

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

| | | |
|-----------------------------------------|---|----------------------------|
| IN THE MATTER OF: |) | |
| |) | |
| APPLICATION OF KENTUCKY- |) | |
| AMERICAN WATER COMPANY TO |) | CASE NO. 2021-00090 |
| AMEND TARIFF TO REVISE QUALIFIED |) | |
| INFRASTRUCTURE PROGRAM CHARGE |) | |

KENTUCKY AMERICAN WATER
COMPANY’S POST-HEARING BRIEF

Kentucky-American Water Company (“KAW”) hereby submits this post-hearing brief in support of its March 26, 2021 Application for an increase to the current .97% Qualified Infrastructure Program (“QIP”) Rider included on customer bills. The requested increase is for an additional 94 cents on the average residential customer bill.¹ In percentage terms, it is for an additional 2.52% for a cumulative proposed amount of 3.49%² which is derived from a net increase to rate base of \$20,028,974.³ As set forth below, KAW’s Application⁴ follows the Commission’s thoughtful and well-reasoned decision establishing the QIP line item mechanism in KAW’s last base rate case⁵ and will allow for the replacement and timely cost recovery of critical water infrastructure. KAW’s total requested increase is also consistent with the total projected increases

¹ Elaine K. Chambers Direct Testimony, p. 9.

² March 26, 2021 Application, p. 3; Elaine K. Chambers Direct Testimony, pp. 9-10.

³ See KAW_DT_EKC_WP_032621, Cell D25 of the tab “2021QIP Revenues.”

⁴ KAW’s Application is supported by the testimony of Elaine K. Chambers and Kurt A. Stafford. During this proceeding, Ms. Chambers’ and Mr. Stafford’s employment with KAW ended. Thus, their testimony and data responses were adopted by Mr. Todd Wright, Mr. Brent O’Neill, and Ms. Krista Citron, all of whom appeared at the June 2, 2021 evidentiary hearing in this matter.

⁵ *In re the Matter of: Application of Kentucky-American Water Company for an Adjustment of Rates*, Case No. 2018-00358, Order of June 27, 2019.

KAW submitted in its last base rate case. For these reasons, the Commission should approve KAW's proposal in this case.

I. Approval of QIP in Case No. 2018-000358

In Case No. 2018-00358, KAW proposed the subject QIP line item mechanism. That proposal included various classes of water treatment and distribution infrastructure, including water mains, storage tanks, valves, pump stations, pumping equipment, meters, SCADA equipment, and hydrants.⁶ KAW explained that the QIP Rider would allow KAW to spend additional money towards pipe replacement and other aging water treatment and distribution infrastructure while moderating future rate increases.⁷ With its Application in the rate case, KAW submitted proposed tariff sheets for the QIP Rider.⁸ Those tariff sheets defined in detail what would be "QIP Eligible Utility Plant" consisting of two distinct categories: (1) Distribution Infrastructure; and (2) Water Treatment Infrastructure. The intervenors in the rate case argued that the categories of QIP Eligible Utility Plant were overly broad,⁹ but the Commission specifically rejected that argument¹⁰ and approved those categories as proposed when it approved the QIP Rider in its June 27, 2019 Order in the rate case. The approved categories, which were then set forth in approved Tariff Sheet 48, are:

⁶ Case No. 2018-00358, November 28, 2018 Direct Testimony of Brent O'Neill, p. 24.

⁷ Case No. 2018-00358, O'Neill Direct Testimony, p. 36.

⁸ Case No. 2018-00358, Application Exhibit 2, Proposed Tariff Sheets 48-49.

⁹ Case No. 2018-00358, June 27, 2019 Order, p. 78.

¹⁰ Case No. 2018-00358, June 27, 2019 Order, pp. 81-84.

(N) **QIP ELIGIBLE UTILITY PLANT:**

(N) Distribution Infrastructure – distribution and transmission system structures and improvements, mains
(N) and valves installed as replacements for existing facilities; hydrants, distribution tanks; services, meters
(N) and meter installations, power generation and pumping equipment installed as replacements for existing
(N) facilities; unreimbursed funds related to capital projects to relocate facilities required by governmental
(N) infrastructure projects.

(N) Water Treatment Infrastructure – source of supply and water treatment structures, pipe and equipment
(N) including sampling equipment, SCADA equipment, power generation and pumping equipment installed as
(N) replacements for existing facilities.

