

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

1. Refer to Kentucky-American's response to the Attorney General's First Request for Information ("Attorney General's First Request"), Item 2. Provide a breakdown of the \$10,573 that American Water Works Service Company charged Kentucky-American wastewater operations for the test year, along with a brief description of each service provided.

Response:

As previously stated in KAW_R_AGDR1_NUM002_012422, the Support Services amount of \$10,573 related to Wastewater Operations in this case is 0.11% of the total Company Support Services RYE Pro Forma Expenses 12 months ended 6/30/2020 as per KAW's last water rate case (Case No. 2018-00358). Please see KAW_R_AGDR2_NUM001_022822_Attachment for a breakdown of \$10,573 by function.

For a description of each service provided, please refer to KAW_R_AGDR1_NUM002_012422_Attachment 2_CONFIDENTIAL which is the American Water Works Service Company Manual.

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2. Refer to Kentucky-American's response to the Attorney General's First Request, Item 3.
 - a. Provide the specific details of the Low-Income Home Water Assistance Program that is available to both water and wastewater customers.
 - b. Provide the specific details of the installment plans and budget billing that is made available to both the water and wastewater customers.
 - c. Provide the specific details of Kentucky-American's shareholder funded H2O Help to Others Program, which is administered by Dollar Energy.
 - i. Specify the annual monetary amount that the shareholders have provided to the H2O Help to Others Program from 2015 – 2022.
 - ii. Specify the monetary amount that Dollar Energy is paid to administer the program.
 - iii. Explain why Kentucky-American chose to allow a third party to administer the H2O Help to Others Program instead of operating it in-house.
 - iv. Explain whether Kentucky-American could operate the H2O Help to Others Program at a lower cost than the third party administrator.
 - v. Explain why the H2O Help to Others Program is not available to wastewater customers, and when Kentucky-American envisions that the program will be available to wastewater customers.

Response:

- a. The Low-Income Household Water Assistance Program (LIHWAP) is a federally funded program that provides emergency assistance to families experiencing hardship with their water and wastewater bills. LIHWAP is able to assist customers who are behind on their drinking water and wastewater bills to help keep their water and wastewater service active. Community Action agencies throughout Kentucky accept applications for LIHWAP assistance. Applications are accepted through a specified time period, or until designated funds are depleted, on a first-come, first-served basis.

Income eligibility for LIHWAP is up to 150% of the federal poverty level. Depending on individual circumstances, households can apply for both Subsidy and Crisis assistance. LIHWAP Crisis assistance is available to eligible households who are experiencing a water and/or wastewater bill payment crisis. Crisis benefits will cover the minimum needed to alleviate the crisis, not to exceed \$800. Households can reapply each time they experience a crisis situation until the maximum benefit is reached. With LIHWAP Subsidy assistance, eligible households can apply for a one-time benefit ranging from \$50 to \$400 depending on income level, housing category and water service benefit type to offset the cost of their household's water or wastewater services.

- b. Residential customers may elect to participate in a monthly budget billing payment plan. Under such a plan, Customers shall pay a fixed monthly amount determined by the Company based on historical or estimated usage. A Customer may enroll in such a plan at any time by contacting the Company. The Company will issue bills so as to bring each customer's account current once each 12-month period or through a series of levelized adjustments on a monthly basis if usage indicates that the account will not be current upon payment of the last monthly budget amount. If a customer fails to pay bills as required under the plan, the Company reserves the right to remove the Customer from the plan, restore the customer to regular billing, and require immediate payment of any deficiency.

Customers may also elect to enroll in an Installment Plan, which can help customers to repay a past due or high bill over time. Enrolling in a payment arrangement may require the customer to:

- Pay at least 25% of their bill within 48 hours of signing up
- Pay the rest of the bill, including any applicable late payment charges, according to an agreed upon schedule
- Pay all future bills as they become due.

Only customers who have not broken similar agreements in the past 12 months are eligible to make these payment arrangements. Customers may also request a one-time extension if they need just a few more days to pay their bill. In addition, customers may request a medical hardship that will allow for a short-term payment extension for medical conditions.

- c. The H2O Help to Others Program is a shareholder funded assistance program for income eligible customers who find themselves unable to pay their water bills. Residential customers qualify for assistance if funds permit and if they meet the following guidelines:
- Customer's total gross household income must be at or below 200% of the 2020 Federal Poverty Income Guidelines.
 - The customer must have paid at least \$25 toward their water bill in the 180 days prior to applying for assistance.
 - Customer must have a balance of at least \$50 outstanding on account.

Customers who are experiencing financial crisis and meet the guidelines above may apply for assistance. This includes customers who are on payment plans and having difficulty making their payments, as well as customers who have been billed for a leak and have incurred a large balance. The maximum grant is \$125 and qualifying customers may receive one grant per calendar year, but effective August 16, 2021, and extended on January 7, 2022, through June 2022, while funds permit, the maximum grant has been increased to \$250.

- i. The table below shows the amount shareholders have provided to H2O Help to Others from 2015 to 2022. These amounts exclude any amounts paid to Dollar Energy to administer the program.

Program Year	Amount
2015-2016	\$52,500
2016-2017	\$66,439
2017-2018	\$57,686
2018-2019	\$57,813
2019-2020	\$66,643
2020-2021	\$65,505
2021-2022	\$65,603
Total	<u><u>\$432,189</u></u>

- ii. Dollar Energy is paid an 8.75% operating fee of the total amount funded from KAW and customer contributions. In addition, Dollar Energy is paid \$5.00 per application processed each program year. Below is the amount paid to Dollar Energy from 2015 to 2021 to administer the program.

Program Year	Admin Fee
2015-2016	\$5,516
2016-2017	\$7,473
2017-2018	\$7,101
2018-2019	\$7,708
2019-2020	\$7,279
2020-2021	\$8,759
2021-2022	\$8,661
Total	<u><u>\$52,497</u></u>

- iii. There are several reasons KAW chose to allow a third-party to administer the H2O Help to Others program. First, there is a benefit to having multiple intake sites to make it more convenient for those in need to apply. It also allows a neutral third-party the ability to review applications and determine eligibility rather than the Company bearing sole responsibility. There is also a cost benefit in having a third party administer the program versus administering it in-house. Utility Assistance Programs are Dollar Energy's area of expertise and therefore it is believed they have the resources available to administer the program at a lower cost. Those resources include, but are not limited to, personnel, software programs, public education and outreach and Community Based Organizations. KAW reaps the benefits of the public education and outreach for Dollar Energy, as well as from the Community Based Organizations network Dollar Energy manages.
- iv. KAW does not believe that it can administer the program at a lower cost than Dollar Energy. Based on data provided by Dollar Energy, it's estimated that KAW pays Dollar Energy approximately \$20.54 per hour for time spent on KAW transactions. In 2021, the total amount paid to Dollar Energy to administer the program was \$8,661. KAW believes it would require at least one additional full-time employee to administer the program in-house, which would equate to a cost much higher than the \$8,661 paid to Dollar Energy in 2021.
- v. KAW plans to make the H2O Help to Others program available to wastewater customers before the new wastewater rates are planned to become effective on June 1, 2022.

