

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	)	CASE NO. 2023-00191
OF PUBLIC CONVENIENCE AND NECESSITY	)	
FOR INSTALLATION OF ADVANCED	)	
METERING INFRASTRUCTURE, APPROVAL	)	
OF REGULATORY AND ACCOUNTING	)	
TREATMENTS, AND TARIFF REVISIONS	)	

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**ATTORNEY GENERAL’S FIRST REQUEST FOR INFORMATION TO  
KENTUCKY-AMERICAN WATER COMPANY**

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Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and submits the First Request for Information to Kentucky-American Water Company (hereinafter “Kentucky American” or the “Company”) to be answered by August 18, 2023, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.
- (5) Each response shall be answered under oath or, for representatives of a public or private

corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout, which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical

and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained;

and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

DANIEL J. CAMERON  
ATTORNEY GENERAL



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**Certificate of Service and Filing**

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that the foregoing electronic filing was transmitted to the Commission on August 4, 2023, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 4<sup>th</sup> day of August, 2023,



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Assistant Attorney General

Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, a Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions  
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1. Refer to the Application generally.
  - a. Provide an organizational chart of Kentucky American. Designate what city each position is located in within Kentucky, and indicate whether any position is vacant. If a position is based outside of Kentucky provide the city and state where it is located.
  - b. Provide an organizational chart of Kentucky American's parent company American Water Works Company, Inc. ("American Water"), and indicate whether any position is vacant. If a position is based outside of Kentucky provide the city and state where it is located.
  - c. Provide an organizational chart of the American Water Works Service Company ("Service Company"), which is a subsidiary of American Water, and indicate whether any position is vacant. If a position is based outside of Kentucky provide the city and state where it is located.
  - d. Provide an organizational chart that includes all of the parent companies/holding companies/affiliated companies that are associated with Kentucky American.
  - e. Provide a map of Kentucky American's water service area.
  - f. Provide a map of American Water's service area.
2. Refer to the Application at 2, in which Kentucky American states that it provides water to its Central Division, consisting of Bourbon, Clark, Fayette, Harrison, Jessamine, Nicholas, Scott, and Woodford Counties; its Northern Division, consisting of Gallatin, Owen, Grant,

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and Franklin Counties; and, the Southern Division, consisting of Rockcastle and Jackson Counties.

- a. Provide a detailed account of all economic issues that the Company's customers in the above-referenced counties are combating at the present time.
- b. Provide Kentucky American's actual number of customers for 2013 – 2023, using the most updated data.
- c. Explain in detail whether Kentucky American projects a future gain or loss of water customers, and provide copies of all projections concerning the same.
- d. Provide Kentucky American's total annual water sales for the years 2013 – 2023, using the most updated data.
- e. Explain whether Kentucky American expects annual water sales to increase or decrease, and provide copies of all projections concerning the same.
- f. Based upon the most recent United States Census information, the poverty rates for Kentucky American's water service area are as follows:  
  
Bourbon County – 15.1%,  
  
Clark County – 11.6%,  
  
Fayette County – 14.6%,  
  
Harrison County – 14.1%,  
  
Jessamine County – 13.8%,  
  
Nicholas County – 16.5%,  
  
Scott County – 9.5%,

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Woodford County – 8.6%,

Gallatin County – 14.7%,

Owen County – 15.2%,

Grant County – 12.7%,

Franklin County – 13.3%,

Rockcastle County – 21.3%,

Jackson County 25.2%. <sup>1</sup>

Confirm that Kentucky American is aware of the above percentages of its water customers who live at or below the poverty line.

3. Refer to the Application generally. Provide the following information for Kentucky American employees, as well as all employees whose costs are allocated to Kentucky American, and separate each response by company/utility.
  - a. Provide the position title and salary for each exempt employee for the years 2018 – 2023, using the most updated data.
  - b. Provide the average raise that the exempt employees received for the years 2018 – 2023, using the most updated data. Ensure to explain whether the annual raise is directly connected to a performance review. If not, explain why not.

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<sup>1</sup><https://www.census.gov/quickfacts/fact/table/nicholascountykentucky,jessaminecountykentucky,harrisoncountykentucky,fayettecountykentucky,clarkcountykentucky,bourboncountykentucky/PST045222>;  
<https://www.census.gov/quickfacts/fact/table/franklincountykentucky,grantcountykentucky,owencountykentucky,gallatincountykentucky,woodfordcountykentucky,scottcountykentucky/PST045222>;  
<https://www.census.gov/quickfacts/fact/table/jacksoncountykentucky,rockcastlecountykentucky,US/PST045222>.



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- c. Provide the average bonus that each exempt employee received for the years 2018 – 2023, using the most updated data.
- d. Provide all awards given to the exempt employees for the years 2018 – 2023, using the most updated data.
- e. Provide all vehicle allowances given to the exempt employees for the years 2018 – 2023, using the most updated data.
- f. Provide all incentive compensation given to the exempt employees for the years 2018 – 2023, using the most updated data.
- g. Provide the average raise, if any, which will be given to exempt employees for 2024.
- h. Provide a detailed explanation of the insurance benefits provided to the Company’s exempt employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company’s exempt employees, premiums paid by the Company or parent company on the exempt employees’ behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
- i. Provide a detailed explanation of the retirement benefits provided to the Company’s exempt employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
- j. Provide the average employment tenure for exempt employees separately for each year 2018-2023.
- k. Explain whether any of the exempt employees are members of a union.

