

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-) CASE NO. 2025-00122
AMERICAN WATER COMPANY FOR AN)
ADJUSTMENT OF WATER RATES)

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

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 the Kentucky-American Water Company (hereinafter “Kentucky American” or the “Company”) to be answered by July 7, 2025, 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,

RUSSELL COLEMAN
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 June 20, 2025, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 20th day of June, 2025,



Assistant Attorney General

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1. Refer to the Application, unnumbered page 1, paragraphs 1 and 2.
 - a. Provide an organizational chart of Kentucky American. Designate what city each position is located in within Kentucky, and 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"). Designate what city each position is located in, what the allocation factor to Kentucky American is for each position, and whether any position is vacant. If a position is based outside of Kentucky provide the city and state where it is located. If for any reason the allocation factor is not provided then explain in detail how American Water's costs are allocated to Kentucky American.
 - c. Provide an organizational chart of the American Water Works Service Company ("Service Company"), which is a subsidiary of American Water. Designate what city each position is located in, what the allocation factor to Kentucky American is for each position, and whether any position is vacant. If a position is based outside of Kentucky provide the city and state where it is located. If for any reason the allocation factor is not provided then explain in detail how the Service Company's costs are allocated to Kentucky American.
 - d. Provide an organizational chart that includes a simplistic demonstration 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.

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- f. Provide a map of American Water's service area.
2. Refer to the Application generally. Provide the following information for Kentucky American's executive staff employees, as well as all executive staff employees whose costs are allocated to Kentucky American, and separate each response by company/utility.
 - a. Provide the position, title, and salary for each executive staff employee for the years 2020 – 2025.
 - b. Provide the average raise that the executive staff employees received, or will receive, for the years 2020 – 2025. Ensure to explain whether the annual raise is directly connected to a performance review.
 - c. Provide the average bonus that each executive staff employee received, or will receive, for the years 2020 - 2025.
 - d. Provide all awards given to the executive staff employees for the years 2020 – 2025.
 - e. Provide all vehicle allowances given to the executive staff employees for the years 2020 – 2025.
 - f. Provide all incentive compensation given to the executive staff employees for the years 2020 – 2025.
 - g. Provide the average raise, if any, which will be given to executive staff employees for 2025.
 - h. Provide a detailed explanation of the insurance benefits provided to the Company's executive staff employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's executive staff employees, premiums paid by the Company or parent company on the

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executive staff 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 executive staff employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
 - j. Explain whether any of the executive staff employees are members of a union.
3. Refer to the Application generally. Provide the following information for Kentucky American's salaried employees, as well as all salaried employees whose costs are allocated to Kentucky American, and separate each response by company/utility.
 - a. Provide the position, title, and salary for each salaried employee for the years 2020 – 2025.
 - b. Provide the average raise that the salaried employees received, or will receive, for the years 2020 – 2025. Ensure to explain whether the annual raise is directly connected to a performance review.
 - c. Provide the average bonus that each salaried employee received, or will receive, for the years 2020 - 2025.
 - d. Provide all awards given to the salaried employees for the years 2020 – 2025.
 - e. Provide all vehicle allowances given to the salaried employees for the years 2020 – 2025.
 - f. Provide all incentive compensation given to the salaried employees for the years 2020 – 2025.

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- g. Provide the average raise, if any, which will be given to salaried employees for 2025.
 - h. Provide a detailed explanation of the insurance benefits provided to the Company's salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's salaried employees, premiums paid by the Company or parent company on the salaried 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 salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
 - j. Explain whether any of the salaried employees are members of a union.
4. Refer to the Application generally. Provide the following information for Kentucky American's non-salaried employees, as well as for all non-salaried 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-salaried employee for the years 2020 – 2025.
 - b. Provide the average raise that the non-salaried employees received, or will receive, for the years 2020 – 2025. Ensure to explain whether the annual raise is directly connected to a performance review.
 - c. Provide the average bonus that the non-salaried employees received, or will receive, for the years 2020 – 2025.

