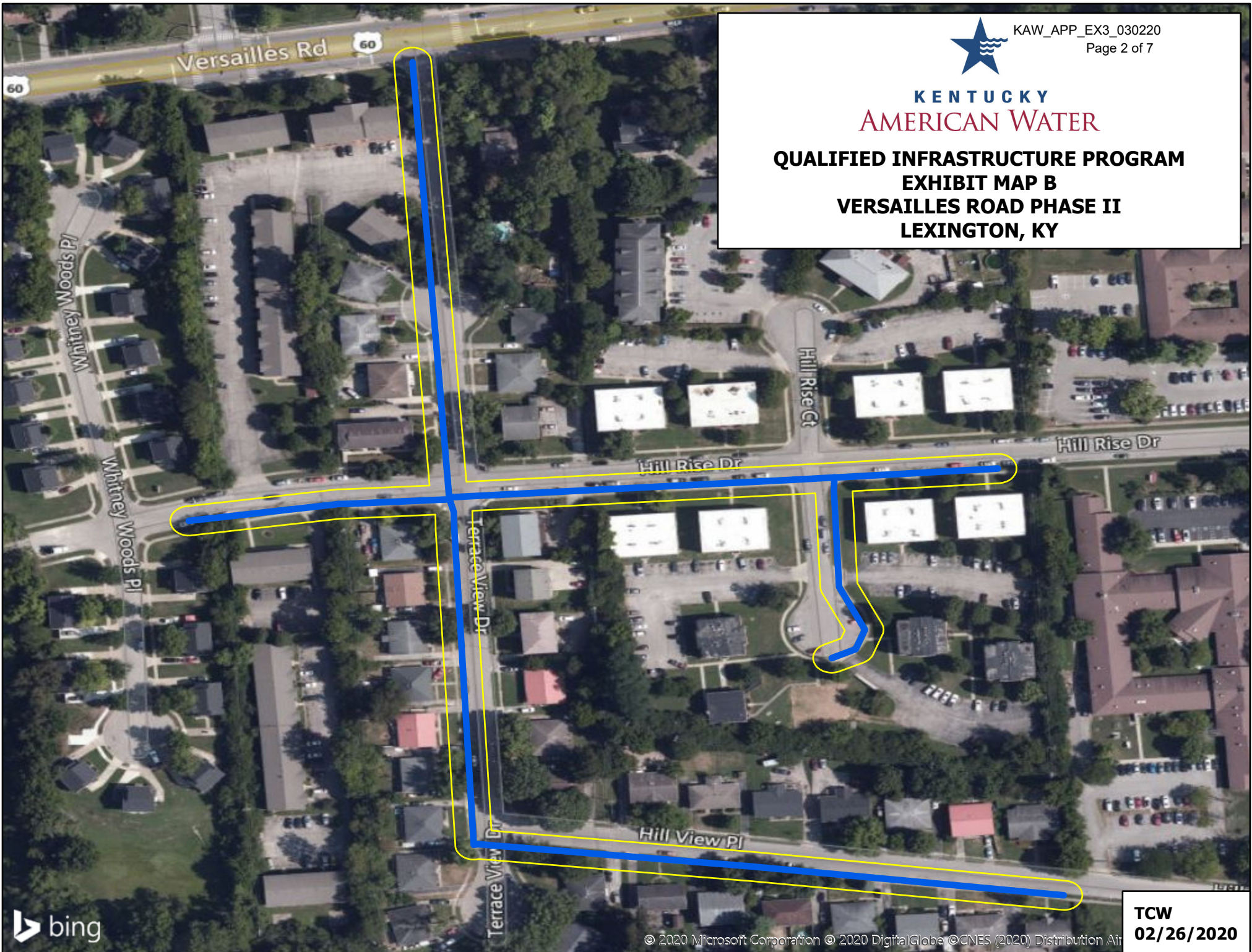
**QUALIFIED INFRASTRUCTURE PROGRAM
EXHIBIT MAP A
VERSAILLES ROAD PHASE I
LEXINGTON, KY**





