

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**IN THE MATTER OF:**

<b>APPLICATION OF KENTUCKY-</b>	)	
<b>AMERICAN WATER COMPANY TO</b>	)	<b>CASE NO. 2023-00030</b>
<b>AMEND TARIFF TO REVISE QUALIFIED</b>	)	
<b>INFRASTRUCTURE PROGRAM CHARGE</b>	)	

**SUPPLEMENTAL TESTIMONY OF JEFFREY NEWCOMB**  
**SENIOR MANAGER, RATES AND REGULATORY**  
**KENTUCKY-AMERICAN WATER COMPANY, INC.**

**Filed: March 10, 2023**

1 **I. INTRODUCTION**

2 **Q. Please state your name, position, and business address.**

3 A. My name is Jeffrey Newcomb. I am the Senior Manager, Rates and Regulatory, for  
4 Kentucky-American Water Company (“KAW” or “the Company”). My business address  
5 is 2300 Richmond Road, Lexington, Kentucky 40502.

6 **Q. Are you the same Jeffrey Newcomb who filed direct testimony in this Case?**

7 A. Yes.

8 **Q. What is the purpose of your supplemental testimony?**

9 A. The purpose of my supplemental testimony is to update the calculated amount of KAW’s  
10 Year 4 Qualified Infrastructure Program (“QIP”) proposed charge to reflect the  
11 Commission’s March 2, 2023, Order in Case No. 2022-00328, which was entered after  
12 KAW filed its March 1, 2023, Application along with my supporting direct testimony with  
13 the QIP 4 calculations.

14 **Q. Are you sponsoring any exhibits?**

15 A. Yes. I am sponsoring Exhibit 1 to my supplemental testimony which shows the QIP 4  
16 calculations that lead to the requested revenue requirement in this case updated to reflect  
17 the Commission’s March 2, 2023, Order in Case No. 2022-00328, which Order revised the  
18 current QIP charge from 4.61% to 4.49%. I am also sponsoring my workpapers as an Excel  
19 file titled KAW\_ST\_JN\_WP\_031023.

20 **II. QIP CALCULATION AND PROPOSED TARIFF**

21 **Q. Have you included an updated calculation of the QIP Rider in this petition?**

22 A. Yes. The revenue requirement calculation is attached as Exhibit 1 to this supplemental  
23 testimony. All supporting calculations for the revenue requirement are set forth in the  
24 Excel file being submitted electronically along with this supplemental testimony.

1 **Q. What is the impact to the proposed QIP Year 4 charge in this filing after accounting**  
2 **for the Commission’s March 2, 2023, Order in Case No. 2022-00328?**

3 A. Accounting for the Commission’s March 2, 2023, Order in Case No. 2022-00328 results  
4 in a decrease to the revenue requirement of \$145,003 from \$8,166,087 to \$8,311,090, or a  
5 decrease of 0.14% to the cumulative QIP rider charge from 8.41% to 8.27%. This  
6 represents a decrease to the average residential customer of \$0.05 per month. As a result,  
7 the requested addition in this case is revised downwards from 3.80% to 3.78% after  
8 accounting for the March 2, 2023, Order.

9 **Q. Has KAW published an updated Customer Notice reflecting the revisions discussed**  
10 **above?**

11 A. No. KAW has not published an updated Customer Notice but is prepared to do so if the  
12 Commission so directs. However, KAW does not see a need to do so. The original  
13 customer notice, which is in the process of being published in newspapers for three  
14 consecutive weeks in accordance with 807 KAR 5:011, Section 8, is attached as Exhibit 2.  
15 It advises customers of a requested increase of 3.80% for a cumulative charge of 8.41%.  
16 As discussed above, the revised cumulative charge is now 8.27% resulting in a requested  
17 increase of 3.78% (3.78% + 4.49% = 8.27%). Therefore, the impact to customers is *less*  
18 than set forth in the original customer notice, so KAW sees no need to incur the expense  
19 of a second customer notice that could cause confusion.

20 **Q. Will you summarize the components of the revised cumulative request of 8.27%**  
21 **discussed above?**

22 A. Yes. The cumulative charge of 8.27% consists of the 1.03% that was approved for the QIP  
23 1 Reconciliation in Case No. 2021-00376, plus the 2.33% that was approved for the QIP 2

1 Reconciliation in Case No. 2022-00328, plus 3.59% from the recalculated rate base using  
2 “end of period” values for QIP Year 3, plus 1.32% from the QIP Year 4 projects using a  
3 13-month average rate base for those forecasted projects.

4 **III. CONCLUSION**

5 **Q. What is your recommendation for the Commission?**

6 A. I recommend that the Commission approve the revision of the QIP percentage in this filing  
7 updated to reflect the Commission’s March 2, 2023, Order in Case No. 2022-00328.