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- d. Provide all awards given to the non-salaried employees for the years 2020 – 2025.
 - e. Provide all vehicle allowances given to the non-salaried employees for the years 2020 – 2025.
 - f. Provide all incentive compensation given to the non-salaried employees for the years 2020 – 2025.
 - g. Provide the average raise, if any, which will be given to non-salaried employees for 2025.
 - h. Provide a detailed explanation of the insurance benefits provided to the Company's non-salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's non-salaried employees, premiums paid by the Company or parent company on the non-salaried 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-salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
 - j. Explain whether any of the non-salaried employees are members of a union.
5. 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.

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6. Refer to the Application generally. Identify the utility(ies) that provides electric service to Kentucky American's service territory.
7. Refer to the Application, page 2, paragraph 4 and page 3, paragraph 9. Kentucky American states that it is requesting an increase in rates because its existing rates for water service do not afford the Company the opportunity to recover its reasonable operating costs or to earn a just and reasonable rate of return on the investments made since the rates approved in the Company's last rate case.
 - a. The Company states that it is requesting approximately \$26.9 million of a rate increase in the pending case. Provide the exact rate increase that Kentucky American is requesting in the pending case without rounding. Also, provide citations to the record as to where this specific number can be found.
 - b. Confirm that Kentucky American was provided a rate increase for water service of \$10,606,517 on May 3, 2024,¹ which was increased on rehearing to \$17,335,374 on November 6, 2024, in Case No. 2023-00191.² If not confirmed, explain in detail why not.
 - c. Based upon the final rate increase granted in the November 6, 2024 Rehearing Order in Case No. 2023-00191, provide the monthly dollar amount and percentage increase for the residential customer using the average amount of water, as well as

¹ Case No. 2023-00191, *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* (Ky. PSC May 3, 2024), Order at 46.

² Case No. 2023-00191, *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* (Ky. PSC Nov. 6, 2024), Rehearing Order at 13.

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the total bill for the average residential customer before the rate increase and after the rate increase in Case No. 2023-00191.

- d. Confirm that Kentucky American was provided a rate increase for water service of \$13,399,178 on April 27, 2020.³ If not confirmed, explain in detail why not.
 - e. Confirm that Kentucky American was provided a rate increase for water service of \$6,475,000 on August 23, 2016.⁴ If not confirmed, explain in detail why not.
8. Refer to the Application, unnumbered page 1, paragraph 2, in which Kentucky American states that it provides water service to the Central Division, consisting of Bourbon, Clark, Fayette, Harrison, Jessamine, Nicholas, Scott, and Woodford Counties; its Northern Division, consisting of Gallatin, Owen, Grant, 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 2020 – 2025, 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 2020 – 2025, using the most updated data.

³ Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC June. 27, 2019), Order at 67

⁴ Case No. 2015-00418, *Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Aug. 23, 2016), Order at 3

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- 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 – 14.2%,

Clark County – 10.8%,

Fayette County – 15.7%,

Harrison County – 13.9%,

Jessamine County – 10.3%,

Nicholas County – 17.2%,

Scott County – 10.0%,

Woodford County – 10.6%,

Gallatin County – 13.1%,

Owen County – 15.4%,

Grant County – 13.0%,

Franklin County – 11.8%,

Rockcastle County – 21.8%,

Jackson County 23.9%. ⁵

⁵<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/PST045224>.

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

9. 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 2020 – 2025. Ensure to provide the salary 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 2025 or 2026.
 - 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.
10. Refer to the Application generally. Provide the amount of Supplemental Executive Retirement Plan ("SERP") costs included in the test year expenses. Provide the amounts broken down between Kentucky American directly incurred costs and costs allocated separately from each other affiliate.
11. 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

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information for the geographic area in which Kentucky American operates. If no study exists, explain why not.

12. 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.

13. 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.