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4. Refer to the Application generally. Provide the following information for Kentucky American employees, as well as all employees whose costs are allocated to Kentucky American, and separate each response by company/utility.
  - a. Provide the position title and wages for each non-union hourly employee for the years 2018 – 2023, using the most updated data.
  - b. Provide the average raise provided to the non-union hourly employees for the years 2018 – 2023, using the most updated data. Ensure to explain whether the annual raise is directly connected to a performance review. If not, explain why not.
  - c. Provide the average bonus provided to the non-union hourly employees for the years 2018 – 2023, using the most updated data.
  - d. Provide all awards given to the non-union hourly employees for the years 2018 – 2023, using the most updated data.
  - e. Provide all vehicle allowances given to the non-union hourly employees for the years 2018 – 2023, using the most updated data.
  - f. Provide all incentive compensation given to the non-union hourly employees for the years 2018 – 2023, using the most updated data. Explain in detail whether the incentive compensation is
  - g. Provide the average raise, if any, which will be given to non-union hourly employees for 2024.
  - h. Provide a detailed explanation of the insurance benefits provided to the Company's non-union hourly employees, including but not limited to health, dental, vision, life

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insurance, etc. Ensure to include all premiums paid by the Company's non-union hourly employees, premiums paid by the Company or parent company on the non-union hourly employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

- i. Provide a detailed explanation of the retirement benefits provided to the Company's non-union hourly employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
  - j. Provide the average employment tenure for non-union hourly employees separately for each year 2018-2023.
5. Refer to the Application generally. Provide the following information for Kentucky American employees, as well as all employees whose costs are allocated to Kentucky American, and separate each response by company/utility.
- a. Provide the position title and wages for each union hourly employee for the years 2018 – 2023, using the most updated data.
  - b. Provide the average raise provided to the union hourly employees for the years 2018 – 2023, using the most updated data. Ensure to explain whether the annual raise is directly connected to a performance review. If not, explain why not.
  - c. Provide the average bonus provided to the union hourly employees for the years 2018 – 2023, using the most updated data.
  - d. Provide all awards given to the union hourly employees for the years 2018 – 2023, using the most updated data.

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- e. Provide all vehicle allowances given to the union hourly employees for the years 2018 – 2023, using the most updated data.
  - f. Provide all incentive compensation given to the union hourly employees for the years 2018 – 2023, using the most updated data. Explain in detail whether the incentive compensation is
  - g. Provide the average raise, if any, which will be given to union hourly employees for 2024.
  - h. Provide a detailed explanation of the insurance benefits provided to the Company’s union hourly employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company’s union hourly employees, premiums paid by the Company or parent company on the union hourly employees’ behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
  - i. Provide a detailed explanation of the retirement benefits provided to the Company’s union hourly employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
  - j. Provide the average employment tenure for union hourly employees separately for each year 2018-2023.
6. Refer to the Application generally.
- a. Provide a detailed explanation of all salary and benefits provided to the members of the Board of Directors during the years 2018 – 2023. Ensure to provide the salary

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amounts, and specific details regarding all benefit packages including but not limited to health, dental, vision, accidental death and disability, life insurance, bonuses, awards, vehicle allowances, and the like.

- b. Provide the total amount of the Board of Directors' fees for the test year.
  - c. Provide a breakdown of the total amount of the Board of Directors' fees for the test year.
  - d. Discuss if there will be any changes to the Board of Directors' salaries and/or benefit packages for 2024.
  - e. When setting the Board of Directors' fees and benefits did Kentucky American review other similarly situated water companies' fees and benefits? If so, explain in detail the findings. If not, explain in detail why not.
7. Refer to the Application generally. Provide the amount of Supplemental Executive Retirement Plan ("SERP") costs included in the test year O&M expenses. Provide the amounts broken down between Kentucky American directly incurred costs and costs allocated separately from each other affiliate.
  8. Refer to the Application generally. Provide a copy of all formal studies conducted that compare Kentucky American's wage and benefit information to the local wage and benefit information for the geographic area in which Kentucky American operates. If no study exists, explain why not.
  9. Refer to the Application generally. Explain the current process of awarding wage/salary increases to salaried versus non-salaried and union versus non-union employees.

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10. Refer to the Application generally. Explain whether any vacant position costs are included in the proposed revenue requirement. If so, provide the job title, salary/wage/benefit amounts, necessity of the position, date the job was created and vacated, explanation as to why the position is currently vacant, and an estimated date as to when the position will be filled.
11. Refer to the Application generally. Has Kentucky American obtained and/or is the Company seeking any funds/grants from federal, state, or local sources which have been or will be made available? If so, identify the source and amount of those funds/grants. If not, and funds/grants are available for which the Company is eligible, explain why the Company is foregoing those opportunities.
12. Refer to the Application generally.
  - a. Explain whether Kentucky American has any utility office in Kentucky open for a customer to pay bills, obtain customer service, etc.
  - b. If Kentucky American does not have any utility offices in Kentucky for a customer to pay bills, obtain customer service, etc. then explain whether the Commission granted Kentucky American a deviation from the applicable regulations.<sup>2</sup> If a deviation was granted then provide all of the corresponding case numbers regarding

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<sup>2</sup> See 807 KAR 5:006, Section 14, <https://apps.legislature.ky.gov/law/kar/titles/807/005/006/> (Requiring each utility to designate at least one representative to answer customer questions, resolve disputes, and negotiate partial payment plans at the utility's office.); See 807 KAR 5:006, Section 23, <https://apps.legislature.ky.gov/law/kar/titles/807/005/006/> (Requiring each utility to have system maps and records on file at its principal office located within the state.); See 807 KAR 5:006, Section 24, <https://apps.legislature.ky.gov/law/kar/titles/807/005/006/> (Requiring all records pursuant to 807 KAR Chapter 5, to be kept in the office of the utility and made available to representatives, agents, or staff of the commission upon reasonable notice at all reasonable hours.)

