

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2025-00122
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: Dominic DeGrazia

65. QIP. Refer to the DeGrazia Testimony, Exhibit DD-3. Does the third column titled “Forecast Period without QIP Ending December 31, 2026” include any 2026 forecasted QIP plant additions and corresponding revenues and expenses? If so, provide the amounts in a similar format as column 2 which is titled “QIP Ending December 31, 2025” including all supporting schedules and workpapers in excel format with all formulas intact.

Response:

This application seeks the recovery of the forecasted capital investment from January 1, 2026 to December 31, 2026 and uses the forecasted December 31, 2025 balance as the beginning balance for the average.

The “Forecast Period without QIP Ending December 31, 2026” which is based on the 13-month average rate base for that time period includes 2026 projects that would meet the definition of QIP eligible, however those project additions and corresponding expenses have been proposed for general base rate case treatment and included in the overall rate base in this application.

The beginning month of December 2025 of the 13-month average ending December 31, 2026 also includes the QIP eligible additions balance forecasted at that point in time and those balances along with the 2026 activity have been sought for general base rate case treatment in this application.

Please see response to KAW_R_AGDR2_NUM070_080425 for the plant additions that would meet the definition of QIP eligible and our included in the forecasted plant additions.

For further clarity the amounts including the revenues shown in column 2 titled “QIP Ending December 31, 2025” are based on the QIP 6 authorized amounts excluding the QIP 4 balancing adjustments. The amounts from QIP 6 are based on the 13-month balance of QIP eligible plant ending December 31, 2025 and associated expenses and revenues. The reconciliation of forecasted versus actual capital for the period of January 1, 2025 to December 31, 2025 would take place with QIP 6 balancing adjustment, however due to the inclusion of the forecasted ending balance in the rate case KAWC does not plan on reconciling the capital for this time period. Please see the testimony of Dominic DeGrazia, generally, on QIP treatment..

August 8, 2025 Supplemental Response:

The “Forecast Period without QIP Ending December 31, 2026” does not include new QIP Plant additions for the period of January 1, 2026 to December 31, 2026. Some of the Plant additions, however, are for projects that would meet the definition of QIP eligible but have not been earmarked for QIP recovery as a part of this application. The current QIP 6 QIP Rider Charge as authorized in Case No. 2024-00272 is for investments made during the period beginning January 1, 2025, and ending December 31, 2025. The rate base as shown on Exhibit DD-3 for the column titled QIP Ending December 31, 2025 reflect only the balance that has been authorized in the QIP 6 and therefore are the only amounts that should be excluded if the QIP Rider Charge is not reset.

Please also see response to KAW_R_AGDR1_NUM069_070725.

Please see the original response to this Data Request for additional information with exception of the statement “Please see response to KAW_R_AGDR2_NUM070_080425 for the plant additions that would meet the definition of QIP eligible and our included in the forecasted plant additions.”, which was an incorrect reference as that response and attachment provided the amounts reflecting the exclusion of projects that would meet the definition of QIP eligible in the base period and forecasted test period.