14. 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.⁶ If a deviation was granted then provide all of the corresponding case numbers regarding the same. If no deviation was granted, explain why a deviation from the regulations were not required.

⁶ 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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15. Refer to the Application generally. Provide a copy of each customer satisfaction survey that Kentucky American and/or its parent company, American Water, have been included in, such as the J.D. Power Customer Satisfaction Study, for 2024 and 2025.
16. 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.
17. 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.
18. 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.
19. 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.
20. 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.
21. Refer to the Application generally. Explain in detail whether Kentucky American provides any assistance program(s) for customers experiencing difficulty paying their water bills.

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22. 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.

23. 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.

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- b. Explain whether Kentucky American is seeking recovery from ratepayers for any such sums identified in subpart (a) of this question.
- 24. 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.
- 25. 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.
 - 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:

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- 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.

26. Refer to the Application, Filing Exhibit 7, Customer Notice.

- a. Confirm that Kentucky American is proposing to increase the monthly customer charge of a residential customer with a 5/8" meter from \$17.55 to \$19.45. If not confirmed, provide the requested residential monthly customer charge.
- b. Confirm that Kentucky American is proposing to increase the monthly customer charge of a commercial customer to \$19.45. If not confirmed, provide the requested commercial monthly customer charge.
- c. Explain in detail why Kentucky American is proposing for the residential and commercial customers to pay the same monthly customer service charge.
- d. Confirm that Kentucky American is proposing to increase the residential customer volumetric charge from \$6.7291 per 1,000 gallons to \$9.4567 per 1,000 gallons. If not confirmed, provide the requested residential customer volumetric charge.
- e. Confirm that Kentucky American is proposing to increase the commercial customer volumetric charge from \$6.0875 per 1,000 gallons to \$8.1129 per 1,000 gallons. If not confirmed, provide the requested commercial customer volumetric charge.
- f. Explain in detail why Kentucky American is proposing for the residential customers to pay a higher volumetric rate than the commercial customers.

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- g. Explain in detail whether residential customers only have a 5/8" meter, or if residential customers also use larger meters as well.
 - h. Explain in detail whether all commercial customers utilize a 5/8" meter, or if commercial customers also use larger meters as well.
 - i. 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.
 - j. Provide the number of private fire hydrants that Kentucky American provides service to broken down by county/city.
 - k. Provide the number of public fire hydrants that Kentucky American provides service to broken down by county/city.
27. Refer to the Direct Testimony of Debra F. Ather ("Ather Testimony") at 9, Chart 1.
- a. The chart appears to demonstrate that the median household income for Kentucky American's customers is \$100,000. Provide the exact median household income that was used for Chart 1.

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- b. Provide a detailed explanation of how the median household income of almost \$100,000 was calculated.
- c. Provide a detailed explanation of where Kentucky American obtained the median household income for Kentucky American's customers.
- d. Explain whether the average monthly bill blue line intersecting with the median household income orange line means that the proposed water rates are affordable only for those making close to \$100,000 per year. If not, explain the meaning of the lines on Chart 1.
- e. Based upon the most recent United States Census information, the median household income for Kentucky American's water service area are as follows:
 - Bourbon County – \$56,322,
 - Clark County – \$67,824,
 - Fayette County – \$67,631,
 - Harrison County – \$63,205,
 - Jessamine County – \$74,886,
 - Nicholas County – \$53,616,
 - Scott County – \$83,660,
 - Woodford County – \$80,006,
 - Gallatin County – \$62,247,
 - Owen County – \$59,706,
 - Grant County – \$67,940,
 - Franklin County – \$66,470,

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Rockcastle County – \$48,367,

Jackson County \$41,410.⁷

Confirm that Kentucky American is aware of the above median household income amounts for its water customers.