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the same. If no deviation was granted, explain why a deviation from the regulations were not required.

13. Refer to the Application generally. Provide a copy of each customer satisfaction survey that Kentucky American and/or its parent company, American Water, has been included in, such as the J.D. Power Customer Satisfaction Study, for 2022 and 2023.
14. Refer to the Application generally. Provide a succinct list that identifies all proposed pro forma adjustments, the amount of each pro forma adjustment, along with a brief description of each adjustment.
15. Explain in detail whether any expenses have been removed from the proposed rates for ratemaking purposes. Provide a detailed list of the removed expenses, and explain why Kentucky American removed each expense from the rate case.
16. Refer to the Application generally. Explain in detail whether Kentucky American provides annual reports of any kind to the cities/counties that it operates in. Explain why or why not.
17. Refer to the Application generally. Provide a list that identifies all miscellaneous costs for the test year, including but not limited to dinners (including all holiday dinners), gifts, donations, membership dues, annual meeting costs, etc. For each cost indicate whether it was removed from or included in the requested revenue requirement.
18. Refer to the Application generally. Explain in detail whether there are any direct charges, allocated costs, surcharges, pass-through charges, etc., from American Water, a subsidiary of American Water, the Service Company, or any other entity, to Kentucky American. If so, provide a detailed list of the same with explanations for each allocated charge.

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19. Refer to the Application generally. Explain in detail whether Kentucky American provides any assistance program(s) for customers experiencing difficulty paying their water bills.
20. Refer to the Application generally. Confirm that in Case No. 2018-00358, the Commission granted Kentucky American a \$13,399,178 rate increase.<sup>3</sup> If not confirmed, explain why not in detail.
21. Refer to the Application generally. Identify fully any and all organizations to which Kentucky American pays dues and/or membership fees of any type or sort (hereinafter referred to as “Dues Requiring Organizations”), which engage in any one or more of the following activities (hereinafter “covered activities”):
  - i. legislative advocacy, regulatory advocacy, and/or public relations;
  - ii. advertising;
  - iii. marketing;
  - iv. legislative policy research; and/or,
  - v. regulatory policy research.
  - a. If so confirmed with regard to any one or more of these organizations, identify that organization and provide the amount of Kentucky American dues which that organization applies to covered activities, both in dollar terms and percentages of total dues.
  - b. Explain whether all or any portion of said dues are excluded from the pending rate case.

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<sup>3</sup> Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Sep. 30, 2021), Order at 67.



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22. Refer to the Application generally. Explain whether Kentucky American pays any dues or membership fees to law firms or trade groups which maintain an affiliate engaged in any of the covered activities identified in the preceding question.
- a. If so, identify fully the law firm or trade group by name, the name of the affiliate engaged in any such activities, and the amounts Kentucky American paid to the law firm, trade group, or affiliate thereof for those activities.
  - b. Explain whether Kentucky American is seeking recovery from ratepayers for any such sums identified in subpart (a) of this question.
23. Refer to the Application generally. If any affiliate of Kentucky American pays dues to one or more Dues Requiring Organizations, and a jurisdictional portion of those dues are charged back to Kentucky American, explain whether the dues are being recovered in rates, the amounts thereof, and precisely where they can be found in the Application.
24. Refer to the Application generally. For all expenses associated in any manner with any Dues Requiring Organization and for which the Company seeks reimbursement from ratepayers:
- a. Provide a complete copy of all invoices received from each such Dues Requiring Organization since the conclusion of the Company's last water rate case;
  - b. Provide any and all documents in the Company's possession that depict how each such Dues Requiring Organization spends the dues it collects from the Company, including the percentage that applies to all covered activities.

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- c. Provide a detailed description of the services and benefits each Dues Requiring Organization provided to the Company since the conclusion of its most recent water rate case. Of these services and benefits, identify which ones accrue directly to ratepayers, and explain fully how.
  - d. Explain whether any Company personnel actively participate on committees and/or perform any other work for any Dues Requiring Organizations or any other industry organization to which the Company belongs. If so:
    - i. State specifically which employees participate, how they are compensated for their time (amount and source of compensation), and the purpose and accomplishments of any such association related work; and,
    - ii. List any and all reimbursements received from industry associations, for work performed for such organizations by the Company's employees.
25. Refer to the Application, Filing Exhibit 7.
- a. Confirm that Kentucky American is proposing to increase the monthly customer charge of a residential customer with a 5/8" meter from \$15.00 to \$20.00. If not confirmed, provide the requested residential monthly customer charge.
  - b. Explain in detail whether residential customers only have a 5/8" meter, or if residential customers also use larger meters as well.
  - c. Explain in detail whether all commercial customers utilize a 5/8" meter, or if commercial customers also use larger meters as well.

