

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2023-00191
ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Witness: Larry Kennedy and Melissa Schwarzell

40. Refer to the Application generally.
- a. Provide the remaining useful life of the existing meter infrastructure. If the existing meter system has not been fully depreciated, explain: (i) how Kentucky American proposes to recover those stranded costs; and (ii) whether the stranded costs were taken into consideration in any cost-benefit analysis the Company may have conducted.
 - b. If the existing meter system has not been fully depreciated, provide the plant in service, accumulated depreciation, and net book value of the meter system as of December 31, 2022, the most current month with actual information, and projected as of December 31, 2023.

Original Response 8/18/23:

a. The composite remaining life of the assets in Accounts 334.100, 334.110, 334.120, 334.130, and 334.131 is provided in the Concentric report on Table 1, Column 12. The overall composite remaining life of the five accounts is approximately four years. As these assets were installed over a variety of vintages, a composite remaining life of four years is reasonable. The net book value as indicated in Part B of this response will be recovered over the remaining life of the assets, in the same manner as all other plant accounts.

b. As indicated in Table 1 of the depreciation study, at December 31, 2022, the net book value of Accounts 334.100, 334.110, 334.120, 334.130, and 334.131 is \$30,826,926. This amount is inclusive of the recovery of net salvage amount of negative 15 percent. The net book value is calculated as follows:

Account Number	Account Name	Original Cost	Accumulated Depreciation	Net Book Value	Future Accrual Requirement *
334.10	Meters	\$27,125,504	\$3,506,116	\$23,619,388	\$27,688,214
334.110	Meters Bronze Case	\$2,428,792	\$955,952	\$1,472,840	\$1,837,159
334.120	Meters Plastic Case	\$476,069	-\$365,031	\$841,100	\$912,511
334.130	Meters Other	\$6,675,822	\$2,298,558	\$4,377,264	\$5,378,638
334.131	Meter Reading Units	\$727,628	\$211,295	\$516,333	\$625,477
	TOTAL	\$37,433,816	\$6,606,890	\$30,826,926	\$36,441,998

* Future Accrual Requirement is calculated as (Original Cost * 1.15)-
Accumulated Depreciation

Date	Accounts	Original Cost	Accumulated Depreciation	Net Book Value
July 31, 2023	same as above	\$39,261,228	\$4,946,706	\$34,314,522
December 31, 2023	same as above	\$42,874,809	\$7,252,335	\$35,622,473

SUPPLEMENTAL RESPONSE 11/08/23:

In addition to the response provided above on 8/18/23, the Company states that it does not anticipate any stranded assets in relation to the transition to AMI, and consequently the Cost Benefit Analysis for AMI did not consider the net book value of existing metering assets to be a variable when comparing the relative costs of various meter reading technologies to deploy.