(N) Indicates new rate or requirement

As the rate case progressed, KAW responded to numerous data requests seeking information about how the QIP would work, what assets would be included, and what amounts would be proposed in a QIP filing. One of those rate case data requests was Attorney General 1-59 (“AG 1-59”) which is also attached to Mr. Stafford’s testimony in this case as Exhibit 1. In AG 1-59, KAW showed its projections for the QIP through 2024. It showed what asset categories would be included and it showed that for the first QIP Period of July 2020 through June 2021, the projected amount would be approximately \$14.3 million.¹¹ It also showed that on a yearly basis, KAW’s Total QIP Investment was expected to be approximately between \$18 and \$20.8 million as set forth in the image of a portion of AG 1-59 below:

¹¹ AG 1-59 showed \$5.3 million spend for July – December of 2020 and \$18 million for all of 2021. To derive an approximate spend for the QIP period of July 2020 through June 2021, one may add 5.3 and one-half of 18 to get \$14.3 million ($5.3 + 9 = 14.3$).

**QIP STRATEGIC CAPITAL EXPENDITURE PLAN - 5 YEAR
PROGRAM UPDATED**

Business Unit Kentucky
Description KY QIP BP 2020-2024 SCEP
First Year of Plan 2020*

*2020 QIP Spending occurs following Future Test Year ending June 2020

| First Year of Plan 2020 | | | | | | | | | | |
|---------------------------|------------|-------------------------------------------|---------------------------------------------------------|--------------|--------------------------------|------------|------------|------------|------------|------------|
| Business Unit | Project ID | Project Title | Project Purpose | 5-Year Total | | 2020* | 2021 | 2022 | 2023 | 2024 |
| | | | | | | Total | Total | Total 2022 | Total 2023 | Total 2024 |
| | | | | | | | | | | |
| RECURRING PROJECTS | | | | | | | | | | |
| Kentucky | B | Mains - Replaced / Restored | Main Replacements other than Cast Iron/ Galvanized Main | 8,750,000 | | 750,000 | 2,000,000 | 2,000,000 | 2,000,000 | 2,000,000 |
| Kentucky | B2 | QIP - Mains - Replaced / Restored | Replacement of Cast Iron/ Galvanized Main | 46,250,000 | | 2,250,000 | 8,000,000 | 12,000,000 | 12,000,000 | 12,000,000 |
| Kentucky | C | Mains - Unscheduled | Main Replacements | 4,050,000 | | 450,000 | 900,000 | 900,000 | 900,000 | 900,000 |
| Kentucky | D | Mains - Relocated | Main Replacement caused by relocations | 1,825,025 | | 200,025 | 387,500 | 387,500 | 400,000 | 450,000 |
| Kentucky | F | Hydrants, Valves, and Manholes - Replaced | Hydrant, Valves Replacement | 2,272,320 | | 249,480 | 501,960 | 504,960 | 507,960 | 507,960 |
| Kentucky | H | Services and Laterals - Replaced | Service Line Replacements | 2,396,250 | | 266,250 | 532,500 | 532,500 | 532,500 | 532,500 |
| Kentucky | J | Meters - Replaced | Meter Replacements | 5,008,475 | | 571,350 | 1,220,475 | 1,010,150 | 1,106,500 | 1,100,000 |
| Kentucky | L | SCADA Equipment and Systems | Control System Replacements/ Redundancies | 1,746,500 | | 166,500 | 320,000 | 360,000 | 450,000 | 450,000 |
| Kentucky | M | Security Equipment and Systems | Security System Redundancies/ Replacements | 607,000 | | 65,000 | 167,000 | 125,000 | 125,000 | 125,000 |
| Kentucky | Q | Process Plant Facilities and Equipment | Water Treatment Equipment Replacements | 3,375,000 | | 375,000 | 750,000 | 750,000 | 750,000 | 750,000 |
| Total Recuring Projects | | | | | | 5,343,605 | 14,779,435 | 18,570,110 | 18,771,960 | 18,815,460 |
| | | | | | | | | | | |
| Business Unit | Project ID | Project Title | Project Purpose | 5-Year Total | Anticipated In Service Date | 2020* | 2021 | 2022 | 2023 | 2024 |
| | | | | | | Total 2020 | Total 2021 | Total 2022 | Total 2023 | Total 2024 |
| INVESTMENT PROJECTS | | | | | | | | | | |
| Kentucky | 112-020080 | KRS1 Pump 10 and 11 Replacements | High Service Pump Replacement | 2,250,270 | 9/30/2021 | - | 2,250,270 | - | - | - |
| Kentucky | 112-020081 | KRS1 Pump 14 Replacement | High Service Pump Replacement | 1,500,000 | 6/30/2022 | - | - | 1,500,000 | - | - |
| Kentucky | 112-020095 | Mercer Road Booster Station | Pump Station Replacement | 1,000,000 | 5/30/2021 | - | 1,000,000 | - | - | - |
| Kentucky | 112-020096 | Mt Horeb Booster Station | Pump Station Replacement | 750,000 | 5/30/2023 | - | - | - | 750,000 | - |
| Kentucky | 112-020097 | Hall Booster Station | Pump Station Replacement | 750,000 | 5/30/2022 | - | - | 750,000 | - | - |
| Total Investment Projects | | | | | | - | 3,250,270 | 2,250,000 | 750,000 | - |
| | | | | | | | | | | |
| TOTAL QIP INVESTMENT | | | | | | 5,343,605 | 18,029,705 | 20,820,110 | 19,521,960 | 18,815,460 |

