

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2022-00299
COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION

Witness: William A. Lewis, Roderick Sherman

1. Refer to the article “Lexington Residents, Did Your Water Bill Spike Last Month? Here’s Why and What to Do” that appeared on the *Lexington Herald Leader* website on February 22, 2022.²
 - a. Provide the number of customers who received an inaccurate bill in December 2022 and January 2023.
 - b. Refer to the experience of Ms. Susan Owens, who was quoted in the article. Explain what caused Ms. Owens bill issue, what was done to correct the bill issue, and how long it took to correct the bill issue.

Response:

- a. KAW disagrees that customers received inaccurate bills. In any given month, some customers receive estimated bills. For December 2022, that number was 590 and for January 2023, that number was 727. After estimated bills are issued, KAW attempts to obtain actual usage information the following month so that any overestimate or underestimate can be trued up. This is not an inaccuracy, it is simply the normal true up process.

As KAW explained to the reporter before the article ran, several circumstances occurred during that period to provide the appearance of high bills. Freezing weather caused customer-side plumbing breaks which are billed and unknown to KAW until an adjustment request is made if an adjustment is appropriate. KAW implemented new meter reading routes³ which, when implemented, resulted in a relatively small number of customers receiving bills for water usage over longer periods of time than normal.

During December 2022 and January 2023, KAW implemented changes to its meter reading routes to increase meter reading efficiencies. This required uploading new route data and that uploading happened at the same time that some Meter Reading Orders (MRO) were issued for a select number of routes. This resulted in 1,024 accounts not receiving an MRO and were therefore not read or estimated; they were simply omitted. This issue was recognized after the scheduled billing cycle. Impacted customers were notified in writing on 1/25/23

² Aaron Mudd, “Lexington Residents, Did Your Water Bill Spike Last Month? Here’s Why and What to Do”, <https://www.kentucky.com/news/know-your-kentucky/article 272085972.html> (accessed May 3, 2023).

³ See the response to PSC 1-6.

that their next scheduled bill may include two months of billing charges for the missed billing period. Customers were given a 3-month grace period to pay their balance with no late fees and those accounts were flagged so that any subsequent shut off due to nonpayment would be suspended during the grace period. Those customers were also offered repayment agreements should they desire.

Also, the Central Kentucky region experienced a severe winter event with very low freezing temperatures. This event caused widespread power outages and there were significant number of frozen and broken pipes reported throughout our operating areas on the customer's side of the meter. This event resulted in higher than normal water usage due to broken and leaking pipes. Customers who experienced underground leaks on their water service and who requested leak adjustments, were granted those adjustments in accordance with KAW's tariff provision regarding hidden underground leaks.

- b. Ms. Owens' reading in November 2022 was estimated. She then requested verification of her estimated bill, and after verification, KAW determined that the estimate was high. Her meter was then replaced on January 26, 2023. Estimations continued until March 2023 because of human error; KAW failed to enter the new meter number into its system prior to then. Billing adjustments have been made and the correct meter information is now in the system.

In December of 2022, the customer received an estimated bill for over \$500. On 01/06/2023, a service order was completed at the request of the customer to verify the reading and check for movement on the meter. The service order was able to determine that the estimated reading was high and a corrected bill was issued to the customer. This happened again the following month and a 1/26/2023 service order was worked and determined an overestimation and a billing correction was issued.

Additionally, the 1/26/2023 service order was created to change the meter to help stop future estimated readings. Though this order was completed, the meter change information was not updated in the service order and thus not reflected in the system. The customer continued to receive estimated bills because the old meter number H012684746 was still tied to her account despite not physically being attached to her service. On 3/8/2023, a stop consecutive estimates service order was completed, and the meter information was updated to reflect the meter change that had occurred on 1/26/2023. The system was able to then update the meter information attached to the customer's service and billing records.

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2. Refer to the *Lexington Herald-Leader* article referenced in Item 1. Explain the “system issue” that caused a delay in the December 2022 bills.
 - a. Provide the number of customers whose bills were affected by the “system issue.”
 - b. Provide the steps Kentucky-American has taken to ensure the “system issue” does not occur again.

Response:

- a. 1,024 customer bills were impacted by the meter reroute initiative KAW implemented in December 2022. Customers did not receive an inaccurate bill, they were not billed at all. Impacted customers were billed correctly in the next billing cycle for up to two months of their actual usage and associated meter charges and fees. See the response to PSC 4-1(a).
- b. KAW and the American Water Works Service Company were not aware of the limitation of the meter order software’s inability to accept route changes at or near the time of the change of routes in the system. This issue has been identified in Service Company practice so that future changes are not uploaded during the same time those meter routes are schedule for MROs. In addition, an audit practice has been implemented by the Service Company to ensure that the total number of MROs created in the modified route after a route change has been made is equal to the total number of accounts uploaded to the new/modified route.

