

**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)**

ANNUAL COST OF OPERATION FOR AMI

Kentucky-American Water Company (“KAW”), in response to the Commission’s July 7, 2023 Correspondence, states as follows. The Commission’s Correspondence indicates that KAW did not provide the estimated annual cost of operation after the proposed facilities are placed into service as required by 807 KAR 5:001, Section 15(2)(f). KAW respectfully submits that it fully complied with the regulation. Paragraph 28 of the Application provides the forecast annual cost of operation at year 10, which is the first year the infrastructure that is the subject of the CPCN will be fully deployed and placed in service. This is akin to the first year a pipeline is placed in service. Paragraph 28 also provides the forecasted annual cost of operation at year 20. KAW thus provided the annual cost of operation for two calendar periods in its Application and requests the Commission to deem the Application filed as of June 30, 2023.

In the event the Commission does not find the Application sufficient as of June 30, 2023, KAW is providing below the estimated forecast annual cost of operation, as well as the estimated forecast annual cost net of benefits, for each year from 2024 to 2043.

Year of Operation	Calendar Year	Annual Cost of Operation	Annual Cost of Operation Net of Benefits
1	2024	\$905,617	\$781,312
2	2025	\$2,445,971	\$2,137,098
3	2026	\$3,366,336	\$2,937,856
4	2027	\$3,637,221	\$3,116,845
5	2028	\$3,837,474	\$3,228,846
6	2029	\$4,177,247	\$3,459,573
7	2030	\$4,113,227	\$3,329,576
8	2031	\$3,903,610	\$3,069,379
9	2032	\$3,829,550	\$2,926,869
10	2033	\$3,873,858	\$2,408,761
11	2034	\$4,758,321	\$2,727,600
12	2035	\$5,729,325	\$3,649,919
13	2036	\$6,107,750	\$3,978,247
14	2037	\$6,213,104	\$4,032,295
15	2038	\$6,265,230	\$4,031,528
16	2039	\$6,459,011	\$4,171,757
17	2040	\$6,252,656	\$3,910,001
18	2041	\$5,902,288	\$3,502,939
19	2042	\$5,688,389	\$3,231,245
20	2043	\$5,590,216	\$3,073,234

The annual costs of operations are comprised of (1) depreciation; (2) property tax; (3) pre-tax rate of return and (4) revenue taxes. The benefits are comprised of (1) meter reading expenses; (2) service order expense; and (3) vehicle fleet, fuel, and maintenance.

WHEREFORE, KAW respectfully requests the Commission deem its Application filed as of June 30, 2023. KAW alternatively requests the Commission deem the Application filed as of today, July 7, 2023.

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BY: /s/Monica. H. Braun

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 7, 2023; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.

BY: /s/Monica. H. Braun

Attorneys for Kentucky-American Water Company