COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

INVESTIGATION OF KENTUCKY-AMERICAN WATER COMPANY'S ALLEGED VIOLATION OF A TARIFF AND COMMISSION REGULATIONS REGARDING METERS AND MONITORING CUSTOMER USAGE	)))))	**CASE NO. 2022-00299**

KENTUCKY-AMERICAN WATER COMPANY'S POST-HEARING BRIEF

The Commission initiated this investigation case into Kentucky-American Water Company's ("KAW") meter reading and billing practices by Order of September 27, 2022. The Office of the Attorney General ("AG") is the only intervenor. KAW responded to numerous discovery requests both before and after the June 8, 2023, evidentiary hearing. On August 5, 2026, the Commission issued its Order allowing KAW and the AG to file briefs if they choose to do so. KAW hereby submits this Post-Hearing Brief.

I. INTRODUCTION

The Commission opened this proceeding to investigate concerns regarding KAW's use of estimated bills, meter-reading practices, and compliance with applicable regulations and tariff provisions. Specifically, the Commission expressed concern that certain customers had received consecutive bills based on estimated use rather than actual use for various reasons, including the fact that, at the time this case was initiated, KAW's meter reading was being performed via an automatic meter read ("AMR") system by which meters are read remotely when a KAW vehicle is driven in close proximity to a meter which, through a meter interface unit ("MIU"), usage information is transmitted to receiving equipment in the vehicle.[1]

[1] September 27, 2022, Order at 3-4.

KAW takes very seriously the Commission's concerns and has addressed them. The record demonstrates that KAW has spent extensive time and substantial resources addressing the root causes of consecutive estimated bills. Before and after the initiation of this proceeding, KAW increased staffing, increased overtime, accelerated meter replacement activities, improved data reporting capabilities, enhanced field operations, modified work-order systems, and invested in technology designed to identify and correct meter-reading issues before they result in prolonged estimated billing.[2] And those efforts have been successful. By October 2023, the number of active accounts receiving between three and ten consecutive estimates had been reduced to only 77 accounts out of approximately 140,000 meters in service, representing only 0.06 percent of KAW's total meter population.[3]

The Commission's recent approval of KAW's transition to Advanced Metering Infrastructure ("AMI") from AMR further confirms that KAW has adopted a long-term solution that will significantly improve billing accuracy, meter-reading performance, customer service, and usage monitoring. The Commission expressly found that AMI technology is needed and will provide substantial benefits in precisely the areas implicated by this proceeding.[4] Indeed, in its August 5, 2026, Order in this case, the Commission incorporated the entire record of Case No. 2025-00240 in which the Commission approved KAW's request to transition to AMI metering.

Based on the record demonstrating KAW's serious treatment of the consecutive estimate issue, coupled with KAW's request and the Commission's approval to transition to AMI metering,

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[2] KAW's Responses to Staff 1-6 and AG 2-9 (both of which were supplemented on June 7, 2023) and KAW's October 10, 2023, Response to Item 11 of Staff's Second Post-Hearing Request for Information.
[3] KAW's October 30, 2023, Response to Items 10 and 11 of Staff's Second Post-Hearing Request for Information.
[4] *Application of Kentucky-American Water Company for a Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure*, Case No. 2025-00240 (Ky. PSC Feb. 12, 2026), Order at 12-13.

there is no need for the Commission to find a willful violation under KRS 278.990, so the Commission should decline to assess any civil penalty against KAW.

II. LEGAL STANDARD

The Commission possesses broad authority to regulate utility service and to investigate utility practices. KRS 278.030 requires utilities to provide adequate, efficient, and reasonable service. The Commission's regulations further establish requirements regarding billing and meter-reading practices.[5] The assessment of penalties is governed by KRS 278.990. As the Commission recognized in the Order initiating this proceeding, penalties may be imposed upon a finding that a utility has willfully violated KRS Chapter 278, Commission regulations, or Commission Orders.[6] The record shows substantial efforts by KAW to identify the causes of consecutive estimated bills and to eliminate them through operational, technological, and managerial improvements. Such conduct is incompatible with the imposition of a civil penalty for a willful violation.

