

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
STATEMENT REGARDING HEARING ON REHEARING

On May 28, 2024, when the Kentucky Public Service Commission (“Commission”) granted Kentucky-American Water Company’s (“KAW” or the “Company”) May 16, 2024 Petition for Rehearing, it also issued a procedural schedule for the rehearing process. That process included an Informal Conference with Commission Staff on May 29, 2024. It included the issuance of information requests to which KAW responded on June 14, 2024. The schedule also allowed for information requests to be issued to intervenors by July 3, 2024 and for intervenor responses to be filed by July 17, 2024. Finally, the Commission ordered KAW and the intervenors to “request either a hearing or that the case may be submitted for a decision based on the record” no later than July 26, 2024. No information requests were issued to intervenors, so the only remaining item on the procedural schedule at this time is for the parties to indicate whether a hearing is requested or whether the remaining rehearing issues can be decided on the record. KAW hereby files this statement on that issue.

KAW appreciates the opportunity to request a hearing and the Commission's willingness to conduct one. However, the Commission has before it all the information it needs to resolve the three remaining issues raised in KAW's Petition for Rehearing without a hearing: (1) correction of the understatement of the revenue requirement that resulted from the erroneous inclusion of Qualified Infrastructure Program ("QIP") revenues in KAW's revenue requirement; (2) correction of the understatement of KAW's tax expense given that the May 3, 2024 Order shows a decreased tax expense while, at the same time, shows an increase in taxable income; and (3) correction of the capital structure to be used in calculating rates from the capital structure KAW originally proposed in this case to the updated and revised capital structure Mr. Newcomb explained in his rebuttal testimony.¹

KAW's May 16, 2024 Petition for Rehearing explained why the above three issues were decided incorrectly, and, where appropriate, provided documentary numerical support for those explanations in its attached exhibits. Then, at the May 29, 2024 Informal Conference, KAW explained its reasoning further to Commission Staff and intervenors, provided supporting Excel files, and answered any and all questions about the issues on rehearing. Commission Staff then issued four information requests to which KAW responded in exhaustive detail on June 14, 2024. In those responses, which were mainly focused on the QIP issue, KAW explained in even more detail the nature of the error, how the error should be corrected, and where in the record the information exists on which to base the correction. Finally, with the hope that it would be helpful and in response to Item 3 of those information requests, KAW provided the actual revised rates that should result from the rehearing process.

¹ The Commission has already corrected the other two issues KAW raised in its Petition for Rehearing which involved the bulk sales rate and Judy Water Association. The Commission corrected those in its May 17, 2024 and May 28, 2024 Orders, respectively.

In light of the above, KAW believes it is clear the Commission can and should grant the relief KAW has requested in its May 16, 2024 Petition for Rehearing without a need for hearing and the revised rates should be issued on rehearing without delay.² As also set forth in KAW's May 16, 2024 Petition for Rehearing, given that revised rates will correct mathematical or accounting errors rather than some sort of substantive legal or ratemaking issue, Commission precedent indicates that the revised rates should be effective for service rendered on and after February 6, 2024.³ However, to the extent the Commission has any remaining questions or concerns that would prevent granting the remaining relief KAW has requested on rehearing, KAW would gladly appear at a hearing or another informal conference to address those questions or concerns.

² KAW is in the process of calculating and issuing refunds per the Commission's June 27, 2024 Order.

³ KAW's May 16, 2024 Petition for Rehearing, pp. 2-3.

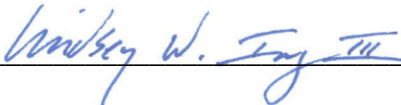
Respectfully submitted,

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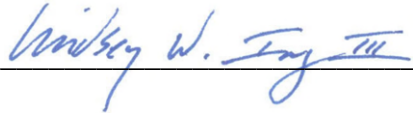
BY:  _____

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 July 15, 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