The H2O Help to Others program has not historically been available to wastewater customers because the program was established prior to KAW having sewer customers. However, KAW believes the program should also be available to wastewater customers as it is not funded by water customer rates.

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3. Refer to Kentucky-American's response to the Attorney General's First Request, Item 5(b), in which Kentucky-American asserts that "at that time, the Commission did not require Commission approval of municipal customers." Explain whether Kentucky-American is implying that Commission precedent has changed concerning the acquisition of municipal customers.

Response:

Yes, the Commission has changed its position as to whether Commission approval is necessary for the acquisition of municipal customers. See the Commission's June 19, 2020 Order in Case No. 2020-00028, pp. 10-17.¹

¹ That order is at: https://psc.ky.gov/order_vault/orders_2020/202000028_06192020.pdf

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Witness: David Farrar / Tricia Sinopole

4. Refer to Kentucky-American's response to the Attorney General's First Request, Item 5(d). Kentucky-American asserts that it intends to have discussions with the water provider for Ridgewood customers to determine whether the water usage and meter information can be obtained, which would allow for the possibility of a wastewater rate with a volumetric component, instead of a flat monthly rate. Kentucky-American further states that, at this time, those discussions have not occurred, so the Company proposed a flat monthly rate.
 - a. Provide the water provider for Ridgewood customers.
 - b. Explain why Ridgewood customers do not have water usage and meter information that can be obtained.
 - c. Explain in detail why the discussions with the water provider have not occurred yet.
 - d. Explain in detail how Kentucky-American decided upon the proposed flat monthly rate for Ridgewood customers.
 - e. Explain in detail how Kentucky-American determined that the proposed flat monthly rate for Ridgewood customers was fair in relation to the proposed unified minimum bill and volumetric rate for Millersburg, Owenton, North Middletown, and Rockwell.

Response:

- a. Peak's Mill Water District is the water provider for Ridgewood customers.
- b. KAW is exploring options in obtaining water usage and meter information that may be available through Peak's Mill Water District.
- c. KAW has reached out to the Peak's Mill Water District and KAW's VP of Operations plans to attend Peak's Mill's March board meeting to discuss the matter further.
- d. KAW is proposing a flat monthly rate for Ridgewood customers because monthly water consumption data is not available for those customers upon which to design a volumetric rate and conduct an appropriate bill analysis. But please see part c above for KAW efforts on this issue.

- e. The proposed flat rate for Ridgewood customers is approximately equal to the resulting residential bill in other rate zones for a customer with 4,000 gallons of monthly use.

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5. Refer to Kentucky-American’s response to the Attorney General’s First Request, Item 6. Identify all customers that are under the Other Public Authority (“OPA”) tariff in Millersburg, Owenton, and North Middletown, and explain why this classification is necessary.

Response:

Please refer to the below table for the number of OPA customers by district. The OPA classification for these customers has been identified for accounting reasons in order to correctly account for revenues via the NARUC accounts.

<u>District</u>	<u>Customers</u>
Millersburg	2
Owenton	16
North Middletown	2

In KAW’s sewer tariff, an Other Public Authority or OPA customer is classified as a municipal, county, state or federal agencies (other than sales for resale). Examples under this category are city buildings, public schools, public housing developments, libraries, hospitals, fire stations, county, state and federal buildings and agencies. The classification is necessary to distinguish between the different classes of customers that KAW serves. Because all of the OPA customers are also water customers, there is only one classification for each customer. Since the cost of service can vary on the water side based on the customer classification, it’s necessary to distinguish each customer.

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6. Refer to Kentucky-American's response to the Attorney General's First Request, Item 7(c). Kentucky-American had 1,375 wastewater customers at the end of 2020, 1,364 at the end of 2021, and 1,363 as of January 11, 2022. Explain why the Company has lost 12 customers since the end of 2020, and if it believes the downward trend will continue into the future.

Response:

KAW disagrees with the conclusion that a decrease of 12 out of 1,375 customers over a 2-year period constitutes a "downward trend." The 12-customer decrease is due to normal attrition and is not material.

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Witness: David Farrar

7. Refer to Kentucky-American's response to the Attorney General's First Request, Item 7(f).
 - a. Provide a detailed account of the job duties of the two Kentucky-American employees who handle wastewater operations on a full-time basis.
 - b. Provide a detailed account of the job duties of the 17 Kentucky-American employees who handle wastewater on a part-time basis.
 - c. Explain whether any of the job duties of the full-time and/or part-time employees overlap, and could be handled by fewer employees. For example, there are six operations generalists who work on wastewater part-time.

Response:

- a. The job duties for the two full-time employees who handle wastewater operations include, but are not limited to: operates, maintains, and performs routine duties of a wide variety of specialized equipment at wastewater treatment and collection system facilities including chemical feed systems, pumps, motors, and performing required process control testing and analysis as well as biological wastewater treatment processes. They also include the controlling and monitoring of wastewater treatment equipment. They are responsible for routine water quality analyses, sample custody, data entry and recordkeeping. They perform preventative maintenance and repair duties, process controls, and plant operational duties including monitoring, sampling, troubleshooting and making necessary adjustments to optimize treatment performance. They implement the unscheduled repairs of plant and pump station equipment. They operate various heavy equipment and vehicles such as dump trucks, water pumps, jackhammers, sewer jet cleaning, vacuum equipment, and tv equipment.
- b. The job duties with the associated position title for the part-time employees who handle wastewater operations include, but are not limited to:
 - i. Maintenance Service Specialist – Performs a variety of tasks related to maintenance and repair of water and wastewater equipment, including equipment at plants, distribution system and collections system. Work includes, but is not limited to, repairs to, and maintenance of equipment and facilities such as chemical pump cleaning, piping repairs and modifications,

cleaning and painting of equipment and structures, machinery lubrication and equipment analysis. Performs relief duties for Operations Technician, as required or as assigned. Participates in rotating on call schedule for after hour and weekend emergencies in both water and wastewater systems. Operate various heavy equipment and vehicles such as dump trucks, water pumps, jackhammers, sewer jet cleaning, vacuum equipment, tv equipment, etc. Coordinate and supervise activities of contractor personnel repairing the system and complete associated paperwork.