III. THE RECORD DEMONSTRATES SUSTAINED AND SUBSTANTIAL CORRECTIVE ACTION

The record establishes that KAW has been focused on obtaining actual meter reads and replacing underperforming metering equipment.[7] KAW has accelerated replacement of aging and poorly performing meters, resulting in the replacement of several thousand additional meters beyond originally planned replacement schedules. KAW specifically targeted equipment that was no longer performing adequately even though it had not yet reached its planned retirement date.[8]

In addition to labor and equipment investments, KAW upgraded meter-reading laptops, installed improved vehicle hardware, enhanced wireless connectivity, improved reporting

[5] September 27, 2022, Order at 2.
[6] *Id.*
[7] KAW's Response to Staff 1-6 which was supplemented on June 7, 2023.
[8] *Id.*

technology, and developed new dashboard tools that provide real-time visibility into consecutive estimates and the causes of meter-reading failures. These dashboards allow supervisors and senior management to identify trends, deploy resources, and prioritize corrective action.[9]

KAW also worked with its Field Resources Coordination Center to improve prioritization of service orders involving consecutive estimates. Beginning in October 2022, work orders associated with consecutive estimates were elevated in priority to ensure they received faster attention.[10]

These actions reflect a utility that was actively attempting to solve a problem, not one that was ignoring it.

IV. KAW IMPLEMENTED A COMPREHENSIVE PROGRAM TO ELIMINATE CONSECUTIVE ESTIMATES

The record demonstrates that KAW pursued a comprehensive and multi-faceted strategy to reduce consecutive estimates. Among other initiatives, as explained in its discovery responses, KAW:

- Developed a dedicated consecutive-estimate reporting dashboard to identify causes of meter-reading failures and target corrective actions.[11]
- Enhanced coordination with American Water personnel to maximize the number of actual reads uploaded before SAP-generated route estimates could occur.[12]
- Implemented automation improvements designed to generate work orders after a second consecutive estimate so that corrective action would occur before a third estimate.[13]
- Optimized meter-reading routes to improve efficiency and reduce time spent in transit.[14]

[9] *Id.* and KAW's Response to AG 2-9 which was supplemented on June 7, 2023.
[10] KAW's Response to PSC 1-6 which was supplemented on June 7, 2023.
[11] KAW's Response to AG 2-9 which was supplemented on June 7, 2023.
[12] *Id.*
[13] *Id.* and KAW's Response Item 11 of Staff's Second Post-Hearing Request for Information.
[14] KAW's Response Item 11 of Staff's Second Post-Hearing Request for Information.

- Added SAP functionality allowing partial route uploads, substantially reducing the risk that an entire route would be estimated because certain manual reads were not uploaded within the required timeframe.[15]
- Provided additional employee training to improve understanding of meter-reading processes and the relationship between reading errors and corrective work orders.[16]
- Coordinated with supply-chain personnel and vendors to ensure an adequate inventory of replacement meters despite industry-wide shortages.[17]
- Retained additional contractors to accelerate replacement of underperforming meters and eliminate backlogs.[18]

These initiatives constitute a sustained and comprehensive effort to address the Commission's concerns.

V. EXTERNAL FACTORS CONTRIBUTED TO THE PROBLEM

The record also establishes that there were circumstances beyond KAW’s direct control that contributed to the increase in consecutive estimates observed during portions of the investigation period. KAW has explained that aging meter populations, extraordinary supply-chain disruptions, and the loss of experienced field personnel contributed to higher levels of estimated billing during 2021 and 2022.[19] The evidence concerning meter supply shortages is particularly significant. KAW placed an order in August 2022 for 12,000 units consisting of 6,000 meters and 6,000 endpoints. That order encountered significant delays. KAW received only approximately 200 units after three months, an additional 4,000 units after four months, and the

[15] *Id.*
[16] *Id.*
[17] *Id.*
[18] *Id.*
[19] KAW’s Responses to Staff 1-6 and AG 2-9 (both of which were supplemented on June 7, 2023).

balance of the order seven to eight months after placement.[20] Rather than ignoring these constraints, KAW coordinated with American Water Supply Chain to work proactively with suppliers to secure inventory and accelerate replacement efforts once meters became available.[21]

These facts undermine any suggestion that KAW intentionally permitted consecutive estimates to persist.