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- d. Confirm that Kentucky American is proposing to increase the monthly customer charge of a commercial customer to \$20.00. If not confirmed, provide the requested commercial monthly customer charge.
  - e. Explain in detail why Kentucky American is proposing for the residential and commercial customers to pay the same monthly customer service charge.
  - f. Explain which customer classes use the following meter sizes:
    - i. 5/8" meter,
    - ii. 3/4" meter,
    - iii. 1" meter,
    - iv. 1 1/2" meter,
    - v. 2" meter,
    - vi. 3" meter,
    - vii. 4" meter,
    - viii. 6" meter, and,
    - ix. 8" meter.
26. Refer to the Direct Testimony of Krista Citron ("Citron Testimony") generally.
- a. Provide a detailed breakdown of the type of pipe that Kentucky American has in its system, the number of miles of each type of pipe, the estimated installation date for each type of pipe, and the average expected life of each type of pipe.
  - b. Identify the year that Kentucky American initially implemented its Qualified Infrastructure Program ("QIP") Rider.

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- c. Provide the annual revenue requirement impact of the QIP since its inception to the present date.
- d. Explain in detail how many miles of pipe have been replaced each year since the inception of the QIP, and include in the discussion the type of pipe that has been replaced.
- e. Discuss the other projects, besides pipeline replacement, that have flowed through the QIP since its inception.
- f. Explain in detail what type of pipe Kentucky American has focused on replacing through the QIP thus far.
- g. Provide all projects that Kentucky American plans to include in its proposed QIP over the next 5 years. Include the cost of each project the purpose of each project, i.e., pipe replacement, pumping station replacement, treatment plant replacement, etc., and the type of pipe to be replaced.
- h. If the Commission were to approve Kentucky American's requested expansion of the QIP from the current annual replacement of 10 – 13 miles of cast iron main to 27 – 34 miles of any type of main, provide the proposed revenue requirement impact for the next five years as well as the customer impact.
- i. If the Commission were to approve Kentucky American's requested expansion of the QIP from the current annual replacement of 10 – 13 miles of cast iron main to 27 – 34 miles of any type of main, discuss what type of main the Company would prioritize replacing in addition to cast iron.

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- j. If Kentucky American's QIP is not modified in the pending case, what is the replacement cycle for the Company's water system?
  - k. If Kentucky American's QIP is modified and accelerated in the pending case, what would be the resulting replacement cycle for the Company's water system?
27. Refer to the Citron Testimony at 2. Provide a copy of the Dawn of the Replacement Era report.
28. Refer to the Citron Testimony at 24.
- a. Ms. Citron states that Kentucky American does not make the request to expand QIP, "lightly and understands the cost impact it will have on customers." If the Commission were to approve of Kentucky American's requested expanded QIP, provide the specific cost impacts on each customer class. Ensure to include the proposed estimated monthly QIP rate and equivalent dollar amount for the residential class for each of the next five years, if available.
  - b. Provide the QIP rate and equivalent dollar amount for the residential class for each year since the inception of the QIP Rider.
29. Refer to the Direct Testimony of William Lewis ("Lewis Testimony"), at 7. Provide copies of the referenced reports of inspections conducted by the Kentucky Division of Water for the years 2018 – 2023.
30. Refer to the Lewis Testimony at 26.

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- a. Provide an update on the April 24, 2023 short-term contract with a third-party vendor to perform locating services for 6 months. Consider this a continuing request during the pendency of the case.
  - b. If Kentucky American reassigned internal staff that had been performing locating services, explain in detail whether the short-term contract provides any savings to the customers.
31. Refer to the Lewis Testimony at 34 – 35. Explain in detail whether Kentucky American has investigated whether the water meter could be moved to the connection of the private main for any of its 270 Special Connections. If not, explain why not.
32. Refer to the Lewis Testimony at 36 – 39.
- a. Explain in detail why Kentucky American’s unaccounted-for water loss has been increasing since 2016.
  - b. Provide the unaccounted-for water loss percentage for each month of 2023 to the present date.
  - c. Provide a citation to all Orders, if any, in which the Commission has granted a utility’s request for deviation from the 15% unaccounted-for water loss requirement pursuant to 807 KAR 5:066, Section 6(3).
33. Refer to the Direct Testimony of Kathryn Nash (“Nash Testimony”), at 11.
- a. Provide the monetary amount that customers contributed to the Help to Others (“H2O”) program versus the monetary amount that Kentucky American’s shareholders contributed for the years 2018 – 2023.

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- b. Explain why the maximum grant amount was increased from \$125 to \$250 though the end of 2023.
34. Refer to the Direct Testimony of Jeffrey Newcomb (“Newcomb Testimony”), at 10 – 11. Explain whether the request to utilize Backflow Solutions, Inc. (“BSI”) to serve as a third-party administrator of the cross-connection control annual certification process in the pending rate case differs from the request made by the Company in Case No 2022-00425.<sup>4</sup> If the request is the same, explain why it is being made in the pending case when the Commission denied the requested changes in Case No. 2022-00425, and opened up an investigation into the same.
35. Refer to the Newcomb Testimony at 13 – 14.
  - a. Provide the monetary amount that Kentucky American included in the revenue requirement for payment processing fees, with a breakdown between each payment type.
  - b. Provide the fee that is currently passed to the customer to pay the water bill with a credit card.
  - c. Based upon its proposal, explain why Kentucky American believes it to be fair, just, and reasonable for customers who pay the water bill with cash or check to subsidize and pay for the fees associated with customers paying the bill with a credit card.