- f. Confirm that the median household income for the counties that Kentucky American serves is \$66,470. If not confirmed, explain in detail why not.
 - g. Confirm that the average median household income for the counties that Kentucky American serves is \$63,806.43. If not confirmed, explain in detail why not.
 - h. If the median household income for the counties that Kentucky American serves is \$66,470, explain in detail why the Company used a median household income of almost \$100,000 in Chart 1. Explain the response in detail.
 - i. Provide Chart 1 including the correct median household income of \$66,470.
28. Refer to the Ather Testimony, page 20. Ms. Ather admits that, “[t]here are, however, groups of customers for whom the affordability of water service can be challenging.” Explain whether affordability of water service becomes more challenging when a utility such as Kentucky American files to increase rates one year after receiving its initial rate increase, and only six months after receiving an additional rate increase on rehearing.⁸ Provide a detailed response.

⁷<https://www.census.gov/quickfacts/fact/table/nicholascountykentucky,jessaminecountykentucky,harrisoncountkentucky,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/PST045224>.

⁸ Case No. 2023-00191, *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* (Ky. PSC May 3, 2024), Order at 46; Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, A Certificate of*

29. Refer to the Direct Testimony of Robert Burton ("Burton Testimony") at 5. Mr. Burton states that in addition to the approximately \$26.9 million rate increase, the Company is requesting the roll-in of approximately \$9.9 million of Qualified Infrastructure Program ("QIP") revenues, which is a 19.9% increase over current water service revenues.

- a. Explain whether the 19.9% increase calculation includes the approximately \$9.9 million QIP revenues or not. If not, provide the total increase percentage over current water service revenues including the QIP revenues.
- b. Provide the specific amount of QIP revenues that the Company is requesting to roll-in and provide citations to where this information can be found in the pending case record.
- c. Confirm that the Commission denied Kentucky-American's requested roll-in of the QIP into base rates in the last rate case, Case No. 2023-00191.⁹

30. Refer to the Burton Testimony at 5 – 6. Mr. Burton asserts the pending rate case is primarily driven by investments the Company is making to the infrastructure, which accounts for approximately 67.5% of the total requested rate increase. Mr. Burton further states that between February 1, 2025, through December 31, 2026, Kentucky American has or will make approximately \$211.9 million in gross plant additions, and \$58.6 million would be eligible for recovery through the QIP.

Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions (Ky. PSC Nov. 6, 2024), Rehearing Order at 13.

⁹ Case No. 2023-00191, *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* (Ky. PSC May 3, 2024), Order at 13.

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- a. Explain whether the Company plans on continuing this level of investment in the future.
- b. If so, explain how the Company's customers will be able to afford the water rates.

31. Refer to the Burton Testimony at 12.

- a. Provide the monetary amount that customers contributed to the Help to Others ("H2O") program for each of the years 2020 – 2025
- b. Provide the monetary amount that Kentucky American's shareholders contributed to the H2O program for each of the years 2020 – 2025.
- c. Explain how the \$250 annual maximum for H2O grants was decided.
- d. Provide the H2O account balances for each month for 2024 and 2025.
- e. Explain the maximum amount of months/years that a customer can enter into for a payment arrangement installment agreement.
- f. If a customer has a lapse in payment under a payment arrangement installment agreement, can the customer enter into a new payment arrangement installment agreement in the future? Explain in detail.

32. Refer to the Burton Testimony at 15. Mr. Burton states that the Company is tackling water loss to mitigate increases in operating costs as well as to maintain the reliability and resiliency of the system. Mr. Burton states that water loss can be classified as (1) real loss of water escaping the distribution system, and (2) apparent loss due to meter inaccuracies, billing system data errors, and unauthorized consumption. Explain in detail how Kentucky American is tackling water loss.

33. Refer to the Direct Testimony of Dominic DeGrazia ("DeGrazia Testimony") at 10.

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- a. Confirm that the current QIP Rider charge is 11.06%. If not confirmed, provide the current QIP Rider charge.
- b. Confirm that the QIP Rider charge as proposed by Kentucky American in Case No. 2025-00099, is 11.09%
- c. Provide the Commission-approved QIP Rider charge in Case No. 2025-00099. Consider this a continuing request.
- d. Explain what is meant by the statement, "[r]evenue at present water rates in the forecasted test year reflects an 8.14 percent QIP Rider charge representing the amount authorized in the QIP 6 Case No. 2024-00272, excluding the balancing adjustment of 2.92% and 0.03% effective until December 31st, 2025."