VI. KAW'S CORRECTIVE ACTIONS ACHIEVED DRAMATIC RESULTS

The most significant evidence in the record is the measurable success of KAW's corrective efforts. During the first five months of 2023 alone, KAW completed approximately 7,100 meter replacements, including approximately 6,800 residential 5/8-inch meters.[22] Over a broader period, KAW replaced more than 16,800 meters beginning January 1, 2023, in order to eliminate the backlog of underperforming meters and prevent future estimation issues.[23] As these corrective measures were implemented, consecutive estimates declined substantially.

The record shows that by May 2023, consecutive estimated reads had fallen to their lowest level since June 2021 and were approaching levels previously achieved from 2018 through 2020.[24] KAW's progress continued throughout 2023. In December 2022, KAW reported 1,121 meters with between three and twenty-eight consecutive estimates.[25] By October 25, 2023, that number had been reduced dramatically. The record shows that only 77 active-account meters remained with between three and ten consecutive estimates out of approximately 140,000 total meters. This represented only 0.06 percent of KAW's meter population.[26] These results show KAW's serious and effective treatment of the consecutive estimate issue.

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[20] *Id.*
[21] KAW's Response Item 11 of Staff's Second Post-Hearing Request for Information.
[22] KAW's Responses to Staff 1-6 and AG 2-9 (both of which were supplemented on June 7, 2023).
[23] KAW's Response Item 11 of Staff's Second Post-Hearing Request for Information.
[24] KAW's Responses to Staff 1-6 and AG 2-9 (both of which were supplemented on June 7, 2023).
[25] KAW's Response Item 11 of Staff's Second Post-Hearing Request for Information.
[26] KAW's October 30, 2023, Response to Items 10 and 11 of Staff's Second Post-Hearing Request for Information.

As described above, through increased staffing and overtime, accelerated meter replacements where necessary, extensive process improvements, technology investments and management reporting tools, enhanced training and work-order management, supply-chain mitigation efforts, and contractor support and additional field resources, excellent reductions in consecutive estimates have been achieved. The record overwhelmingly demonstrates diligent efforts to improve compliance and improve customer service. Accordingly, the record does not support the imposition of penalties under KRS 278.990.

VII. THE COMMISSION'S APPROVAL OF AMI CONFIRMS THAT A LONG-TERM SOLUTION IS NOW BEING IMPLEMENTED

As noted above, since this investigation case began, the Commission granted KAW a Certificate of Public Convenience and Necessity to deploy cellular AMI metering technology across KAW’s service territory. The Commission's findings in that proceeding are highly relevant here. The Commission found that AMI will: improve billing accuracy; provide more accurate usage information; improve customer service; provide more frequent usage data than existing AMR technology; improve detection of unusual usage and leaks; and help KAW provide adequate, efficient, and reasonable service.[27] While KAW has already achieved substantial reductions in consecutive estimates through operational improvements, AMI deployment provides a permanent technological solution that will further reduce the possibility of prolonged estimated billing and improve overall meter-reading performance. Approval of AMI helps KAW ensure that historical issues will not be repeated.

VIII. CONCLUSION

The primary purpose of utility regulation is to ensure safe, adequate, efficient, and reasonable service. The purpose of civil penalties is not punishment for its own sake, but rather

[27] Case No. 2025-00240 (Ky. PSC Feb. 12, 2026).

promotion of compliance and protection of customers. Those objectives have already been achieved here. KAW has acknowledged shortcomings, invested substantial resources, implemented extensive corrective measures, dramatically reduced consecutive estimates, replaced thousands of underperforming meters, and obtained Commission approval for a long-term AMI solution designed to further improve accuracy and customer service. Under these circumstances, a monetary penalty would not materially advance compliance because compliance improvements have already occurred. The public interest is instead served by allowing resources to remain focused on meter modernization, system improvements, and continued AMI deployment.

The evidence developed during this proceeding demonstrates that KAW did not ignore the concerns that gave rise to this investigation. Rather, KAW recognized the challenges associated with consecutive estimated bills, devoted substantial resources to addressing those challenges, and achieved significant measurable improvements. The record establishes that KAW's reduced the number of active accounts with three to ten consecutive estimates to only 77 accounts representing 0.06 percent of its approximately 140,000 meters by October 2023. Therefore, KAW respectfully requests that the Commission conclude that no civil penalty is warranted and close this proceeding.

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Respectfully submitted,

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CERTIFICATE OF COMPLIANCE

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on August 28, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

Counsel for Kentucky-American Water Company