

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)

**THE ATTORNEY GENERAL AND LEXINGTON-FAYETTE URBAN COUNTY
GOVERNMENT’S RESPONSE TO THE COMMISSION STAFF’S
FIRST REQUEST FOR INFORMATION**

The Intervenors, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and Lexington-Fayette Urban County Government (“LFUCG”), by counsel, submit the following response to Commission Staff’s First Request for Information in the above-styled matter.

Respectfully submitted,

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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 November 2, 2023, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 2nd day of November, 2023.

Angela M. Aoad

Assistant Attorney General

AFFIDAVIT

STATE OF MISSOURI)

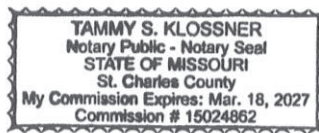
COUNTY OF ST. LOUIS)


GREG R. MEYER, being duly sworn, deposes and states that the attached is his data responses and that the statements contained are true and correct to the best of his knowledge, information and belief.



Greg R. Meyer

Sworn to and subscribed before me on this 1st
day of November 2023.





Notary Public

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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WITNESS RESPONSIBLE:
GREG R. MEYER

QUESTION NO. 1
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Refer to the Direct Testimony Greg Meyers, pages 17–18, regarding credit card fees.

- a. Explain whether the cost of processing checks, bank electronic fund transactions or cash has an impact on the low-income customers, and, if so, explain what that impact is.
- b. Explain whether charges for paying a bill using a credit card have an impact on low-income customers, and, if so, explain what that impact is.

RESPONSE:

- a. According to Kentucky-American Water Company's ("Kentucky American" or "Company") response to OAG Data Request 2-27, the Company proposes to include \$349,284 to process credit card and debit card payments, \$73,359 for E-check payments, \$5,406 for cash/check via third-party location payments, and \$28,374 for Lock Box including direct debit payments. Although there is a cost of processing other forms of payment, the monetary amount proposed to be included to process credit card and debit card payments is substantially higher than all other payment processing amounts combined. If the proposed \$349,284 in credit card processing fees are allowed to be included in rates then this will in turn increase water rates, which will harm all customers, but especially low-income customers who can least afford it.
- b. To the extent that low-income customers pay with a credit card, according to Kentucky American's response to OAG Data Request 2-28, the direct charge to all of Kentucky American's customers for processing a credit card payment is \$1.95 per transaction. However, as noted on pages 17 – 18 in my direct testimony, "[a]ccording to the Federal Reserve, almost all people with income over \$100,000 has a credit card, and most people with income over \$50,000 has a credit card, but at lower income levels having a credit card

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was less common.”¹ In fact, based upon the Federal Reserve report, approximately 43% of people who make less than \$25,000 do not have a credit card. Thus, if Kentucky American is allowed to include credit card processing fees in the revenue requirement, then the approximately 43% of low-income customers who do not have access to a credit card will essentially be subsidizing higher income customers' use of credit cards through the water rates.

¹ <https://www.federalreserve.gov/publications/2023-economic-well-being-of-us-households-in-2022-banking-credit.htm>.