- ii. Operations Generalist – Responsible for performing field service duties, reading maps and drawings, making necessary repairs to pipeline related facilities and maintaining customer service while performing other duties as assigned. Participates in rotating on call schedule for after hour and weekend emergencies in both water and wastewater systems. Operate various heavy equipment and vehicles such as dump trucks, water pumps, jackhammers, sewer jet cleaning, vacuum equipment, tv equipment, etc. Perform sewer tap inspections and assist in new construction inspections.
- iii. Operations Specialist – Provides operational, administrative, analytical and technical support to the Field and Production departments. Receive and distribute operational workflow requests and work orders. Enter data and perform analysis in information systems. Performs activities to monitor and maintain inventory control, evaluates inventory levels and reorders as necessary. Prepare, analyze and evaluate reports on a wide variety of items including variances related to specific department work processes, regulatory requirements, budgets, capital expenditures, work orders, departmental and/or organizational performance, etc. Performs relief duties for Operations Technician, as required or as assigned. Operations Supervisor and Operations Sr Supervisor – Oversee the staff performing daily operation of the wastewater treatment plants and collection systems in their area,
- iv. Operations Clerk – Provides functional, administrative, analytical and/or technical support to wastewater department. Uses and maintains business systems and other reporting tools to enter, compile, calculate, track, reconcile, report and clean-up data pertaining to various processes which may include, but are not limited to, departmental operations, time and labor, capital programs, field projects, work orders, regulatory compliance and employee records. Provides general administrative support for day-to-day managerial and departmental needs.
- v. Water Quality Specialist - Manage monitoring and reporting programs to ensure compliance with federal and state water quality and environmental regulations and company standards for assigned facilities. Interpret water quality results and continuously evaluate water/wastewater treatment processes and recommend modifications to maintain or improve water quality. Responsible for organizing functions and activities related to environmental management and water quality for assigned facilities.

Responsible for maintaining all applicable lab certifications, accreditations, or approvals to conduct compliance and process quality control work. Implements the day-to-day collection of water quality samples. Implements programs to ensure environmental compliance. Assists in resolving treatment issues.

- vi. Water Quality Manager - Carries out the day-to-day management of personnel or multiple operations to continually meet all Water Quality and/or Clean Water Act Requirements. Provides technical support on water quality, treatment, permitting, laboratory management, and regulatory compliance issues. Ensures policies, programs, standards of performance and approved objectives related to water quality and related environmental matters are adhered to. Assists local, State and Federal regulatory agencies during inspections.
- c. Due to cross-functional nature of staff, and diverse geographical locations of systems and facilities, it is not feasible to operate with fewer wastewater related staff. Only hours spent by these part-time staff on duties specifically related to wastewater are coded in the timekeeping system to wastewater accounting *departments*. For the part-time staff, the personnel have similar duties for both water and wastewater systems in their coverage area. Operations Generalists, for example, cover both during business hours and after-hours maintenance, installation, and repairs in both the water and wastewater systems in their area. They are assigned to be on-call in a rotational basis throughout the year. Water Quality department covers all the operations footprint. Many supervisors only oversee operations in a portion of the operations footprint, which creates efficiency by reducing drive time between locations.

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8. Refer to Kentucky-American's response to the Attorney General's First Request, Item 8(b)(i). Explain in detail whether Kentucky-American plans on filing a request for a certificate of public convenience and necessity ("CPCN") for the future system maintenance and upgrade projects. If not, explain in detail why not.

Response:

Although that decision will be made on a project-by-project basis, at this time, KAW does not plan on requesting a CPCN for any of the identified projects as they are extensions in the ordinary course of business and do not involve sufficient capital outlay such that a CPCN would be required under KRS 278.020 and 807 KAR 5:001, Section 15(3).

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9. Refer to Kentucky-American's response to the Attorney General's First Request, Item 8(b)(ii). Explain in detail whether Kentucky-American has previously filed a request for a CPCN for the prior system maintenance and upgrade projects since 2015. If not, explain in detail why not.

Response:

Of the projects listed in that response, only the lagoon liner replacement project at the Owenton wastewater treatment plant required a CPCN based on KRS 278.020 and 807 KAR 5:001, Section 15. KAW sought a CPCN for that project and the Commission granted it in Case No. 2018-00206. All other projects were extensions in the ordinary course of business.

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10. Refer to Kentucky-American's response to the Attorney General's First Request, Item 8(d).
 - a. Explain why there is one residential customer who has a one-inch meter, and thus will be charged a much higher rate than the rest of the residential customers.
 - b. If the one-inch meter is unnecessary for the residential customer, would it be possible to replace it with a meter less than one-inch? Provide a detailed response.
 - c. Has Kentucky-American corresponded with the residential customer with a one-inch meter to discuss the possible replacement of the meter? If not, why not?
 - d. Has Kentucky-American advised the residential customer with a one-inch meter that if the proposed rates go into effect the minimum bill for a one-inch meter will be \$201.68 monthly, versus a meter less than one-inch having a proposed minimum bill of \$37.28 monthly.

Response:

- a. The Company's proposed rate schedule for meter charges and minimum bills are differentiated by meter sizes but are not differentiated by customer class (residential versus non-residential). If a residential customer has the same size meter as a non-residential customer, the Company's proposed rates would charge those customers the same amounts.
- b. Yes, it is possible to change meter sizes for residential customers.
- c. Yes, KAW has corresponded with the residential customer with the one-inch meter and KAW is in the process of scheduling a time to replace the current one-inch meter. KAW will change the meter to a smaller meter at no charge to the customer.
- d. Please refer to the Part c response.

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11. Refer to Kentucky-American's response to the Attorney General's First Request, Item 9(b). Explain what "Other Revenue Wastewater – Misc Service" in the amount of \$7,600 represents, and provide a breakdown of the same.

Response:

Please refer to the response to KAW_R_PSCDR_NUM016_022822.

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Witness: Tricia Sinopole

12. Refer to Kentucky-American's response to the Attorney General's First Request, Item 10(a)(i). Explain in detail why Kentucky-American wastewater customers should be allocated portions of the salaries and benefits of all Kentucky-American's management employees, most of whom do not work on wastewater operations.