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<sup>4</sup> Case No. 2022-00425, *Electronic Tariff Filing of Kentucky-American Water Company to Revise its Cross-Connection Policy* (Ky. PSC Dec. 22, 2022).

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- d. Provide all forms of payment that Kentucky American currently accepts from member customers to pay the utility bill, as well as the corresponding fees that the Company pays for each payment type, as well as all fees assessed to the member customers for each payment type.
  - e. Provide a list of all investor-owned utilities in Kentucky that do not charge a fee to customers who pay the bill using a credit card, and citations to the Commission Order(s) approving of the inclusion of the fees in the revenue requirement.
36. Refer to the Direct Testimony of Charles Rea (“Rea Testimony”), at 16.
- a. Provide the names of the two customers on contract rates, which are not subject to the pending rate increase.
  - b. Explain in detail why the contract customers should not be required to absorb a portion of the pending requested rate increase.
37. Refer to the Rea Testimony at 18 – 33, which discusses the proposed Universal Affordability tariff.
- a. Explain how the proposed low-income rate does not violate KRS 278.170.
  - b. Discuss whether Kentucky American is aware of the Commission Order in Case No. 2020-00160,<sup>5</sup> in which the Commission denied Water Service Corporation of Kentucky’s request for a low-income rate as a matter of law.
  - c. If Kentucky American is aware of the Commission’s decision in Case No. 2020-00160, why did the Company propose a low-income rate in the pending case?

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<sup>5</sup> Case No. 2020-00160, *Electronic Application of Water Service Corporation of Kentucky for a General Adjustment in Existing Rates* (Ky. PSC Dec. 8, 2020) at 36 – 38.



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- d. Identify any and all utilities in the state of Kentucky that have a Commission approved low-income rate.
  - e. If the low-income customers receive a discounted rate, then do the rest of the Kentucky American customers have to make up the difference, or will the shareholders of the Company be contributing to the loss of revenue? Explain the response in detail.
38. Refer to the Rea Testimony at 21 – 22.
- a. The Company estimates that there are approximately 11,000 water customers with household incomes at or below 100% of the federal poverty level that would qualify for service under the Company’s proposed Universal Affordability tariff. Kentucky American further asserts that for a one person household, a customer could qualify for a 20% discount low-income rate if the customer made up to \$14,580 annually. Explain in detail how it would it be fair, just, or reasonable to require a one person household that makes \$14,581 to pay a higher water rate in order to subsidize a low-income rate for those who make \$14,580.
  - b. Explain who would conduct the income verification for the proposed Universal Affordability Tariff, and who will cover the costs of the same.
39. Refer to the Application generally and to the Direct Testimony of Melissa Schwarzell (“Schwarzell Testimony”) generally.

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- a. Provide the number and type of all meters that Kentucky American currently has in its system (e.g. Automated Meter Reading (“AMR”), Advanced Metering Infrastructure (“AMI”), manual read meters, etc.).
  - b. Confirm or deny that Kentucky American’s current meters are providing reliable service to its customers.
  - c. Provide the total estimated monetary amount for the proposed AMI project, and provide a breakdown of the same.
  - d. Explain in detail all alternatives to the proposed AMI that were reviewed by Kentucky American, if any.
  - e. Explain whether any cost savings associated with the proposed AMI were included in the pending case. If so, explain the cost savings in detail. If not, explain why not.
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.

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41. Refer to the Application generally. Explain whether Kentucky American conducted any cost-benefit analyses regarding the proposed AMI system, or any component parts thereof, which is the subject of the Company's Certificate of Public Convenience and Necessity ("CPCN") application in the instant docket. If so:
- a. Provide a copy of all such analyses;
  - b. Ensure that the analyses indicate the source of all cost savings that the AMI deployment will provide; and,
  - c. Explain whether the analyses included potential savings derived from enhanced leak detection capability of an AMI system.
42. Refer to the Application generally.
- a. Provide all technical specifications of the AMI meters that Kentucky American proposes to procure.
  - a. Provide all technical specifications of all component parts of the proposed AMI system, including back-haul equipment and communication modules.
43. Refer to the Application generally. Provide the expected lifespan of the AMI meters that Kentucky American proposes to procure.
44. Refer to the Application generally. Explain whether the communications modules for the proposed AMI meters are built-into the meter, or are a separate component.
- a. If a separate component, provide the expected lifespan of the module.
  - b. If the battery for the communications module is a separate component, provide the projected lifespan of the battery for the communications module.