**KENTUCKY
AMERICAN WATER**

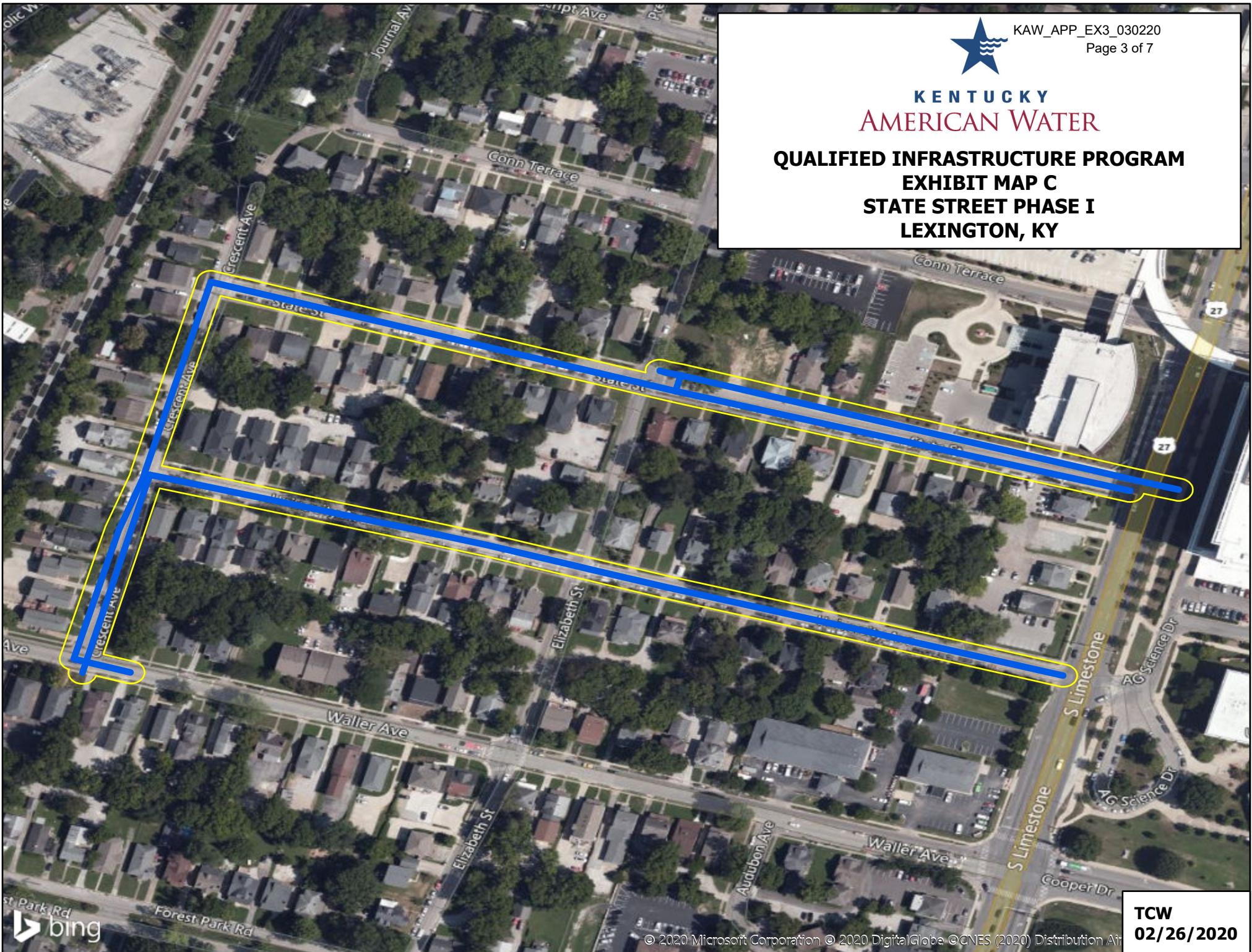
**QUALIFIED INFRASTRUCTURE PROGRAM
EXHIBIT MAP B
VERSAILLES ROAD PHASE II
LEXINGTON, KY**