Response:

Although KAW does not allocate any of the management staff salaries to the sewer division, management employees provide oversight and support to both water and wastewater operations. In KAW's 2014 sewer case, Case No. 2014-00390, Commission Staff recommended using an allocation factor of 0.985 percent to allocate management salaries to wastewater. In the Staff Report from Case No. 2014-00390 on pages 9 and 10, Staff stated: "Since Kentucky-American operates two non-adjacent treatment plants providing sewer service to non-adjacent service territories and its management staff is not a majority owner of the utility, utilizing an allocation percentage is reasonable."

The \$10,159 included as a pro-forma adjustment in this case for management salaries was included as an adjustment to labor expense in KAW's 2018 water case, and therefore not recovered in water rates. It is reasonable given the amount be recovered in sewer rates, as previously prescribed by Staff and as approved in KAW's last sewer case.

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13. Refer to Kentucky-American's response to the Attorney General's First Request, Item 10(a)(ii). Explain in detail why Kentucky-American wastewater customers should be allocated a benefit load factor for all Kentucky-American's management employees, most of whom do not work on wastewater operations.

Response:

Please see the response to KAW_R_AGDR2_NUM012_022822. Since a portion of management salaries is being allocated to sewer, it's appropriate to allocate the same level of benefits for management employees. If an employee's salary is being allocated to sewer, then any overheads such as benefits, payroll taxes, and group insurance should be allocated as well to be consistent with where labor is being allocated.

The \$2,211 included as a pro-forma adjustment in this case for the allocation of benefit load factor on KAW management salaries was included as an adjustment to labor and related expense in KAW's 2018 water case, and therefore not recovered in water rates. It is reasonable given the small amount to be recovered in sewer rates and in accordance with Staff's position on this point as approved in KAW's last sewer case.

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14. Refer to Kentucky-American's response to the Attorney General's First Request, Item 10(b). Confirm that if Kentucky-American spends less than the estimated \$35,000 in rate case expense, the lesser amount should be amortized over the proposed four-year period.

Response:

Yes, if KAW spends less than the estimated \$35,000 in rate case expense, the lesser amount should be amortized over the proposed four-year period.

Please note, an update was filed on February 22, 2022 in response to the Attorney General's original request in KAW_R_AGDR1_NUM010_012422. The total amount of rate case expense incurred as of January 31, 2022 is \$34,102.54. There was an additional \$23,747.50 in rate case expense for January 2022.

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15. Refer to Kentucky-American's response to the Attorney General's First Request, Item 12(d). As confirmed through discovery, Kentucky-American utilized an 88% operating-ratio methodology to calculate its \$179,192.18 profit in the pending case. If Kentucky-American were ordered to comply with recent Commission precedent¹ and utilize an 89% operating ratio instead of an 88% operating ratio, provide the monetary amount that Kentucky-American would realize in profit.

Response:

As previously stated, KAW sees no reason to deviate from the using the 88% operating ratio. However, if utilizing the 89% operating ratio the net income allowable is \$162,414.

¹ Case No. 2020-00160, *Electronic Application of Water Service Corporation of Kentucky for a General Adjustment in Existing Rates* (Ky. PSC Dec. 8, 2020) Order at 25 - 32.

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16. Refer to Kentucky-American's response to the Attorney General's First Request, Item 12(e). Explain in detail what the excess accumulated depreciation income tax pass-back to customers entails.

Response:

The term EADIT is the abbreviation for Excess Accumulated Deferred Income Tax ("EADIT"). This accounts for the change in the federal tax rate used to calculate deferred taxes on KAW's books. The federal tax rate decreased from 35% to 21% with the enacted Tax Cuts and Jobs Act ("TCJA"), which became effective January 1, 2018. It also accounts for the change in the state tax rate used to calculate deferred taxes. The state rate changed from 6% to 5%, also effective January 1, 2018. Because of this change in the tax rates, KAW needs to refund the difference for the remeasurement of the deferred taxes on KAW's books.

In KAW's last water case, Case No. 2018-00358, the Commission ordered that EADIT be passed back using ARAM for the plant related federal deferred taxes maintained in its PowerTax software. Other plant items not maintained in PowerTax, the non-plant related EADIT and the total state EADIT is to be amortized over a 10-year period. The annual amount ordered to be amortized included KAW's total EADIT liability and there was no allocation between water and sewer. For this current sewer case, KAW looked at only the sewer portion of what was being amortized for EADIT as per the Commission order and arrived at the grossed-up amount of \$29,150, which was included in the revenue requirement. Even though this amount is already being passed back to water customers, since there was no separation of EADIT between water or sewer, KAW wanted to ensure fair and proper allocation to sewer customers as well. Because there is a small number of sewer customers, Ridgewood subdivision, who are not also water customers, KAW thought it was only fair they receive the pass-back for EADIT as well.

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17. Refer to Kentucky-American's response to the Attorney General's First Request, Items 13(a) - (c), in which the Company refused to provide the requested information because "Ms. Hill, Mr. Leveridge, and Mr. Adkisson are external board members of KAW meaning they are not KAW employees. Thus the information requested regarding their employment, compensation, and benefits has no relevance to the issues in this case."
- a. Explain whether the Kentucky-American board members' costs are allocated to the wastewater operations. If so, explain how the salary and benefits that Kentucky-American pays to each board member is not directly relevant to this case.
 - b. If Ms. Hill, Mr. Leveridge, and Mr. Adkisson have no association with the wastewater operations, then why did Kentucky-American file Statement of Disclosure of Related Party Transactions with their names into the pending case? Explain in full detail.
 - c. As originally requested, provide Karen Hill's title and job duties as a board member, yearly salary and benefits that Kentucky-American provides to Ms. Hill, including a breakdown of all amounts. Also, provide the monetary amount that is allocated to the wastewater operations.
 - d. As originally requested, provide Glenn Leveridge's title and job duties as a board member, yearly salary and benefits that Kentucky-American provides to Mr. Leveridge, including a breakdown of all amounts. Also, provide the monetary amount that is allocated to the wastewater operations.
 - e. As originally requested, provide David Adkisson's title and job duties as a board member, yearly salary and benefits that Kentucky-American provides to Mr. Adkisson, including a breakdown of all amounts. Also, provide the monetary amount that is allocated to the wastewater operations.

Response:

- a. KAW's Board of Directors consists of internal board members who are otherwise employed by KAW and external board members who have no employment affiliation to KAW. No board membership fees are paid to internal board members. KAW does pay director fees to external board members (Ms. Hill, Mr. Leveridge, and Mr. Adkisson), but those fees are not allocated to wastewater operations.