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3. Refer to the *Lexington Herald-Leader* article referenced in Item 1.
 - a. State why the “re-routing project to improve efficiency” was needed.
 - b. Provide the number of customers whose bills were affected by the re-routing.
 - c. Provide how and when customers were notified of the re-routing.

Response:

- a. Please refer to PSC 1-6, AG 1-21, and AG 2-9 in this matter which explain KAW’s efforts to improve meter reading efficiency by making meter reading route improvements.
- b. The number of customers impacted by the missed billing was 1,024.
- c. Customers were notified by a January 22, 2023 letter of the pending route change to their account and were notified they may receive a prorated bill as a result. Once KAW became aware of the 1,024 accounts not billed, KAW distributed another letter to impacted customers explaining the situation, what they could expect to see on their next bill, and the steps KAW was implementing to provide grace periods, repayment arrangements, and postponement of any related disconnection orders associated with this issue. That letter was distributed on January 25, 2023.

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5. Provide the approximate number of Kentucky-American customers that were overbilled in December 2022 and January 2023.

Response:

Please see KAW's response to PSC 4-1 for the accuracy of the December 2022 and January 2023 bills. The bills that were based on two months of usage on one bill were not "overbillings." Rather, they were a reflection of the longer period of time being covered by the bill compared to normal due to the missed meter reads explained in PSC 4-1.

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Witness: Heather Hoelting

6. Please identify the number of residential customers, by month, between October 2022 and March 2023 that had a billed usage of 50 percent or more of average usage for a single month during that period. In an Excel spreadsheet, provide a listing of the customer addresses, with the corresponding previous 12-month average, the percentage amount above the average, and the following month's billing. Identify if the customer was part of the "system issue" that caused a delay in billing in December 2022. Additionally, identify if the meter was subsequently tested or replaced.

Response:

Please see the attached Excel file. Please note that the requested 12-month average data is not readily available. Therefore, KAW has provided in the Excel file the current month use, the past month use, and the next month use in an effort to be as responsive to this question as possible. The percentages provided are based on those usage numbers.

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Witness: David Hill

7. Refer to Kentucky-American's Response to the Attorney General's First Request for Information (Attorney General's First Request), Item 20.
 - a. Reconcile the number of meter manufacturers listed in the response with the number of meter manufacturers provided in Case No. 2023-00030, Kentucky-American's Response to Commission Staff's First Request for Information, Item 2, Confidential Filing Attachment A.³
 - b. Explain why Kentucky-American tested only meters from two manufacturers.
 - c. Explain how many meters were tested and the formula Kentucky American used to arrive at the stated percentages.
 - d. Provide a detailed description as to how the testing was done and by whom the testing was done.

Response:

- a-b. The review provided in response to AG 1-20 in this case was not intended to cover all meter manufacturers used by KAW, but sought to test Mueller Meters and Neptune meters because they represented the majority of meters used by KAW, at that time. Neptune meters were included as a Control group to rule out system performance rather than performance of the meter itself. The meters identified in Case No. 2023-00030 are a more current representation of meters used throughout the American Water system and were included in that document for American Water Supply Chain purposes.
- c. 86 Mueller Meters, 51 Neptune Meters. The formula used was behavior divided by number of valid data logs.
- d. The "testing" was reading a data log of these meters in the field and the data logs were reviewed to determine whether the meters were operating properly. The testing data was collected by KAW Field Service Representatives and the data was reviewed by engineers on the American Water Works Service Company's Meter Team.

³ Case No. 2023-00030, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Charge* (filed May 1, 2023).

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Witness: William A. Lewis

8. Provide the number of meters of each make and model in use by Kentucky-American.

Response:

Please see the chart below for the number of meters for each make and model in KAW's service territory.

Kentucky American Water	DISTRICT	Sensus	Neptune	Mueller	Master Meter	Hersey	Badger
	Lexington	532	61,487	2,173	374	32,359	39,501
	Northern	32	2,178	2	2	553	1,862
	Southern		238				455
TOTAL		564	63,903	2,175	376	32,912	41,818

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Witness: Roderick Sherman

9. Refer to the Alena Williams informal complaint in the Appendix of the May 17, 2023 Order. State why it took two years to determine there was water being used at an address that did not have an active account.

Response:

Given the importance of personal hygiene in preventing the spread of the COVID-19 virus during the pandemic, KAW suspended billing-related service shutoffs and reinstated water services for customers whose water service had been turned off for nonpayment.³ This includes customers whose water service was turned off for non-payment of sewer services, even though KAW is not the sewer provider.

