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September 28, 2022

VIA ELECTRONIC FILING

Linda C. Bridwell
Executive Director
Kentucky Public Service Commission
211 Sower Blvd
Frankfort, KY 40601

Re: Kentucky American Water Qualified Infrastructure Program Year 2 Balancing Adjustment, Case No. 2022-00328

Dear Ms. Bridwell:

In accordance with Kentucky-American Water Company's ("KAW") Tariff Sheet No. 49 for KAW's Qualified Infrastructure Program ("QIP"), KAW is required to file a "balancing adjustment" annually to true up QIP actual costs with estimated costs. Enclosed please find that balancing adjustment as Exhibit 1 for QIP Year 2. I am also filing Exhibit 1 in its native Excel format.

The KAW QIP was originally approved by the Commission in Case No. 2018-00358. KAW's second QIP case was Case No. 2021-00090 and was for the period July 1, 2021 to June 30, 2022 or "QIP Year 2." Note that while all the projects presented and approved in Case No. 2021-00090 were placed in service prior to June 30, 2022, there has been and will be a relatively small amount of costs incurred after June 30, 2022 to bring those projects to full completion. KAW plans to include those costs in its next QIP case which will be filed in 2023, so they are not proposed to be recovered in the enclosed balancing adjustment. Nonetheless, we wanted to make the Commission aware of them now.

As of June 30, 2022, you will see that, for some projects, the actual costs have been less than projected. For others, actual costs have been greater than projected. Using the two-part balancing adjustment process the Commission approved in its June 30, 2022 Order in Case No. 2022-00032,¹ the overall net effect is that KAW has under over-collected such that the QIP charge

¹ *In The Matter Of*: Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge, Case No. 2022-00032, June 30, 2022 [Order](#), pp. 10-11.

needs to be reduced from its current 4.61% to 4.49%. For KAW's average residential customer, the effect will be a reduction of \$.05 cents per month.

In addition to the calculations showing the balancing adjustment, I have also enclosed documentation explaining, on a project-by-project basis, the reason for the variances from the original estimate. Please see Exhibit 2.

Finally, Tariff Sheet No. 49 allows for the trued-up amount to be effective 180 days after the end of the QIP period. Since the last day of QIP Year 2 was June 30, 2022, the effective date of the trued-up amount is December 27, 2022. Accordingly, I have enclosed a proposed revised Tariff Sheet 49 reflecting the revised amount of 4.49% with an effective date of December 27, 2022 and a revised tariff cover sheet. Please see Exhibit 3.

I hereby certify that this electronic filing is a true and accurate copy of the original document in paper medium; that the electronic filing has been transmitted to the Commission on September 28, 2022; and that no party has been excused from participation by electronic means.

KAW looks forward to working with the Commission on this matter.

Very truly yours,



Lindsey W. Ingram III

Enclosures