- b. KAW filed a Statement of Disclosure of Related Party Transactions for all its board members (external and internal) because Commission Staff found that a failure to do so was a filing deficiency in KAW’s last sewer rate case (Case No. 2014-00390¹) when KAW did not file a completed ARF Form-3 for each board member.
- c. Karen Hill’s title is External Director. Ms. Hill has fiduciary obligations as a director of the Board of Directors of KAW. In addition, Ms. Hill's role is to (i) provide advice concerning the policies and programs of the Company, (ii) consider and, where appropriate, suggest improvements to the Company's relationships with external constituencies, (iii) examine and provide guidance to Company management on those issues that will or could affect the Company's reputation, (iv) advise the Company as to its growth and new business opportunities, (v) advise the Company on certain of its other strategic initiatives, and (vi) promote the Company's interests in the state legislature and other external forums. Ms. Hill’s total director fees for the test year, including retainer and per meeting fees, was \$18,000 (see the table below). Ms. Hill receives no benefits.

	Amount
Annual Retainer	\$5,000.00
Per Meeting Fee Q1	\$5,000.00
Per Meeting Fee Q2	\$5,000.00
Per Meeting Fee Q3	\$5,000.00
Per Meeting Fee Q4	\$5,000.00
Yearly Board member Fee	\$25,000.00

- d. Glenn Leveridge’s title and duties as a board member, yearly director fees, and benefits (the lack thereof) that KAW provides are identical to those of Ms. Hill as described above in response “c” above.
- e. David Adkisson’s title and duties as a board member, yearly director fees, and benefits (the lack thereof) that KAW provides are identical to those of Ms. Hill as described above in response “c” above.

¹ Please see the deficiency letter: https://psc.ky.gov/pscscf/2014%20cases/2014-00390/20141125_PSC_Deficiency%20Letter.pdf

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

18. Refer to Kentucky-American's response to the Attorney General's First Request, Item 14(a).
- a. Explain in full detail whether the Company intends to retire the 6.96 series bond that is due on December 1, 2023.
 - b. If the Company does not intend to retire the 6.96 series bond on the due date, explain in detail why not, and how that would be beneficial to the wastewater customers.
 - c. If the 6.96 series bond is retired on December 1, 2023, explain whether Kentucky-American would be saving approximately \$489,485 annually in annual interest and issuance expense. If not, provide the amount of annual interest and issuance expense savings.
 - d. Specify how much of the annual interest and issuance expense associated with the 6.96 series bond is allocated to the Kentucky-American wastewater operations.

Response:

- a. As stated in the initial response to the Attorney General's First Request, Item 14(a). The Company continuously evaluates its financing options and currently does not intend to retire the KAW 6.96 series bond early. However, the Company will consider any beneficial opportunities to do so, should they arise.
- b. The Company plans to retire the debt on the maturity date. In order for KAW to determine if the choice to retire or not retire the debt early would be beneficial, the Company would need to run a net present value analysis with the new interest rate and determine any make-whole premium, which is not available at this time.
- c. If the 6.96 series bond is retired early, it's possible that KAW could save on interest expense, however, to retire debt early there would be a make-whole premium that could offset interest savings. Issuance expense associated with the retired debt would continue to amortize to maturity. If this bond is not retired early, KAW would no longer pay interest expense on the retired debt and issuance expense would be fully amortized at the time of maturity. While the bond maturity date is December 1, 2023, it's likely the bond would be replaced with new debt and the details of any potential replacement bonds are not known at this time.
- d. KAW debt is not assigned specifically to water or wastewater operations but is held at the Company in total.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

19. Refer to Kentucky-American's response to the Attorney General's First Request, Item 15(a). The Company admitted that depreciation expense for Line #4, Utility Account 395000, Laboratory Equipment, should not have been included in the depreciation expense as it is already fully depreciated. Provide the downward adjustment that should be made to the revenue requirement to exclude this depreciation expense.

Response:

The amount of the downward adjustment to the revenue requirement is \$5,069.

Line	Description	Amount
1	Original Asset Cost	\$42,900
2	x Depreciation Rate	10.00%
3	Annual Expense (1 x 2)	\$4,290
4	Divided by 88% Ratio	0.88
5	Subtotal	\$4,875
6	Difference (5 minus 3)	\$585
7	x Revenue Conversion	1.33245
8	Revenue Gross-Up	\$779
9	Revenue Requirement (3 + 8)	\$5,069

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

20. Refer to Kentucky-American's response to the Attorney General's First Request, Item 15(b). The Company admitted that depreciation expense for Line #14, Utility Account 393000, TD Equipment, should not have been included in the depreciation expense as it is already fully depreciated. Provide the downward adjustment that should be made to the revenue requirement to exclude this depreciation expense.

Response:

The amount of the downward adjustment to the revenue requirement is \$5,398.

Line	Description	Amount
1	Original Asset Cost	\$45,679
2	x Depreciation Rate	<u>10.00%</u>
3	Annual Expense (1 x 2)	\$4,568
4	Divided by 88% Ratio	<u>0.88</u>
5	Subtotal	\$5,191
6	Difference (5 minus 3)	\$623
7	x Revenue Conversion	<u>1.33245</u>
8	Revenue Gross-Up	<u>\$830</u>
9	Revenue Requirement (3 + 8)	<u><u>\$5,398</u></u>

**KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION**

Witness: Tricia Sinopole

21. Refer to Kentucky-American's response to the Attorney General's First Request, Item 15(c). The Company admitted that depreciation expense for Line #14, Utility Account 397000, Misc Equipment, should not have been included in the depreciation expense as it is already fully depreciated. Provide the downward adjustment that should be made to the revenue requirement to exclude this depreciation expense.

Response:

An adjustment to the revenue requirement is not necessary as depreciation expense for Utility Account 397000 was not included in the filed test year amount of \$467,299 based on actual depreciation expense for the Twelve Months Ended December 31, 2020. It was only included in the Depreciation Schedule per ARF Form-1 Item 14, which is not the amount used in the revenue requirement.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

22. Refer to Kentucky-American's Depreciation Schedule. Explain whether there are any other depreciation expenses that should be removed for items that have already been fully depreciated.

Response:

No other depreciation expenses should be removed.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

23. Refer to Kentucky-American's response to the Attorney General's First Request, Items 16(f) and (l).
- a. Provide a copy of each incentive compensation plan that was in effect during the test year. Further, provide the incentive compensation target metrics for Kentucky-American, and each affiliate allocating costs to Kentucky-American applicable to the test year.
 - b. Describe how the incentive compensation target metrics are calculated and the source of the data used for the calculations.
 - c. Provide Kentucky-American and each affiliate's actual performance against each of these metrics in the test year.
 - d. Provide the total monetary amount of incentive compensation for both salaried and non-salaried employees that is included in the test year proposed rates for wastewater operations.
 - e. Additionally, provide a breakdown of the total monetary amount of incentive compensation included in the test year that is directly connected to financial metrics, customer service, etc.