**KENTUCKY
AMERICAN WATER**

**QUALIFIED INFRASTRUCTURE PROGRAM
EXHIBIT MAP C
STATE STREET PHASE I
LEXINGTON, KY**





**KENTUCKY
AMERICAN WATER**

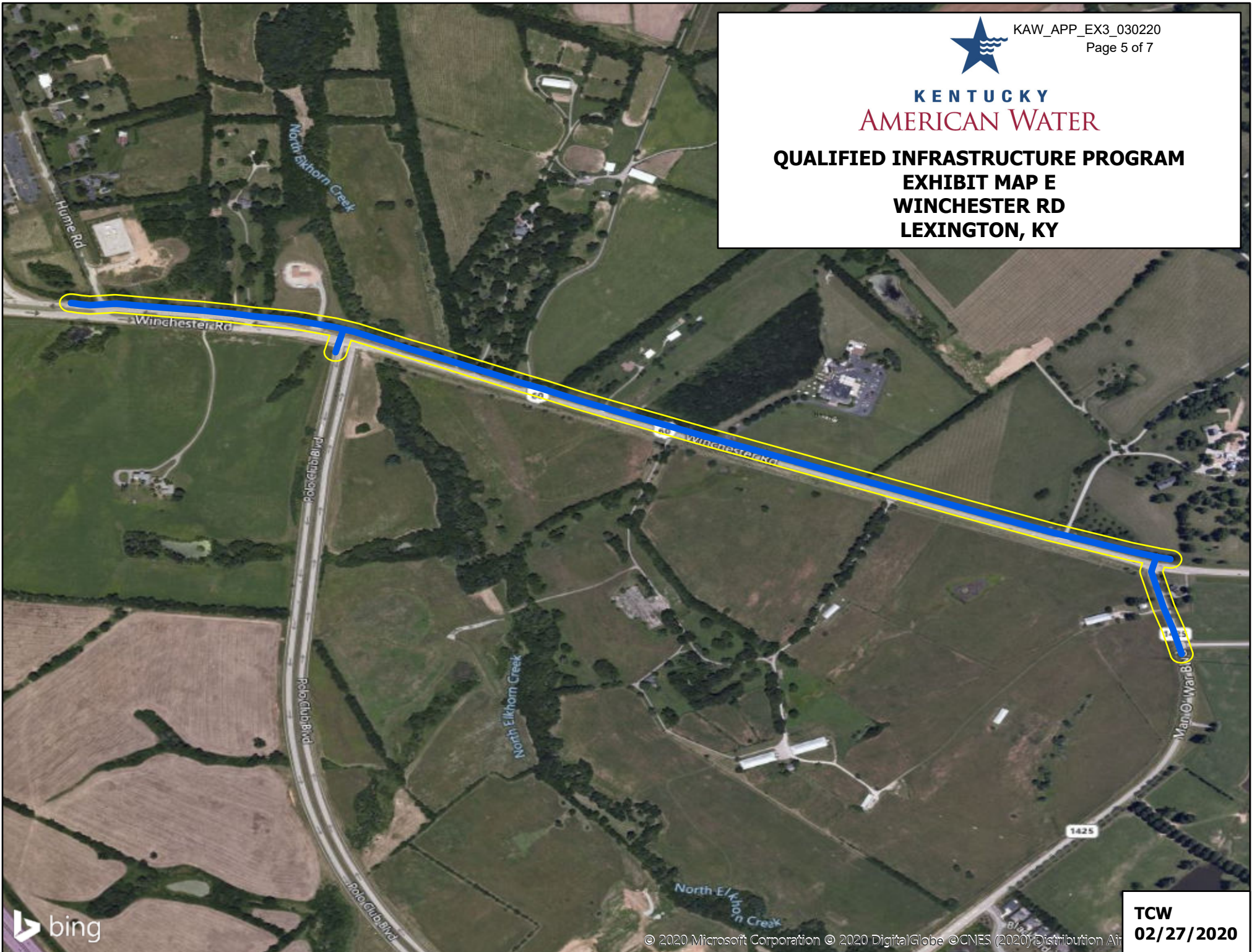
**QUALIFIED INFRASTRUCTURE PROGRAM
EXHIBIT MAP D
STATE STREET PHASE II
LEXINGTON, KY**





