proposed usage per Residential customer is significantly understated. Table GRM-7 shows the historic usage per Residential customer by year, dating back to 2018.

TABLE GRM-7

Usage Per Customer

Line	Year	Usage (000 Gal)	Avg. Customers	Usage/ Customer (000 Gal)
1	2018 [1]	5,645,780 ~~5,648,780~~	119,360	47.30 ~~47.33~~
2	2019 [1]	5,931,753	120,704	49.14
3	2020 [1]	6,072,579	122,008	49.77
4	2021 [1]	5,874,579	123,090	47.73
5	2022 [1]	5,987,176	124,036	48.27
6	Company Test Year [2]	5,748,449	126,014	45.62

Sources:

[1] KAWC Exhibit 37, Schedule I-4.

[2] KAWC Exhibit 37, Schedule M-3. Avg. Customers calculated by dividing the sum of Customer Meter Billings ÷ 12.

As Table GRM-7 above shows, the estimated usage per customer proposed by KAWC is 45.62, which is significantly lower than the historical Residential average. The Company's proposed estimated usage per customer of 45.62 is at its lowest level dating back to 2018. Yet, the proposed Residential consumption (5,748,449 thousands of gallons, hereafter "MGal") suggested by KAWC has been exceeded every year from 2019 onwards. KAWC is essentially arguing that Residential customers are using less water per customer than they have over the past four years. Clearly, the usage per

- Safety Improvement;
- Customer Service Improvement; and
- Operational Efficiencies.

However, the CBA does not ~~quantify those cost savings or~~ propose how those cost savings will be reflected in customers' rates.

Q. Is the reflection of cost savings important?

A. Yes, if there is no mechanism to reflect those cost savings in customer rates, those cost savings will benefit only KAWC's shareholders. The CBA lists the cost savings to be achieved by the AMI meter replacement program. If those cost savings are reflected in the CBA, but not used to reduce customers' rates, then cost savings are of no value to customers. For example, assume cost savings for 2024 from AMI investments were projected to be $10,000. If there is not a process to capture those savings, the $10,000 cost savings in 2024 would not be transferred to ratepayers through rate changes.

Q. What is your concern regarding stranded investment from the AMI meter replacement program?

A. I am concerned that KAWC may not have fully considered the potential for stranded investment costs resulting from the retirement of the current generation of meters. When asked whether the stranded costs were taken into consideration in any CBA, the response indicated that the remaining net book value of the current assets would be recovered over the remaining lives of the assets.[44] To the extent that this is not the case

[44]See KAWC's Response to OAG Data Request, 1-40.