Response:

a-b. Please refer to the following attachments for copies of the performance plans that were in effect during the test year. The plans provide information on target metrics and how they are calculated.

- KAW_R_AGDR2_NUM023_022822_Attachment 1 CONFIDENTIAL
- KAW_R_AGDR2_NUM023_022822_Attachment 2 CONFIDENTIAL
- KAW_R_AGDR2_NUM023_022822_Attachment 3 CONFIDENTIAL

c & e. Please refer to the table below for KAW.

Annual Performance Plan (APP)

Metric	Weighting	% Achieved	Weighted Achieved	Payout Amount
Adjusted APP Net Income	50.0%	133.00%	66.5%	\$3,022
Customer Satisfaction Survey	15.0%	110%	16.5%	761
OSHA Recordable Rate (ORIR)	7.5%	150%	11.3%	519
OSHA Days Away, Restricted or Transfer (DART)	7.5%	150%	11.3%	519
Drinking Water Program Compliance (Total NOV)	5.0%	150%	7.5%	346
Drinking Water Quality (DW NOV MCL Subset)	5.0%	150%	7.5%	346
Operational Efficiency Improvement	10.0%	0%	0.0%	-
Total	100.0%		120.5%	\$5,511

Long Term Performance Plan (LTPP)

Metric	Target %	Achieved %	Payout Amount
Total Shareholder Return	100.00%	200.00%	\$ -
Earnings Per Share	100.00%	137.50%	-
Total			\$ -

KAW used an allocation factor of 0.11% as authorized in Case No. 2018-00358 to allocate service company from water to wastewater, as previously identified in the Attorney General's First Request for Information, question 10. In KAW's 2018 water case, Case No. 2018-00358, 50 percent of Annual Performance Plan (APP) was excluded for service company and 100 percent was excluded for Long-Term Performance Plan (LTPP). So, the amount included in the \$10,573 allocation of total service company costs to wastewater is the \$348,321 authorized for APP in Case No. 2018-00358 times the allocation factor of 0.11% to come up with \$383 of incentive compensation included for service company.

d. Performance pay totaled \$5,511 for non-salaried employees and \$0 for salaried employees for the test year related to wastewater operations.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

24. Refer to Kentucky-American's response to the Attorney General's First Request, Item 16(m). Provide all updates to this question.

Response:

The Company has not yet finalized decisions on the level of merit increase that will be given to its employees for 2022. This information will not be available until later in March 2022.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

25. Refer to Kentucky-American's response to the Attorney General's First Request, Item 16(n). Explain whether the formal wage and salary study that the Company conducted compared Kentucky-American's wage and benefit information to the local wage and benefit information for the geographic area in which Kentucky-American operates its wastewater system, per Commission precedent.²

Response:

The compensation study assessed the competitiveness of target total compensation provided by KAW to its variable eligible population based on a selection of KAW benchmark jobs. KAW compensation and benefit levels were compared to the market 50th percentile (market median) for both a national market and Midwest regional market perspective to determine the competitiveness of total compensation and to validate the alignment with American Water's compensation philosophy.

² *Id.* at 10.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

26. Refer to Kentucky-American's response to the Attorney General's First Request, Item 16(p). The response in regard to the insurance and other benefits is incomplete. As previously requested, provide all premiums paid by Kentucky-American's employees as well as the premiums paid by Kentucky-American on the employee's behalf for each provided insurance policy and benefit.

Response:

Please refer to KAW_R_PSCDR1_NUM009_012422_Attachment 1 for the breakdown of benefits costs paid by KAW as well as by employee. For information regarding copays, deductibles, and out of pocket amounts, please refer to KAW_R_AGDR1_NUM016_012422_Attachment 3 CONFIDENTIAL and KAW_R_AGDR1_NUM016_012422_Attachment 4 CONFIDENTIAL.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

27. Refer to Kentucky-American's response to the Attorney General's First Request, Item 17(b).
- a. Explain in detail why the annual retainer for each board member has risen from \$2,000 in 2018 to \$5,000 in 2021 and 2022. Provide all studies that Kentucky-American relied upon to justify the annual retainer increase.
 - b. Explain in detail whether Kentucky-American has discussed any further increases in the annual retainer for board members.
 - c. Explain in detail why the per meeting fee for each board member has risen from \$2,500 in 2018 to \$5,000 in 2021 and 2022. Provide all studies that Kentucky-American relied upon to justify the doubling of the per meeting fee.
 - d. Explain whether Kentucky-American has discussed any further raises in the per meeting fee.

Response:

- a. KAW increased the retainer received by External Directors over time to reach the current level. KAW believes that the retainer received by External Directors is reasonable given the size of the Company, governance responsibilities (including fiduciary duties), and the experience and talent level desired. KAW did not commission a study given cost considerations and the de minimis amount of External Director retainer costs relative to Company size.
- b. KAW has not discussed any further increases in the annual retainer for board members.
- c. KAW increased the per meeting fee received by External Directors over time to reach the current level. KAW believes that the per meeting fee received by External Directors is reasonable given the size of the Company, governance responsibilities (including fiduciary duties), and the experience and talent level desired. KAW did not commission a study given cost considerations and the de minimis amount of External Director per meeting fees relative to Company size.
- d. KAW has not discussed any further increases in the per meeting fees for board members.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

28. Refer to Kentucky-American's response to the Attorney General's First Request, Item 17(f). The Company asserts that the external board of directors have the desired experience and talent to manage the governance responsibilities of Kentucky-American. Provide the applicable experience for each of the external directors.

Response:

Karen Hill: Retired as the chief operating officer and chief nursing officer of Baptist Health, Lexington, KY.

Glenn Leveridge: Retired as the president of Central Bank, Winchester, KY.

Dave Adkisson: Retired as the chief operating officer of the Kentucky Chamber of Commerce, Frankfort, KY.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: David Farrar

29. Refer to Kentucky-American's response to the Attorney General's First Request, Item 18.
- a. Identify whether customers have to use an E-Pump in each of the following locations in which Kentucky-American provides wastewater services: Ridgewood, Millersburg, Owenton, North Middletown, and Rockwell.
 - b. Provide the number of wastewater customers who have to use an E-Pump.
 - c. Are there any cost-efficient alternatives for the customers who are required to install and/or maintain an E-Pump? Explain the response in detail.