**KENTUCKY
AMERICAN WATER**

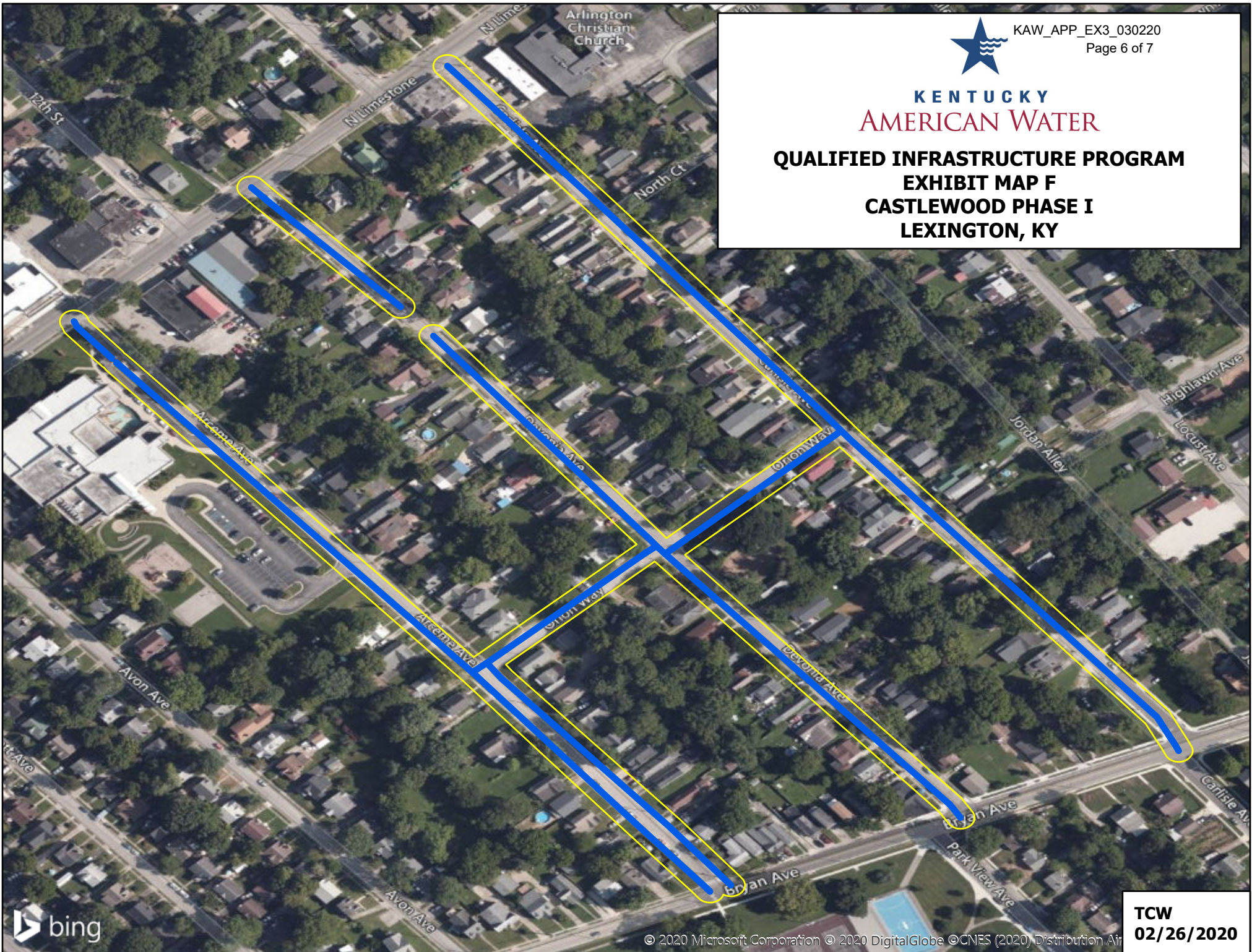
**QUALIFIED INFRASTRUCTURE PROGRAM
EXHIBIT MAP E
WINCHESTER RD
LEXINGTON, KY**





**KENTUCKY
AMERICAN WATER**

**QUALIFIED INFRASTRUCTURE PROGRAM
EXHIBIT MAP F
CASTLEWOOD PHASE I
LEXINGTON, KY**





**KENTUCKY
AMERICAN WATER**

**QUALIFIED INFRASTRUCTURE PROGRAM
EXHIBIT MAP G
CASTLEWOOD PHASE II
LEXINGTON, KY**