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45. Refer to the Application generally. Identify the utility(ies) that provides electric service to Kentucky American's service territory.
46. Refer to the Application generally. Explain the measures Kentucky American took to determine whether any existing communications networks in the Company's service territory have the capabilities of transmitting data between the AMI meters (once deployed) and the Company's offices. In addition, provide the results of any due diligence conducted in this regard.
47. Refer to the Application generally. Explain whether Kentucky American conducted any due diligence as to utilizing a new all-AMR meter reading system, together with attendant costs. If not, why not?
  - a. If Kentucky American conducted any such due diligence, provide all such results.
  - b. Provide a discussion regarding all other alternatives Kentucky American considered.
48. Refer to the Application generally. Provide a discussion regarding the degree to which the proposed new AMI infrastructure will be compatible with Kentucky American's current billing, customer service, and other systems. Include in your discussion the extent to which Kentucky American considered interoperability between its existing systems and the proposed AMI infrastructure, together with the potential for obsolescence.
49. Explain whether any of Kentucky American's meters are located in underground vaults. If so, provide a discussion on the difficulties involved with creating an RF network capable of receiving all transmissions from underground meters.

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50. Refer to the Application generally. In the event the Commission grants the CPCN for AMI, explain what Kentucky American will do with its current meter reading personnel. Also, provide the monetary savings in meter reading expense Kentucky American expects to achieve through the deployment of the AMI metering infrastructure, and explain whether any of those savings will be related in any manner to the current meter reading personnel. Finally, detail any projected meter reading expense savings included in the Company's filing.
51. Refer to the Application generally. Explain whether Kentucky American anticipates utilizing any remote shut-off valves after the AMI infrastructure is installed.
52. Refer to the Lewis Testimony and the Direct Testimony of Robert Mustich ("Mustich Testimony") generally. Provide copies of Kentucky American's short term variable compensation plan, also called the Annual Performance Plan ("APP").
53. Refer to the Lewis Testimony and the Mustich Testimony generally. Provide copies of Kentucky American's long-term compensation plan, also called the Long-Term Performance Plan ("LTPP").
54. Refer to the Lewis Testimony and the Mustich Testimony generally. Provide the average tenure for Kentucky American employees eligible for the LTPP.
55. Refer to the Mustich Testimony generally. List and describe all benefits that are given/paid to employees that would be included in the "benefit portion" for the Target Total Remuneration calculation. Also, indicate how many employees qualify for each benefit.

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56. Refer to the Direct Testimony of Patrick Baryenbruch (“Baryenbruch Testimony”), Exhibit PLB-2, page 7. Provide the Service Company charges that were assigned to Kentucky American for the years 2018 – 2022 in the same format as the tables included in the above-referenced exhibit.
57. Refer to the Baryenbruch Testimony generally. Provide all detail for the assignment of Service Company charges to Kentucky American. In your response, begin with American Water Total Service Company charges and show how those costs were assigned to each affiliate of American Water. Indicate whether the costs were direct assigned or allocated for each affiliate of American Water. For those costs that were allocated, provide a detailed spreadsheet that shows the allocation of those costs to each affiliate of American Water and a detailed breakdown of the allocation factor by American Water affiliate. The response should show the breakdown of the allocation factors for each affiliate of American Water. For example if customers are the allocation factor, the response should show the different customer levels for each affiliate of American Water. Provide this information separately for the years 2018-2022.
58. Refer to the Baryenbruch Testimony generally. Explain in detail whether American Water provides service company functions to any unregulated operations or private entities. If yes, list all unregulated operations or private entities that the service company provides services.

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59. Refer to the Application, Exhibit 37, C-1. Provide the breakdown of the Operating and Maintenance costs in the same format as those costs are presented in Kentucky American's Annual Report that is submitted to the Kentucky Public Service Commission.
60. Refer to the Nash Testimony at 8, lines 9-10. Confirm that the 3800 gallon usage figure was intended to indicate a monthly volume and not a daily volume.
61. Refer to the Rea Testimony generally. Provide the average number of household members for Kentucky American's customer base for each year 2018 – 2022. Provide the information separately by year.
62. Refer to the Rea Testimony, Charts 6 – 10. Explain whether these Charts correctly reflect the estimated daily consumption of water, or if they are actually reflecting the estimated monthly consumption of water.
63. Refer to the Rea Testimony generally. Provide the monthly Cooling Degree Days ("CDD"), Heating Degree Days ("HDD"), and Rainfall ("RAINn") that Mr. Rea relied on to annualize residential and commercial revenues. Also, provide the normalized totals for each variable that Mr. Rea used.
64. Refer to the Rea Testimony at 38 and 44.
  - a. Confirm that Mr. Rea decreased residential usage for the impacts of COVID-19.
  - b. Provide the reduced usage that Mr. Rea proposed for COVID-19 for the months of April 2020 through December 2021.
  - c. What was the gallon effect from Mr. Rea's analysis of COVID-19 on his projected usage-per-customer?

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65. Refer to the Rea Testimony, at 50, Chart 11. Explain in detail whether Chart 11 indicates that usage per customer in 2022 for the effects of normalized weather and COVID-19 would indicate an increase in usage per customer from previous years excluding 2020.
66. Refer to the Rea Testimony at 50, Chart 11. Provide a similar chart with the effects of normal weather and COVID-19 separately identified.
67. Refer to the Rea Testimony at 50 – 51. Provide the annual sales revenues, gallons sold, and customer levels for the 12 months ending March 2023.
68. Refer to the Direct Testimony of Shelley Porter (“Porter Testimony”), Porter Exhibit 1. Explain in detail whether this exhibit includes the increased capital projects for the requested expansion of the QIP infrastructure. If yes, provide the Capital Spend Forecast without the QIP Infrastructure expansion request.
69. Refer to the Porter Testimony at 23, wherein she discusses Project 112-020107 Kentucky River Station Gravity Thickeners (\$8,000,000). Ms. Porter alludes to the fact that sludge dredging of the lagoons will decrease. Has Kentucky American factored this decreased sludge dredging into the rate case? If so, provide detailed work papers showing how this investment savings was included in the rate case. If not, explain in detail why not.
70. Refer to the Porter Testimony at 24 – 25, wherein she discusses Project 112-020113 Millersburg Transmission Main (\$12,800,000). Will this new main reduce the amount of purchased water to supply the Millersburg system? If yes, were the savings from not purchasing water included in the rate case? If so, provide detailed work papers showing how this investment savings was included in the rate case. If not, explain why not in detail.



