

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

ELECTRONIC APPLICATION OF KENTUCKY-)	
AMERICAN WATER COMPANY FOR AN)	
ADJUSTMENT OF RATES, A CERTIFICATE)	
OF PUBLIC CONVENIENCE AND NECESSITY)	CASE NO. 2023-00191
FOR INSTALLATION OF ADVANCED METERING)	
INFRASTRUCTURE, APPROVAL OF CERTAIN)	
REGULATORY AND ACCOUNTING)	
TREATMENTS, AND TARIFF REVISIONS)	

KENTUCKY-AMERICAN WATER COMPANY’S
RESPONSE TO ATTORNEY GENERAL’S AND LEXINGTON-FAYETTE URBAN
COUNTY GOVERNMENT’S JOINT PETITION FOR REHEARING

Kentucky-American Water Company (“KAW”) hereby responds to the Attorney General’s and Lexington-Fayette Urban County Government’s May 21, 2024 Joint Petition for Rehearing (“AG/LFUCG Joint Petition”). As part of this response, KAW incorporates its May 16, 2024 Petition for Rehearing (“KAW Petition”) as if fully set forth herein as it and its supporting exhibits provide the Commission with everything needed to correct the errors in the Commission’s May 3, 2024 Order and authorize revised and correct rates, including the issues raised in the AG/LFUCG Joint Petition.

The AG/LFUCG Joint Petition seeks: (1) correction of an alleged Commission error regarding the rate of return; and (2) clarification of a calculation issue regarding the requested revenue increase. For correction of the alleged error, the AG/LFUCG Joint Petition contends that the Commission erroneously used a rate of return of 9.07 percent in its Order and that the accurate pre-tax rate of return that should have been used is 9.007 percent. The Joint Petition provides the

math leading to 9.007 percent.¹ KAW agrees that the Joint Petition's math is correct. However, that calculation relied on a revenue conversion factor of 1.342559 or 134.2559 percent.² As set forth in KAW's Petition, after accounting for the errors KAW has demonstrated exist in the May 3, 2024 Order, the correct revenue conversion factor is 1.342300 or 134.2300 percent.³ Using that revenue conversion factor, the AG/LFUCG's suggested rate of return would be 9.006 percent, or 9.01 percent if rounded, as demonstrated in KAW's Petition.⁴

For the AG/LFUCG Joint Petition's requested clarification of a calculation issue, KAW agrees that the as-filed revenue requirement requested increase was \$26,051,990 and that KAW revised it to \$25,563,294 during the case. However, again, to correct *all* of the errors in the May 3, 2024 Order, KAW's Petition and its supporting exhibits provide the Commission everything needed to correct those errors and authorize revised and correct rates. Specifically, KAW has demonstrated that the correct total base rate revenue requirement is \$123,140,707⁵ which accounts for both issues raised in the AG/LFUCG Petition.

WHEREFORE, KAW respectfully requests the Commission to set new and correct rates based on the information in KAW's Petition which subsumes the issues raised in the AG/LFUCG Joint Petition. As also set forth in KAW's Petition, KAW further requests that the corrected rates be made effective for service rendered on an after February 6, 2024.

¹ AG/LFUCG Joint Petition, p. 2.

² *Id.*

³ KAW's Petition, Exhibit 2, p. 4.

⁴ KAW's Petition, Exhibit 2, p. 5.

⁵ KAW's Petition, p. 7; Exhibit 2, p. 1; and Exhibit 2, p. 3.

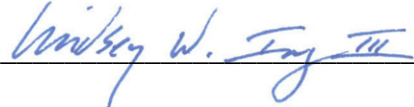
Respectfully submitted,

Lindsey W. Ingram III
L.Ingram@skofirm.com

Monica H. Braun
Monica.Braun@skofirm.com

Mary Ellen Wimberly
MaryEllen.Wimberly@skofirm.com

STOLL KEENON OGDEN PLLC
300 West Vine Street, Suite 2100
Lexington, Kentucky 40507-1801
Telephone: (859) 231-3000
Fax: (859) 259-3503

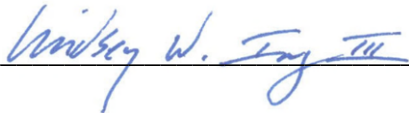
BY:  _____

Attorneys for Kentucky-American Water Company

CERTIFICATE

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 May 23, 2024; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

STOLL KEENON OGDEN PLLC

BY: 

Attorneys for Kentucky-American Water Company