Against this backdrop, in Case No. 2018-00358, the Commission approved¹² the proposed QIP as filed in June 2019, stating:

[T]he case record contains substantial evidence regarding the need for the QIP. . . . Another hard fact is that there will be significant increase in capital costs to replace aging infrastructure, with a subsequent rate increase to recovery those capital costs. The Commission finds it reasonable to approve an alternative cost recovery based on smaller, more gradual rate increases. The alternative is to wait until Kentucky-American files its next general rate case with the result that customers experience rate shock from large increases due to rate recovery for several years of capital investment to replace aging infrastructure.¹³

II. The QIP 1 Case (Case No. 2020-00027)

With its March 2, 2020 Application in Case No. 2020-00027 (sometimes referred to as the “QIP 1 case”) KAW requested the approval of the initial QIP surcharge amount. Naturally, KAW’s request in that case included proposed projects in many of the asset classes the

¹² Since that approval, the Commission has discussed KAW’s QIP as an example of a suitable infrastructure replacement mechanism. *In re the Matter of: Application of Water Service Corporation of Kentucky for a General Adjustment in Existing Rates*, Case No. 2020-00160, Order of December 8, 2020, p. 43.

¹³ Case No. 2018-00358, June 27, 2019 Order, p. 81.

Commission had approved in the rate case. However, at the May 12, 2020 hearing in that case, KAW learned, for the first time, that the Commission was reconsidering the range of asset classes it has just approved less than a year earlier. During that hearing, presiding and now former Vice Chairman Cicero repeatedly stated that KAW should use the QIP to place more emphasis on accelerated pipe replacement than on other asset classes.¹⁴ His statements were not part of a question and answer session, cross-examination of KAW witnesses, or an exercise of devil's advocacy. They were direct statements made to KAW witnesses and its counsel that turned out to be Commission instructions once the Order cited to and followed them. Vice Chairman Cicero also repeatedly stated that he was not being critical of KAW's request in the QIP case because KAW's request was in perfect accord with what KAW had projected in AG 1-59 from the rate case.¹⁵

Then, in the Commission's June 17, 2020 Order in Case No. 2020-00027 for QIP 1, the Commission limited its approval to just main replacement projects and excluded the other projects KAW proposed from QIP recovery.¹⁶ The Commission's written Order specifically referenced what Vice Chairman Cicero said at the hearing regarding the QIP placing more of an emphasis on pipe replacement than on "ancillary" projects:

As the Commission emphasized at the May 12, 2020 hearing, the primary reason the Commission approved the QIP was to replace again water main that has or will be reaching the end of its service life and contributes to unaccounted-for-water loss However, in this proceeding, Kentucky-American proposed to spend only 60 percent of the **QIP budget** on main replacement, with 40 percent on ancillary projects that are more akin to routine operation and maintenance¹⁷

¹⁴ Case No. 2020-00027, May 12, 2020 Video Hearing, 9:54:53 a.m. and 10:03 a.m. through 10:05:30 a.m.

¹⁵ The relevant portion of the May 12, 2020 hearing on this point is from 9:55 a.m. to 10:07 a.m. The full hearing is on the Commission's website. The relevant 12-minute clip may be downloaded [here](#) (the link will expire on July 8, 2021).

¹⁶ Case No. 2020-00027, June 17, 2020 Order, pp. 16-17.

¹⁷ Case No. 2020-00027, June 17, 2020 Order, p. 15 (emphasis added).