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71. Refer to the Porter Testimony at 25, wherein she discussed Project 112-300013 Owenton Booster Station (\$1,560,000). Will this new booster station reduce the amount of purchased water to supply the Owen County system? If yes, were the savings from not purchasing water included in the rate case? If so, provide detailed work papers showing how this investment savings was included in the rate case. If not, explain in detail why not.
72. Refer to the Direct Testimony of Harold Walker III (“Walker Testimony”), Schedule HW-1, page 2 of 6. Provide a citation in the Kentucky American service agreement with American Water that requires prepayments of service company charges. Also, provide all work papers showing the expense lag for these charges and all support why these charges should be treated as a prepayment.
73. Refer to the Walker Testimony, Schedule HW-1, page 2 of 6. Reconcile and explain in detail how requiring service company charges to be prepaid does not reflect a profit return on those charges.
74. Refer to the Walker Testimony at 12. Provide all work papers that support the expense lead for OPEB, Insurance Other than Group, and Utility Tax.
75. Refer to the Walker Testimony at 5.
  - a. Describe in detail the necessity to have a four day billing lag.
  - b. Will this billing lag continue if Kentucky American proceeds with its AMI meter replacement program?

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76. Refer to the Walker Testimony, Schedule HW-1, page 3 of 6. Does Kentucky American sell its accounts receivables to an affiliate or any other entity? If so, provide all documentation that describes the process.
77. Refer to the John Watkins Testimony (“Watkins Testimony”), at 2 – 3. Provide the inflation factor applied to each O&M expense that Kentucky American used to project the forecasted test year expenses. List each inflation factor separately and the expense it is applied to.
78. Refer to the Watkins Testimony at 3, in which he states that Kentucky American has three classifications of employees: union hourly, non-union hourly, and exempt.
- a. Compare and contrast the three classifications of employees.
  - b. Provide a copy of the most recent union contract.
  - c. Discuss whether the union hourly and non-union hourly employees are non-salaried employees. If not, explain in detail.
  - d. Discuss whether the exempt employees are salaried employees. If not, explain in detail.
79. Refer to the Watkins Testimony at 5 – 6.
- a. Provide the average wage increase given to union hourly employees for each year from 2015 – 2022.
  - b. Provide the average wage increase given to non-union hourly employees for each year from 2015 – 2022.
  - c. Provide the average wage increase given to the exempt employees for each year from 2015 – 2022.

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80. Refer to the Watkins Testimony at 6.
- a. Provide the Water percentage and O&M percentage allocators for each year from 2015 – 2022.
  - b. Also, provide the Water percentage and O&M percentage included in Kentucky-American’s forecasted test year.
81. Refer to the Watkins Testimony at 11 – 12. Provide the annual level of production expenses separately by function (fuel and power, chemicals, waste disposal, and purchased water) for the calendar years 2015 – 2022, and the twelve months ended March 2023. Also, provide the level of expenses included in the Kentucky American forecasted test year.
82. Refer to the Watkins Testimony at 15 – 16. Provide a breakdown of the Insurance Other than Group by type of coverage for the years 2015 – 2022, and the twelve months ended March 2023. Also, include the level of individual insurance expense included in the forecasted test year.
83. Refer to the Watkins Testimony at 18. Provide a schedule that shows the historic painting and rehabilitation of intakes, storage tanks, and hydrotreaters, and list by specific location. Provide the unamortized balance for these projects that have not been collected in customer rates. Also, indicate the level of expense for this activity that was included in Kentucky-American’s last rate case.
84. Refer to the Direct Testimony of Wesley Selinger (“Selinger Testimony”), at 5. Confirm that Kentucky American is not seeking rate base recovery of any prepayments except for

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the inclusion in the Kentucky American proposed cash working capital allowance. If not confirmed, explain in detail.

85. Refer to the Selinger Testimony at 4. Describe in detail why it is appropriate to include Construction Work in Progress (“CWIP”) in rate base when using a future test year.
86. Refer to the Selinger Testimony at 7. Provide the date of the acquisition of the North Middleton Water system. If the system was acquired prior to the base year in this rate case, did Kentucky American request deferral of the acquisition premium? Explain the response in detail.
87. Refer to the Selinger Testimony at 11. Provide a schedule showing all amortizations that Kentucky American is seeking recovery in this rate case. Include for each amortization the case number in which the Commission authorized each amortization. Also, provide the amortization period and the expiration date for the unamortized expense.
88. Refer to the Direct Testimony of Thomas O’Drain (“O’Drain Testimony”), at 15. Confirm that Table TGO-2 contains the escalation of Chemical expenses included in the forecasted test year in this rate case and are not subject to an additional inflationary factor. If the response is anything but an affirmative, explain the response in detail.
89. Refer to the Schwarzell Testimony generally. Estimate the stranded investment that would be associated with the replacement of AMR meters or older vintages with new AMI meters. Confirm that Kentucky American seeks to recover the remaining stranded investment over the life of the new AMI meters and will earn a return on and of the stranded investment from the replaced meters.