The prior tenant for Alena Williams address was turned off for nonpayment to LFUCG on 2/26/2020. On 3/7/2020, that account was closed and final billed. Later, the system identified her address as being “inactive with consumption,” meaning there was no active account, but the property was registering water usage. A letter was sent to the property on 3/25/2020 advising of this water usage and asking for the occupant to establish service. Later, a service order was created to turn off for inactive with consumption between 4/27/2020 - 5/18/2020. This order was canceled in accordance with KAW’s COVID-19 response plan.

After the shutoff moratorium was lifted and KAW resumed normal operations, this address was once again identified as being inactive with consumption. So, on 8/18/2022, a service order was completed and the water was turned off. On 8/22/2022, KAW received a copy of the customer’s lease and the customer agreed to be back billed to her move-in date of 8/5/2020. The customer’s water service was restored on 8/23/2022 and a contract was established in her name.

³ Governor Beshear issued Executive Order 2020-323 on May 8, 2020 suspending utility disconnections for non-payment and lifted that moratorium on October 19, 2020 in Executive Order 2020-881.

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10. Refer to the Jason Barrett informal complaint in the Appendix of the May 17, 2023 Order. State why Mr. Barrett had estimated reads for three consecutive months.

Response:

Estimated readings can occur for a number of reasons, please refer to PSC 1-3. In this case, when Mr. Barrett's meter was tested in January, 2023, it was found that the RF endpoint was not communicating the readings as expected.

Historically, upon notice of the third estimated read, a service order is generated to address the consecutive estimates. In this instance, the service orders from November 2021 through March 2022 expired without any further action. KAW has taken actions to more effectively read meters and manage service orders going forward. Please see PSC 1-6, AG 1-21, and AG 2-9.

In addition, prior to 2023, SAP was programmed to provide KAW notice of consecutive estimates after the third estimated read. KAW has since obtained a programming change to receive notice after a second estimated read to better address potential problems.

Although the meter tested accurate on volume, Mr. Barrett's bill was adjusted due to the consecutive estimations. KAW has not seen estimated reads on that meter since replacement.

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11. Refer to the Taylor Bartruff informal complaint in the Appendix of the May 17, 2023 Order. Kentucky-American confirmed there was a leak after meter testing. State why Kentucky-American did not make a leak adjustment on Mr. Bartruff's bill.

Response:

Mr. Bartruff did not provide evidence of an underground service line leak, and therefore, his bill was not adjusted per the terms of KAW's tariff provisions for hidden underground leak adjustments (see First Sheet 44 of KAW's tariff). The only problem that Mr. Bartruff claims occurred was a running toilet, and that is not a leak type that is eligible for the adjustment under KAW's underground leak tariff provision.

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12. Refer to the Sarah Thornton informal complaint in the Appendix of the May 17, 2023 Order. Explain what malfunction of the meter occurred due to cold weather. State why Ms. Thornton's bill could not be adjusted because of a malfunctioning meter.

Response:

There was no malfunction of the meter due to cold weather. Perhaps through some misunderstanding, Ms. Thornton asserted that she was told that cold weather caused a malfunction. However, her meter was tested according to procedures and found to be functioning appropriately as it passed the meter test at all three flows. KAW cannot and should not make adjustments for "malfunctioning" meters that are not shown to be malfunctioning.

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13. Refer to the Steve Houston informal complaint in the Appendix of the May 17, 2023 Order. Mr. Houston requested a meter change in November 2022. State why as of March 20, 2023, Mr. Houston's meter had not been replaced.

Response:

Mr. Houston's meter was replaced on 03/20/2023 after he filed the informal complaint on 3/15/2023. KAW spoke to Mr. Houston on 3/16/23 and had the meter replaced four (4) days later.

Notes on service orders in September and December 2022 indicate manual reads were obtained. Interaction notes indicate the customer contacted KAW in October regarding a billing issue, but there is no indication that the customer requested a meter change at this time. Subsequently, leak investigations and manual meter reads were utilized to verify actual usage and make billing adjustments. Details of customer interactions include a call on December 27th where the customer call agent stated that further investigation would be conducted to investigate the misread, which *could* result in a meter change. On February 20, 2023, another manual read was obtained, and on March 14, 2023, another manual read was obtained. Call center and FSR interactions with Mr. Houston addressed the estimated billing issues short of the expense of replacing a meter until it was clear that the issues weren't being resolved. March 14, 2023 was the first service order with a note that customer "keeps getting misreads" and when the customer requested the meter changed, which is supported by interaction records on February 7, 2023, documenting the call with Mr. Houston. As noted above, Mr. Houston filed his complaint on March 15, 2023, spoke to KAW on March 16, 2023, and received the meter change on March 20, 2023.