Vice Chairman Cicero’s May 12, 2020 direct statements at the hearing about placing a greater emphasis on pipe replacement and the language from the Order quoted above which references his statements and criticizes KAW for using only 60 percent of the “QIP budget” on pipe replacement are clear; the Commission told KAW to place greater emphasis on pipe in its QIP.

III. KAW’s Current QIP Proposal and Other Issues

In preparing its proposal in this case (“QIP 2”), KAW sought to make sure it was consistent with: (1) KAW’s rate case projections for annual total QIP investment; (2) Vice Chairman Cicero’s statements at the May 12, 2020 hearing in Case No. 2020-00027; and (3) the Order (p. 15, quoted above) in Case No. 2020-00027. Without question, KAW’s proposal in this case is consistent with a fair and reasonable interpretation of the Commission’s QIP directives.

KAW’s proposal merely takes the same QIP budget provided in the rate case and utilizes nearly all of it for main replacement – just as KAW perceived it was being directed to do. In his testimony, Mr. Stafford explained that KAW’s proposal follows feedback received at the hearing in Case No. 2020-00027 and in the subsequent Order in that case.¹⁸ He also explained that KAW seeks to achieve a greater emphasis on pipeline replacement by shifting from a 25-year to a 20-year replacement cycle for galvanized and cast iron mains¹⁹ and how KAW expects to accomplish the replacement of an additional 2-3 miles of pipe given that shorter cycle.²⁰ At the June 2, 2021 evidentiary hearing, Mr. O’Neill confirmed that KAW’s request in this case is based directly on the Commission’s directives from the rate case and Case No. 2020-00090 and is consistent with QIP budget projections filed in the rate case.²¹ Although other issues are addressed below, KAW’s

¹⁸ Stafford Direct Testimony, p. 4.

¹⁹ Stafford Direct testimony, p. 4.

²⁰ See KAW’s response to PSC 1-19.

²¹ June 2, 2021 Video Hearing, 14:35:00 – 14:38:30.

proposal in this case should be approved as the next logical step for QIP that is in exact accord with the Commission's directives in the rate case and in the QIP 1 case.

Other Issues

In the course of discovery in this case and at the June 2, 2021 evidentiary hearing, several issues have arisen KAW would like to address. First, the price per linear foot of pipe replacement has increased significantly from KAW's rate case projection of approximately \$150 per foot. KAW has acknowledged that the \$150 per foot estimate was low because it was based on widespread historical information rather than on more difficult pipe installations included in the initial phases of the QIP program. But KAW has also explained that much of the increase in price per foot is for reasons beyond KAW's control, namely, the City of Lexington's increased expectations for repaving and restoring street cuts.²² Lexington has a legitimate interest in protecting taxpayers by requiring road restorations that will allow roads to reach their useful lives. KAW has and will continue to work with Lexington to minimize those restoration expenses through cost sharing and utility coordination of projects in a way that balances restoration goals with necessary street cuts. But the fact remains that Lexington expects more and better street repaving and restoration than it did just a few years ago.²³ As long as those expectations are within legal bounds, KAW has no choice but to comply with Lexington's increased expectations.

Second, KAW has demonstrated that its total capital investment has increased since QIP was approved. But this is not a "doubling or tripling" or "exponential" growth of the spend on QIP projects when comparing rate case projections to the proposal in this case. As explained above, KAW's 2018 rate case projections were to invest approximately \$20 million annually on QIP investments which is consistent with the proposal in this case. KAW has explained that the

²² See KAW's response to PSC 3-4.

²³ See KAW's response to PSC 3-4.

\$6 to \$10 million language from the rate case is the *additional* or *incremental* spend that KAW planned to make if QIP was approved.²⁴ Indeed, the Commission’s Order described the \$6 to \$10 million as “annual *incremental* capital spending.”²⁵ Moreover, KAW has demonstrated that its QIP spending has not had an impact on its other non-QIP capital spending²⁶ meaning that KAW’s other infrastructure needs are being met.

Third, inquiry has been made into why KAW’s proposal in this case includes two of the asset classes the Commission denied in its Order in the QIP 1 case. In that Order, the Commission denied inclusion of KAW budget line items F and H which are for asset classes consisting of valves, hydrants, and service lines. KAW has proposed their inclusion in this case because it believes the Commission should revisit its decision for these asset classes.²⁷ And KAW was fully transparent about this issue in Mr. Stafford’s direct testimony in which he described, generally, what projects were included in KAW’s proposal (pp. 2-4), that the proposal specifically included budget lines F and H (p. 8), and how those budget line items are related to the replacement of aging mains (pp. 13-15). The dollar amounts for those items are a relatively small part of the request in this case (\$800,000 for budget line F and \$530,000 for budget line H), were clearly identified and described in Mr. Stafford’s testimony (pp. 13-14) and in the workpapers supporting Ms. Chambers’ testimony,²⁸ and were discussed in further detail in KAW’s discovery responses.²⁹ In fact, KAW has explained that service lines (\$530,000 for budget line H) are actually small diameter mains that are subject to the same modes of failure as larger transmission and distribution lines

²⁴ See KAW’s response to PSC 2-6(c).