8 **Q. Does this conclude your testimony?**

9 A. Yes, it does.



Kentucky American Water Company  
Case No. 2023-00030  
QIP Revenues

Line No.		Case No. 2021-00376	Case No. 2022-00328	Case No. 2022-00032	Case No. 2023-00030	Total QIP
		QIP 1 July 2020 - June 2021	QIP 2 July 2021 - June 2022	QIP 3* July 2022 - June 2023	QIP 4 July 2023 - June 2024	
1	QIP Plant Additions	\$9,328,645	\$19,931,459	\$29,387,592	\$9,728,609	\$68,376,305
2	Retirements	(633,049)	(414,148)	(1,309,626)	(219,472)	(2,576,294)
3	<b>Net Change to Gross Plant</b>	8,695,596	19,517,311	28,077,966	9,509,137	65,800,011
4						
5	Cost of Removal	549,261	2,433,439	2,814,869	972,861	6,770,429
6	Retirements	633,049	414,148	1,309,626	219,472	2,576,294
7	Depreciation Accrual - QIP 1	(137,516)				(137,516)
8	Depreciation Accrual - QIP 2		(311,545)			(311,545)
9	Depreciation Accrual - QIP 3			(429,593)		(429,593)
10	Depreciation Accrual - QIP 4				(145,490)	(145,490)
11	<b>Net Change to Accum Depr</b>	1,044,794	2,536,041	3,694,901	1,192,333	8,322,579
12						
13	<b>Net Change to Net Plant</b>	9,740,390	22,053,352	31,772,868	10,701,470	74,268,080
14	Accumulated Deferred Taxes - QIP 1	(1,550,183)				(1,550,183)
15	Accumulated Deferred Taxes - QIP 2		(3,674,353)			(3,674,353)
16	Accumulated Deferred Taxes - QIP 3			(2,135,155)		(2,135,155)
17	Accumulated Deferred Taxes - QIP 4				(1,750,395)	(1,750,395)
18	<b>Net Change to Rate Base</b>	8,190,207	18,379,000	29,637,713	8,951,075	65,157,995
19	Pre-Tax Rate of Return	9.28%	9.28%	9.28%	9.28%	9.28%
20	QIP Revenue on Net Change to Rate Base	760,223	1,705,957	2,751,002	830,848	6,048,030
21	QIP Depreciation Expense - QIP 1	137,516				137,516
22	QIP Depreciation Expense - QIP 2		311,545			311,545
23	QIP Depreciation Expense - QIP 3			429,593		429,593
24	QIP Depreciation Expense - QIP 4				145,490	145,490
25	QIP Property Taxes - QIP 1	120,869	21,361	(4,348)	7,826	145,708
26	QIP Property Taxes - QIP 2		261,532	(9,759)	17,566	269,339
27	QIP Property Taxes - QIP 3			378,880	25,447	404,327
28	QIP Property Taxes - QIP 4				274,540	274,540
29						
30	<b>QIP Revenue Requirement Rate Adj</b>	\$1,018,608	\$2,300,395	\$3,545,368	\$1,301,716	\$8,166,087
31						
32	Authorized Revenues 2018-0358	\$98,880,622	\$98,880,622	\$98,880,622	\$98,880,622	
33	QIP Rider Charge	1.03%	2.33%	3.59%	1.32%	8.27%

## NOTICE

Kentucky-American Water Company provides notice that it is filing with the Kentucky Public Service Commission (“Commission”) in Case No. 2023-00030 a request for an increase in the amount of its Qualified Infrastructure Program Rider (“QIP Rider”). The filing will be made no later than March 1, 2023 with a request for the new amount to be effective on July 1, 2023. The amount as of February 14, 2023 is 4.61% and calculations herein are based on that amount. The proposed increase is an addition of 3.80% for a cumulative proposed amount of 8.41%. The QIP Rider applies to Residential, Commercial, Industrial, Other Public Authority, Sales for Resale, and Public and Private Fire Service and Hydrant customers. The additional revenue to be requested in this QIP Rider filing is \$3,746,023. Average usage, in hundreds of gallons, for each customer class to which the QIP Rider applies is: Residential: 39; Commercial: 342; Industrial: 9,713; Other Public Authority: 1,205; Sales for Resale: 18,720; Public and Private Fire Service and Hydrant: 0. The effect on the current average monthly bill for each customer class to which the increased fee applies is: Residential: \$1.42 (3.80%); Commercial: \$7.33 (3.80%); Industrial: \$163.43 (3.80%); Other Public Authority: \$26.51 (3.80%); Sales for Resale \$305.88 (3.80%); Public Fire Hydrant: \$1.85 (3.80%); Private Fire Service 6”: \$3.02 (3.80%); and Private Fire Hydrant: \$2.91 (3.80%). Any person may examine this filing at Kentucky-American Water Company’s offices located at 2300 Richmond Road, Lexington, Kentucky 40502, and on the utility’s website at <http://www.amwater.com/kyaw/>. This filing may also be examined at the Public Service Commission’s offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or through the Commission’s website at <http://psc.ky.gov>. Comments regarding this filing may be submitted to the Public Service Commission through its website or by mail to Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602. The fees contained in this notice are the fees proposed by Kentucky-American Water Company, but the Public Service Commission may order fees to be charged that differ from the proposed fees contained in this notice. A person may submit a timely written request for intervention to the Public Service Commission, P.O. Box 615, Frankfort, Kentucky 40602, establishing the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of the initial publication or mailing of this notice, the Commission may take final action on the filing.