

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF)	
KENTUCKY-AMERICAN WATER COMPANY)	
FOR AN ORDER APPROVING THE)	CASE NO. 2020-00257
ESTABLISHMENT OF A REGULATORY)	
ASSET)	

ATTORNEY GENERAL’S INITIAL 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 Data Requests to Kentucky-American Water Company (hereinafter “KAW” or “company”) to be answered by November 12, 2020, 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 companies receive or generate 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.

SPACE INTENTIONALLY LEFT BLANK

Respectfully submitted,

DANIEL J. CAMERON
ATTORNEY GENERAL



J. MICHAEL WEST
LAWRENCE W. COOK
ANGELA M. GOAD
JOHN G. HORNE II
ASSISTANT ATTORNEYS GENERAL
1024 CAPITAL CENTER DRIVE, SUITE 200
FRANKFORT, KY 40601-8204
PHONE: (502) 696-5433
FAX: (502) 573-1005
Michael.West@ky.gov
Larry.Cook@ky.gov
Angela.Goad@ky.gov
John.Horne@ky.gov

Certificate of Service and Filing

Pursuant to the Commission's Orders dated March 16, 2020 and March 24, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that, on November 4, an electronic copy of the forgoing was served by e-mail to the following. A physical copy of the filing will be submitted to the Commission once the State of Emergency has ceased.

Lindsey W. Ingram III
L.Ingram@skofirm.com

Mary Ellen Wimberly
MaryEllen.Wimberly@skofirm.com

this 4th day of November, 2020



Assistant Attorney General

ELECTRONIC APPLICATION OF KENTUCKY-AMERICAN WATER COMPANY FOR AN
ORDER APPROVING THE ESTABLISHMENT OF A REGULATORY ASSET
CASE NO. 2020-00257

Data Requests

1. Specifically identify the costs the company incurs when reconnecting a customer.
2. Specifically identify and describe the methodology for calculating foregone late charges as provided in KAW_N_ATT_102820.xls.
3. Provide a copy of the late fee policy referenced in KAW_N_ATT_102820.xls.
4. Explain why KAW should be compensated for foregone late charges accrued related to the COVID-19 related orders.
5. Identify any authority, which supports KAW being compensated for foregone late charges.
6. Reference the KAW application, numerical paragraph 10, wherein KAW states that: “The COVID-19 emergency and its economic effects are undoubtedly extraordinary and could not have been reasonably anticipated, and the expenses will only increase as the emergency continues.”
 - a. Confirm that the COVID-19 crisis was just as unforeseeable to ratepayers as it was to shareholders.
 - b. If so confirmed, explain why shareholders should not share in the risks of unrecovered late payment fees, instead of placing the full risk on ratepayers.
7. Discuss whether other jurisdictions have established regulatory asset mechanisms that compensate utilities for late fees foregone during the COVID-19 pandemic. Specifically identify jurisdictions that have approved such proposals and those that have denied proposals, which include that relief.
8. Explain whether the company would agree to limit any potential recovery of late fees to the amount of late fees the company received in calendar year 2019. If not, explain in complete detail why not.
9. Discuss whether the late charges identified in KAW_N_ATT_102820.xls relate to any delinquent balances that pre-existed the COVID-19 pandemic or whether these amounts relate only to balances accrued once the pandemic commenced.
10. Specifically identify and provide a detailed description of all operating expenses categorized in KAW_N_ATT_102820.xls as:
 - a. Facility Preparedness
 - b. Communications
 - c. PPE and Supplies

ELECTRONIC APPLICATION OF KENTUCKY-AMERICAN WATER COMPANY FOR AN
ORDER APPROVING THE ESTABLISHMENT OF A REGULATORY ASSET
CASE NO. 2020-00257

- d. Temporary Housing
 - e. Bottled Water
 - f. Signage
 - g. Rental Equipment
 - h. Remote-Enabled Work
11. Specifically identify and provide a detailed description of all service company related operating expenses categorized in KAW_N_ATT_102820.xls as:
- a. PPE and Supplies
 - b. Communications
 - c. Facility Preparedness
 - d. WFH Stipend
12. Based on KAW_N_ATT_102820.xls, it appears that the service company spent \$417,116.00 in July and August on PPE and supplies. Between March and July, it spent a total of \$267,299.00 in this category. Specifically identify the PPE and supplies which caused the increased costs in that category.
13. Discuss why uncollectible expenses should not be reviewed in the company's next base rate case as opposed to being established as a regulatory asset.
14. Identify the terms and conditions of the loan(s) referenced in KAW_N_ATT_102820.xls.
15. Identify the charges that required the company to finance \$19,634,954.00 as referenced in KAW_N_ATT_102820.xls.
16. Discuss whether the company investigated alternative sources of financing, such as commercial paper, inter-company borrowing, and / or short term-term debt, and whether those were available to meet the company's financing needs. Discuss the findings of any such investigation and compare those the terms and conditions of those options to the terms and conditions of the loan identified in KAW_N_ATT_102820.xls.
- a. Provide the interest rate of the loan identified in KAW_N_ATT_102820.xls, and provide also the interest rate applicable to all other alternative sources of financing the company investigated.
17. Generally describe the impact to ratepayers and the impact to shareholders if the request for regulatory asset treatment were to be denied.
18. Discuss the impacts to the company, if the company is not allowed to establish a regulatory asset to account for the effects of the COVID-19 emergency.

ELECTRONIC APPLICATION OF KENTUCKY-AMERICAN WATER COMPANY FOR AN
ORDER APPROVING THE ESTABLISHMENT OF A REGULATORY ASSET
CASE NO. 2020-00257

19. Discuss whether the company's parent company and/or sister companies have experienced differential treatment regarding disconnections and suspension of late fees in the alternative jurisdictions those companies serve. If such a differential treatment exists, discuss whether the allocation of charges amongst the network of companies accounts for those differences in any way.
20. Refer to page 3, paragraph 8 of the company's application. Are each of the primary categories of COVID-19 related financial impacts identified in the company's application, continuing? If so, discuss how long the company expects each one to continue.
21. Discuss measures the company has taken during the COVID-19 emergency to control cost. Ensure to include in your response, at a minimum, the following:
 - a. Explain whether the company has instituted a freeze on salary and benefit increases. If not, why not?
 - b. Has the company reduced capital expenditures? If not: (i) why not?; and (ii) would the company be willing to reduce or defer capital expenditures? Explain in complete detail.
 - c. Is the company continuing to pay dividends to American Water Works at the same rate it did at this time last year? If so, explain why.
 - d. Has the company reduced employee overtime? If not, why not?
 - e. Has the company reduced charitable contributions and sponsorships? If not, why not?
 - f. Has the company investigated tax deferral strategies? If not, why not?
22. Identify all loans, grants, assistance or benefits of any type or source the company has received in connection with COVID-19, that would offset any COVID-19-related expenses.