²⁵ Case No. 2018-00358, June 27, 2019 Order, p. 74 (emphasis added).

²⁶ See KAW’s responses to PSC PHDR Items 5 and 6.

²⁷ See KAW’s response to PSC 2-14.

²⁸ Ms. Chambers’ Excel workpapers were filed with her direct testimony on March 26, 2021 as KAW_DT_EKC_WP_032621. See the tab “2021 QIP Spend Jan 21-June 22.”

²⁹ See KAW’s responses to PSC 1-20, PSC 1-21, and PSC 2-1.

with age.³⁰ Thus, they should be included in QIP for the exact same reasons the larger mains are included in QIP. The Commission should revisit its decision and allow the inclusion of budget lines F and H in QIP as the Commission did in its Order in the last rate case.

Fourth, KAW's process for procuring bids and selecting contractors for QIP projects ensures the best available pricing and satisfactory completion of the work. KAW has twelve "pre-qualified" pipeline contractors who have met pre-determined criteria.³¹ Depending on the complexity of the project and KAW's experience with the contractors, KAW invites a subset of those contractors to bid on the project through a sealed competitive bidding process and the project is awarded to the lowest bidder.³² This process achieves efficiency and ensures the lowest available pricing.

Fifth, KAW's pipeline replacement prioritization model is a living and robust method by which KAW ranks possible projects ensuring that the neediest projects are selected each year.³³ It is updated annually to account for changing conditions.³⁴ KAW first presented that model to the Commission in Case No. 2018-000358.³⁵ The model includes eight separate factors that are used to give all possible projects a ranking so that KAW can then select which projects should be completed. Those factors are: pressure, number of breaks, fire flow, age, material type, size of main, water quality, and customer impact. The weight assigned to each factor and more detail related to each factor are in the matrix below which KAW submitted in Case No. 2018-00358³⁶ and in this case:³⁷

³⁰ See KAW's response to PSC 2-1.

³¹ See KAW's response to PSC 2-2.

³² See KAW's response to PSC 1-1, PSC 1-2, and PSC PHDR Item 4.

³³ The current results of the model are shown in KAW's response to PSC 1-12.

³⁴ See KAW's response to PSC 2-3.

³⁵ See KAW's response to PSC 2-3.

³⁶ Case No. 2018-00358, O'Neill Direct Testimony, Exhibit 2, p. 13.

³⁷ See KAW's response to PSC 1-10.

| MAIN REPLACEMENT CRITERIA | | | | | | |
|-----------------------------|--------|-------------------------------|----------------------------|-----------------------------|------------------------------------|-------------------------------------|
| Criteria (Max. Points) | Weight | Rating | | | | |
| | | 1 | 2 | 3 | 4 | 5 |
| Low Pressure (75) | 15x | 50 psi or greater | 50 psi to 45 psi | 45 psi to 40 psi | 40 psi to 35 psi | < 35 psi |
| Number of Breaks/Leaks (75) | 15x | 0 breaks/5-year avg. | 1-2 breaks/5-year avg. | 3-4 breaks/5-year avg. | 5-6 breaks/5-year avg. | < 6 breaks/5-year avg. |
| Fire Flow (50) | 10x | Greater than 1,500 gpm (Blue) | 1,500 to 1,000 gpm (Green) | 999 gpm to 500 gpm (Yellow) | Less than 500 gpm (Red) | Known problems |
| Age (75) | 15x | 1995 or later | 1990 to 1994 | 1970 to 1979 | 1960 to 1969 | 1959 and prior |
| Material Type (75) | 15x | D/ARCP | PVC/HDPE | Transite/AC | CU/CLCI | Gal. / Steel |
| Size of Main (50) | 10x | 8 inch and above | 6 inch | 4 inch | 2 inch to 3 inch | Main smaller than 2 inch |
| Water Quality (75) | 15x | Flushing but not routine | Monthly Flushing | Bi weekly Flushing | Weekly (or more frequent) Flushing | Continuous Flushing (w/ discussion) |
| Customer Impact (25) | 5x | less than 2 customers | 2 to 10 customers | 11 to 20 customers | greater than 20 customers | School/Hospital (Critical Customer) |

Maps for each of the projects proposed in this case are attached to KAW's Application and KAW provided specific details about the ranking criteria for each criteria in response to PSC 1-9. Thus, the Commission has all the information it needs to approve the dollar amount and resulting QIP surcharge associated with the requested projects.