Response:

- a. Customers in the KAW wastewater service locations of Millersburg, Owenton, North Middletown, and Rockwell do not have to use an E-Pump. Unfortunately, the decision that requires some customers to install E-pumps was made prior to KAW's acquisition of the Ridgewood system. The fact that some Ridgewood Customers must use an E-Pump is driven by the unique circumstances of each of those customers' locations relative to the Ridgewood Wastewater Treatment Plant ("WWTP"). An E-Pump is needed only by the customers in the subdivision that is not adjacent to the Ridgewood WWTP.
- b. KAW does not keep an inventory of privately-owned assets our customers have. However, the current the number of customers being served who are not in the subdivision adjacent to the Ridgewood WWTP is 19.
- c. The way the pressurized system is currently designed, the E-pump or similar style pump is the only option for those customers.

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole

30. Refer to Kentucky-American's response to the Attorney General's First Request, Item 19(b).
- a. Provide a copy of Kentucky-American's most recent lead/lag study.
 - b. Provide evidentiary justification that Kentucky-American requires \$110,979 to be included in the proposed revenue requirement for cash working capital.

Response:

- a. Please see attachment KAW_R_AGDR2_NUM030_022822_Attachment A. This is taken directly from KAW's 2018 water case, from the updated Working Capital Lead/Lag Study in Exhibit 37, Schedule B-5.2, pages 4 to 6.
- b. In KAW's last sewer case in 2014 (Case No. 2014-00390), which was also filed using the Alternative Rate Filing method ("ARF"), the Staff Report from March 31, 2015 recommended using the 1/8 formula approach in lieu of a lead/lag study. Commission Staff agreed that a lead/lag study is overly complicated for an ARF application. In Staff's report on page 15, they stated: "The 1/8 formula approach is an alternate method that has been historically accepted by this Commission, is easy to apply, and will result in a reasonable cash working capital allowance." To be consistent with Staff's findings in KAW's last sewer ARF filing, KAW finds it to be appropriate to apply the same methodology in this case.

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2018-00358
WORKING CAPITAL - LEAD/LAG STUDY
Forecast Year at 6/30/2020

EXHIBIT 37, SCHEDULE B-5.2
Rate Base\KAWC 2018 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx\Sch B-5
PAGE 4 OF 6

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL _X_ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S):
AGDRZ#19(4, 5, & 6)

Witness Responsible: Melissa Schwarzell

Line No.	Description	Days	Amount
1			
2			
3	Total Operating Funds		\$106,767,688
4			
5	Average Daily Operating Funds		292,514
6			
7	Composite Average Days Interval Between:		
8			
9	(A) Date Service Furnished and Date Collections Deposited	43.38	
10			
11	(B) Date Expenses Incurred and Date of Payment	<u>29.84</u>	
12			
13	(C) Net Interval	<u><u>13.54</u></u>	
14			
15	Total Working Capital		<u><u>\$3,960,640</u></u>
16			
17			
18	Use		<u><u>\$3,961,000</u></u>

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2018-00358
WORKING CAPITAL - LEAD/LAG STUDY
Forecast Year at 6/30/2020

EXHIBIT 37, SCHEDULE B-5.2
Rate Base\KAWC 2018 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx\Sch B-5
PAGE 5 OF 6
Witness Responsible: Melissa Schwarzell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL _X_ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S):
*

Line No.	DESCRIPTION	Amount	Post Payment or (Lead) Days	Dollar Days
1	Salaries & Wages	7,783,097	12.00	93,397,164
2	Fuel, Power and Electric	4,374,924	26.40	115,504,990
4	Chemicals	2,786,126	41.39	115,315,266
5	Purchased Water	252,496	52.54	13,266,511
6	Waste Disposal	407,483	241.51	98,411,219
7	Service Company Charges	9,719,018	(3.50)	(34,057,383)
8	Contracted Services	944,447	53.37	50,401,665
9	Group Insurance	1,715,532	10.31	17,686,403
10	Opeb	(722,964)	141.50	(102,299,406)
11	Other Benefits	647,182	10.10	6,536,729
12	Pensions	614,568	(0.75)	(460,926)
13	Insurance Other than Group	767,070	(41.60)	(31,910,153)
14	Rents	23,402	(75.10)	(1,757,558)
15	Regulatory Expense	410,186	0.00	0
16	Maintenance Service & Supplies	1,229,299	39.83	48,962,682
17	Amortization	1,199,804	0.00	0
18	Uncollectibles	804,093	0.00	0
19	Office Supplies & Services	346,815	45.32	15,716,930
20	Employee Related Exp, Travel & Ent	199,691	66.06	13,190,731
21	Other Operating Expenses	<u>3,606,116</u>	38.23	<u>137,862,946</u>
22	Total O & M Expenses	37,108,385		555,767,810
23				
24	Depreciation and Amortization	18,705,597	0.00	0
25	Property Taxes	7,039,825	159.74	1,124,529,560
26	Utility Tax	175,930	(155.99)	(27,443,321)
27	Payroll Taxes	594,495	12.00	7,133,940
28	Income Taxes - Current - SIT	1,678,553	46.26	77,649,872
29	Income Taxes - Current - FIT	7,267,368	36.75	267,075,761
30	Deferred Income Taxes	(2,476,394)	0.00	0
31	Interest Expense - Long - Term Debt	12,730,901	91.70	1,167,436,685
32	Interest Expense - Short - Term Debt	268,019	18.90	5,064,557
33	Preferred Dividends	178,679	46.13	8,241,569
34	Net Income	<u>23,496,330</u>	0.00	<u>0</u>
35				
36	Net Operating Funds	<u>\$106,767,688</u>		<u>\$3,185,456,433</u>
37				
38				
39	Average Days Interval between Date Expenses are Incurred and Date of Payment			<u>29.84</u>
40				
41				
42				
43				

KENTUCKY-AMERICAN WATER COMPANY
Case No. 2018-00358
WORKING CAPITAL - LEAD/LAG STUDY
Forecast Year at 6/30/2020

EXHIBIT 37, SCHEDULE B-5.2
Rate Base\KAWC 2018 Rate Case - Exhibit 37 Schedules B1 - B8.xlsx\Sch B-5
PAGE 6 OF 6
Witness Responsible: Melissa Schwarzell

DATA: ___ BASE PERIOD _X_ FORECASTED PERIOD
TYPE OF FILING: ___ ORIGINAL _X_ UPDATED ___ REVISED
WORKPAPER REFERENCE NO(S):
AGDR2#19(4, 5, & 6)