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90. Refer to the Lewis Testimony at 34. Describe the intervals for when the 270 Special connections are inspected. Provide a schedule that shows the frequency of inspections at the 270 locations.
91. Refer to the Lewis Testimony generally. Provide the Company's best estimate for the cost of a lost 100 gallons of water, broken down by category.
92. Refer to the Newcomb Testimony at 11. Provide the actual contracted expenses for the years 2015 – 2022 broken out by snow removal, lawn mowing and landscaping, lab testing, accounting, audit, and legal fees. Also, include expense breakdowns for line locates, leak detection services.
93. Refer to the Newcomb Testimony generally. Provide the filing date and effective rate date for each of Kentucky American's last five rate cases.
94. Refer to the Newcomb Testimony at 14 – 15. Provide the state statutory valuation dates for establishing property taxes payable. For example, property in service on XXXX date is assessed value and property taxes are payable on XXXX date. Describe the whole process for paying property taxes.
95. Refer to the Newcomb Testimony at 15. Provide any documentation that the Kentucky Public Service Commission provides Kentucky American for the payment of its assessment.
96. Refer to the Newcomb Testimony at 15 – 24. Provide by year since the QIP was approved the level of investment placed in service and charged initially through the QIP.

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97. Refer to the Newcomb Testimony at 21. Explain in detail how an uncollectible resulting from the QIP special regulatory mechanism is not currently being captured in the uncollectible calculation.
98. Refer to the Newcomb Testimony at 24. Kentucky American requests deferral treatment for (1) production expenses, (2) pension and OPEB expenses, (3) taxes other than income (excluding sales tax) and income taxes. Explain in detail how these requests do not engage in single issue ratemaking during the deferral period.
99. Refer to the Direct Testimony of Anne Bulkley (“Bulkley Testimony”) generally. Provide copies of all articles, regulatory commission orders, rating agency reports, and other supporting documentation cited and relied upon by Ms. Bulkley in her direct testimony and exhibits. Include copies of all articles, reports, and other documents cited in the footnotes.
100. Refer to the Bulkley Testimony generally. Provide working spreadsheet copies of Ms. Bulkley’s attachments and exhibits with cell formulas intact. Include the tables and figures in Ms. Bulkley’s testimony.
101. Refer to the Bulkley Testimony generally. Provide all work papers and supporting documentation and data relied upon by Ms. Bulkley in the preparation of her direct testimony and attachments and exhibits.
102. Refer to the Bulkley Testimony generally. Provide the latest issue of the Blue Chip Financial Forecast available to Ms. Bulkley and/or Kentucky American.

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103. Refer to the Bulkley Testimony generally. Provide the current authorized returns on equity for the companies in Ms. Bulkley’s proxy groups as well as the effective dates of those authorized returns.
104. Refer to the Application generally. Provide all bond rating agency reports (S&P, Moody’s, Fitch) from 2021 through 2023 for American Water Works Co. (“AWK”), and American Water Capital Corp. (“AWCC”).
105. Refer to the Application generally. Provide Kentucky American’s 13-month average capital structure, including common equity, preferred stock, long-term and short-term debt for 2017 – 2022. Provide all supporting documentation analyses, work papers, and spreadsheets with cell formulas intact.
106. Refer to the Application generally. Provide Kentucky American’s monthly cost and amounts of short-term debt from 2021 through 2023. Provide all supporting documentation analyses, work papers, and spreadsheets with cell formulas intact.
107. Refer to the Application generally, Bulkley Testimony generally, and the Direct Testimony of Nicholas Furia (“Furia Testimony”), generally. Provide all supporting work papers and documentation for Kentucky American’s requested cost of debt, including the proposed new issuances of debt described in the Furia Testimony at page 6. Provide all spreadsheets with cell formulas intact. Provide the supporting documentation for the forecasted cost of the two new debt issuances.

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108. Refer to the Bulkley Testimony, at 55, lines 10 – 13. Ms. Bulkley discusses Kentucky-American’s volumetric risk compared to the companies in the Proxy Group. Provide the following:
- a. Explain why Kentucky American did not request either a revenue stabilization mechanism or a revenue decoupling mechanism in this proceeding.
  - b. Is it Kentucky American’s position that it does not need or would not benefit from either a rate stabilization mechanism or revenue decoupling mechanism? Explain the answer in detail.
109. Refer to the Application generally. Provide all data and supporting work papers for Kentucky American’s requested cost of short-term debt. If the cost of short-term debt includes commitment fees or other fees over and above the pure cost of short-term debt, please separate out such additional fees.
110. Refer to the Application generally. Provide the historical earned return on equity for Kentucky American from 2017 – 2022.
111. Refer to the Furia Testimony. Provide all supporting work papers and documentation used in the preparation of Mr. Furia’s testimony.
112. Refer to the Furia Testimony, at 4, lines 12 – 13, and Exhibit 37. Provide Schedules J-1 through J-5 in native spreadsheet format with cell formulas intact.