Finally, one of the issues in discovery and at the hearing has been the pace at which projects have been completed in QIP Year 1 (July 1, 2020 – June 30, 2022) and whether the revenue requirement for QIP 2 should be based on terminal values for net plant placed in service or a 13-month average for net plant placed in service. While it is true that the QIP Year 1 projects have not been placed in service as quickly as KAW would have liked for several reasons (including COVID-19 and related logistical difficulties³⁸), the entire \$8.3 million worth of projects approved for QIP Year 1 is on track to be placed in service by June 30, 2021.³⁹ Use of terminal values rather than a 13-month average for QIP Year 2 will allow some offsetting of the regulatory lag KAW experiences from the averaging in the forecasted test year plant investment in the last rate case, AFUDC revenue credits embedded in authorized base rates, and for non-QIP plant additions it has made since the end of the forecasted test period in its last rate case. While KAW acknowledged

³⁸ See KAW's response to PSC 2-4.

³⁹ June 2, 2021 Video Hearing, 14:42:40; KAW's response to PSC 1-15 and PSC 2-4.

at the hearing that such an offset is not a stated purpose of QIP, all else being equal, that offset will allow KAW to file its next rate case later than it otherwise would which is a benefit to customers.

A shift from using terminal values to a 13-month average would have a significant effect on the QIP 2 charge amount and resulting revenues in QIP Year 2. The surcharge would decrease from an additional 2.52% to 1.24% (which would also mean the cumulative total QIP charge would decrease from 3.49% to 2.21%).⁴⁰ For the average residential customer with a 5/8" meter using about 3,900 gallons a month, this equates to a reduction from 94 cents a month to 46 cents a month. Of course, the commensurate effect on revenues received by KAW would also be a significant decrease. Because of those significant decreases, to the extent the Commission decides that a 13-month average should be used, it becomes even more important for the Commission to approve all of the projects proposed in this case by approving the entire proposed net addition to rate base of \$20,028,974.⁴¹ In other words, the entire proposed investment should be approved. That would at least allow KAW to move forward with all of the critical main replacement projects at the top of KAW's prioritization model.

IV. CONCLUSION

Less than two years ago, the Commission demonstrated excellent judgment in approving the QIP Rider with the defined QIP Eligible Utility Plant. Less than a year ago, the Commission significantly narrowed the QIP's scope by excluding many of the asset classes it originally approved for QIP Eligible Utility Plant. In this case, KAW's proposal is focused precisely on what the Commission said the focus should be – replacing pipe. And the proposed amount is in perfect accord with what KAW said total QIP investment would be in its last rate case. For these reasons,

⁴⁰ See KAW_DT_EKC_WP_032621, Tab "2021QIP Revenues" compared to the same tab of the Excel file provided in response to PSC PHDR Item 3 which shows the recalculation of revenues based on a 13-month average model.

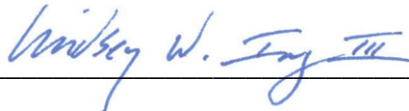
⁴¹ See KAW_DT_EKC_WP_032621, Cell D25 of the tab "2021QIP Revenues."

the Commission should decline to further narrow the QIP's scope by making what would be an arbitrary reduction to the proposed capital investment. Instead, it should approve KAW's proposal thereby allowing KAW and its customers to realize the many benefits QIP generates – which are the same benefits that served as the basis for the Commission's wise approval of QIP in the first place.

Date: June 15, 2021

Respectfully submitted,

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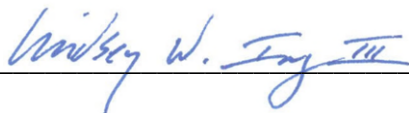
BY: _____

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 June 15, 2021; that a paper copy of the filing will be delivered to the Commission in accordance with the Commission's March 16, 2020 Order in Case No. 2020-00085; and that no party has been excused from participation by electronic means.

STOLL KEENON OGDEN PLLC

By _____

Attorneys for Kentucky-American Water Company