Line No.		Revenues Amount	Median Service Days	Dollar Days
1				
2				
3	Monthly - Arrears Full Bills	\$81,870,499	14.93	\$1,222,326,550
4				
5	Other Revenues	2,483,215	14.93	\$37,074,400
6				
7	Fire Service	<u>3,611,110</u>	15.09	<u>54,491,650</u>
8				
9	Total	<u>\$87,964,824</u>		<u>\$1,313,892,600</u>
10				
11				
12				
13				
14				
15				
16				
17				
18				
19	Average Median Service Days		14.94	
20				
21	Number of Days between the Reading Date and the Billing Date			5.20
22				
23				
24	Number of Days between the Billing Date and the Date the Bills are Paid			<u>23.24</u>
25				
26				
27	Total Average Days' Interval between Number of Days from Date Services are Furnished to Date Collections are Received			<u>43.38</u>
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Tricia Sinopole / David Farrar

31. Refer to the Application generally. Explain in detail the various retirement plans that Kentucky-American offers to its employees including but not limited to: the American Water Savings Plan 401(k), Defined Contribution Account for new hires, Employee Stock Purchase Plan, any Defined Contribution Plan for existing employees, etc. Ensure to include all contributions made by Kentucky-American on the employees' behalf, all matching offers, the employee required contribution, if any, and whether the employee can participate in more than one retirement plan.

Response:

Please refer to KAW_R_AGDR1_NUM016_012422_Attachment 3 CONFIDENTIAL and KAW_R_AGDR1_NUM016_012422_Attachment 4 CONFIDENTIAL for copies of the Employee Benefits Guides that explain 401(k) and the Defined Contribution Plan. For 401(k), the matching amounts are determined by each employee's benefit group or hire date. For employees whose benefit group falls into an original category (including CBU employees hired before 2001 and non-CBU employees hired before 2006), the Company matches 50% of the first 5% of the employee's contribution (for a maximum of 2.5%). For the remaining employees, the Company matches 100% of the first 3%, and 50% of the next 2% of the employee's contributions (for a maximum of 4%). The Defined Contribution Plan is a retirement savings program for employees not eligible for the defined benefit pension program where the Company contributes an amount equal to 5.25% of an employee's base pay into a retirement account.

Please refer to KAW_R_AGDR2_NUM031_022822_Attachment 1 CONFIDENTIAL for copies of pension plans for CBU and Non-CBU employees. Certain employees, upon retirement, are eligible for pension benefits under a defined benefit plan. Covered employees include non-CBU employees hired before January 1, 2006, and CBU employees hired before January 1, 2001.

Please refer to KAW_R_AGDR2_NUM031_022822_Attachment 2 CONFIDENTIAL for a copy of the OPEB plan. Certain employees are eligible for OPEBs upon their retirement depending upon their employment start date. Only non-CBU employees hired before January 1, 2002, and CBU employees hired before January 1, 2006 are eligible for OPEBs. For active CBU employees covered under American Water's National Benefits Agreement who are not eligible for retiree medical benefits under the OPEB plan, the Company makes an annual contribution of \$600 per employee to a separate VEBA plan that is administered by the Utility Workers Union of America.

Please refer to the table below for contributions made by KAW and any employee contribution under these plans made during the test year.

Plan	Kentucky	
	American	Employee
401K	\$291,846	\$659,988
DCP	\$389,058	\$0
VEBA	\$33,076	\$0
Pension	\$535,800	\$0
OPEB	\$0	\$0

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2021-00434
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: David Farrar

32. How many complaints from wastewater customers did Kentucky-American receive each year from 2015 – present? Provide a list of each complaint and how it was resolved.

Response:

From 2015 to present, KAW has received 10 complaints from wastewater customers. Below is a list of each complaint and the resolution.

1. **Customer Name:** [REDACTED]
Account #: [REDACTED]
Address: [REDACTED]
Complaint date: 01.20.2015
Complaint type: informal PSC
Complaint Description & Resolution: Customer made a late payment and received disconnection notice. Customer was placed on a hold to give more time to make the payment.
2. **Customer Name:** [REDACTED]
Account #: [REDACTED]
Address: [REDACTED]
Complaint date: 09.25.2015
Complaint type: informal PSC
Complaint Description & Resolution: Customer received back bill for stuck meter. Courtesy adjustment given for full back bill amount.
3. **Customer Name:** [REDACTED]
Account #: [REDACTED]
Address: [REDACTED]
Complaint date: 09.11.2018
Complaint type: informal PSC
Complaint Description & Resolution: Customer received two months of high bills. Discovered to be internal, customer side leak. Customer to make repairs.
4. **Customer Name:** [REDACTED]
Account #: [REDACTED]
Address: [REDACTED]
Complaint date: 12.07.2018
Complaint type: informal PSC

Complaint Description & Resolution: Customer wanted adjustment for filling his pool. Adjustment was then provided for the customer.

5. **Customer Name:** [REDACTED]
Account #: [REDACTED]
Address: [REDACTED]
Complaint date: 01.02.2019
Complaint type: informal PSC
Complaint Description & Resolution: Customer received back-bill for stuck meter. Meter was changed and customer offered installment plan to pay off the balance. Original, estimated back bill was calculated based off time frame with toilet leak. Part of resolution was to recalculate back bill based on a different time frame.
6. **Customer Name:** [REDACTED]
Account #: [REDACTED]
Address: [REDACTED]
Complaint date: 06.21.2019
Complaint type: informal PSC
Complaint Description & Resolution: Customer received back-bill for stuck meter. Meter was changed and customer offered installment plan to pay off the balance.
7. **Customer Name:** [REDACTED]
Account #: [REDACTED]
Address: [REDACTED]
Complaint date: 06.24.2019
Complaint type: BBB complaint
Complaint Description & Resolution: Customer received back-bill for stuck meter. Meter was changed and customer offered installment plan to pay off the balance.
8. **Customer Name:** [REDACTED]
Account #: [REDACTED]
Address: [REDACTED]
Complaint date: 8.26.2019
Complaint type: informal PSC
Complaint Description & Resolution: Customer had estimated meter readings showing on her bill. Changed meter to stop estimations.
9. **Customer Name:** [REDACTED]
Account #: [REDACTED]
Address: [REDACTED]
Complaint date: 01.14.2020
Complaint type: informal PSC
Complaint Description & Resolution: Customer had hidden underground leak in service line and was unhappy with the amount of the billing adjustment. Advocate explained how the process works and set the customer up on an installment plan to pay the balance down over time.

10. **Customer Name:** [REDACTED]

Account #: [REDACTED]

Address: [REDACTED]

Complaint date: 07.31.2020

Complaint type: informal PSC

Complaint Description & Resolution: Customer did not want to pay for the testing of his backflow device. Advocate went over reasoning for this required test. Customer understood but was still not happy about it.