

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00376
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

Witness: Krista E. Citron

1. Refer to Kentucky-American's Excel Workbook: KAW_BA_EX1_092221; Tab: Data.
 - a. For each construction project listed on the worksheet provide the information requested in the table below in an Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

<u>Work Order</u> <u>Number</u>	<u>Work Order</u> <u>Description</u>	<u>Original Projections</u>		<u>Actual</u>		<u>Project Cost</u>		
		<u>Start Date</u>	<u>End Date</u>	<u>Start Date</u>	<u>End Date</u>	<u>Projected</u>	<u>Actual</u>	<u>Difference</u>

- b. Provide a detailed explanation for the differences between the actual and projected constructed costs identified in the response to Item 1.a.
 - c. Confirm each construction project listed in the response to Item 1.a. was placed into service on or before June 30, 2021.
 - d. If a construction project listed in the response to Item 1.a. was not placed in service on or before June 30, 2021, provide the projected in service date.

Response:

a. Refer to KAW_R_PSCDR1_NUM001_110321_Attachment A in Excel format. KAW has assumed that start dates refer to the start of construction, and end dates to refer to in-service dates. Note that while all the projects presented and approved in Case No. 2020-00027 were placed in-service prior to June 30, 2021, there has been and will be a relatively small amount of costs incurred after June 30, 2021 to bring those projects to full completion. KAW plans to include those costs in its next QIP case which will be filed in 2022, so they are not proposed to be recovered in this balancing adjustment case. Nonetheless, as explained in KAW's September 22, 2021 cover letter in this case, KAW wanted to make the Commission aware of that fact.

b. In its September 22, 2021 cover letter and the accompanying September 22, 2021 Balancing Adjustment (file name KAW_BA_092221), KAW provided explanations for the variances from projected to actual costs in Exhibit 2 of that document for each of the seven projects. Please also see the explanations below.

State St Phase I: This project included an additional 250 linear feet of main installation for a different tie-in location and an additional intersection crossing to make the new water line connection. As a result, there were additional paving and restoration costs. The project also included a new 16" valve when the existing one proved to be inoperable.

State St Phase II: This project included a new 16" valve when the existing one proved to be inoperable.

Both State St. project phases had costs that were heavily influenced by non-functioning valves and valves that broke during construction. Of particular expense were the 16" line stop on one phase and 16" Ez valve on the other. This main is a major feed for the University of Kentucky and all of their health facilities in the area (such as UK Hospital), so taking large sections of this main out of service (which would have been necessary due to non-functioning valves) was not an option. Post-construction, KAW now has a functioning 16" Ez valve on this critical section of 16" main, which was not the case before.

Castlewood Phase I: Paving and restoration expenses were greater than planned, but KAW will have the opportunity to cost-share those expenses with other parties. This project also included unexpected service line repairs due to brittle existing service lines discovered during construction.

Castlewood Phase II: All of this project's final paving and restoration costs have not been captured, but KAW will make those available to the Commission in its 2022 QIP case.

Both Castlewood projects will incorporate pavement restoration cost sharing with Columbia Gas and/or LFUCG. Multiple utility projects on these streets will enable KAW to coordinate restoration with other utilities, providing a better final pavement product for customers at a reduced cost. Both phases of this project also encountered unmarked and unplanned-for storm and sanitary lines, which required additional pipeline bends and fittings to work around the conflict points.

Versailles Rd I: Paving and restoration extents were greater than planned. This project also needed to incorporate an additional fire hydrant replacement compared to what was indicated on the design plans.

Versailles Rd II: As of June 30, 2021, actual expenses were less than projected as shown in the attached Excel file. Note that all of this project's final paving and restoration work has not yet been completed.

Winchester Rd: Contractor labor overage was the main reason that actual costs exceeded projected costs and the main reason for that overage was due to unexpected erosion control expense.

c. Confirmed. All projects were in-service, used and useful, and were providing water to customers prior to June 30, 2021.
See KAW_R_PSCDR1_NUM001_110321_Attachment A, column F.

d. Not applicable, please see the response to part (c) above.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00376
COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION

Witness: Tricia Sinopole

2. Refer to Kentucky-American's Excel Workbook: KAW_BA_EX1_092221; Tab: QIP Revenues. Provide a schedule that compares the calculation of the original QIP to the QIP Reconciliation calculation in Excel format with all formulas, columns, and rows unprotected and fully accessible.

Response:

Please see the attached Excel file KAW_R_PSCDR1_NUM002_110321.