34. Refer to the DeGrazia Testimony at 18.

- a. Confirm that the Commission denied the Company's request to amortize rate case expense over two years in Case No. 2023-00191, and instead amortized the rate case expense over three years.¹⁰
- b. Explain why the Company is requesting to amortize rate case expense over two years instead of three years based on Commission precedent.
- c. Provide the total rate case expense that has been accrued thus far in the pending case. Consider this a continuing request.
- d. Provide a breakdown of the total rate case expense that has been accrued thus far by category. Consider this a continuing request.

¹⁰ Case No. 2023-00191, *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* (Ky. PSC May 3, 2024), Order at 23.

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- e. Provide copies of invoices supporting the level of incurred rate case costs to date and supply such new invoices as they become available. Consider this a continuing request.
 - f. Provide the estimated total rate case expense.
 - g. Provide a breakdown of the estimated total rate case expense.
35. Refer to the Direct Testimony of Jennifer Gonzales (“Gonzales Testimony”) at 9, Table 3. Ms. Gonzales states that the Company is proposing a capital structure of 52.26% common equity, 0.33% preferred stock, 46.10% long-term debt, and 1.31% short-term debt in the pending case. However, the common equity (10.75%) and preferred stock (8.50%) capital is a much more expensive form of capital than the long-term (4.70%) and short-term (4.16%) debt capital. Explain why Kentucky American is proposing a higher percentage of equity than debt if the equity portion represents a higher cost to the customers.
36. Refer to the Direct Testimony of William A. Lewis (“Lewis Testimony”) at 11, in which Mr. Lewis discusses the new and emerging environmental standards for drinking water quality that will require enhancements or improvements in water treatment facilities and distribution systems.
- a. For each rule, regulation, and/or law that Mr. Lewis discusses, provide an update as to whether the current presidential administration has proposed any Executive Orders, modifications, roll-backs, of the same. Consider this an ongoing request.
 - b. For each rule, regulation, and/or law that Mr. Lewis discusses, provide an update as to whether there is pending litigation against the same. Consider this an ongoing request.

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37. Refer to the Lewis Testimony at 28.

- a. Provide Kentucky American's water loss percentage for each of the years 2020 – 2025.
- b. Provide Kentucky American's water loss percentage for each month of 2024 and 2025.

38. Refer to the Lewis Testimony at 35.

- a. Mr. Lewis demonstrates that the Commission granted rates to cover 156 employees in Case No. 2023-00191, but the Company currently only has 143 employees. Confirm that Kentucky American has been receiving revenues from customers for 13 employees that the Company does not actually employ or pay. If not confirmed, explain why not.
- b. If the current headcount is 143 employees, explain in detail why the Company is forecasting 168 future employees, or an additional 25 employees.
- c. Provide the average headcount for Kentucky American for each of the years 2020 – 2025.
- d. Provide the exact headcount for Kentucky American for each of the months of 2024 and 2025.

39. Refer to the Lewis Testimony at 38 – 39.

- a. Provide an updated chart indicating the status of the proposed new positions at Kentucky American.
- b. Mr. Lewis states that there will not be a reduction of overtime with the proposed new positions because the additional employee resources are a direct response to

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new or changed requirements to meet system operational needs and regulatory requirements. Explain whether Kentucky American will reassess the need to hire all of the proposed new positions if the referenced rules/regulations are modified, rolled-back, overturned in court, etc. If not, explain why not.

40. Refer to the Lewis Testimony at 44.

- a. Confirm that Mr. Lewis is aware of the extensive precedent, in which the Commission has, “consistently disallowed recovery of the cost of employee incentive compensation plans that are tied to financial measures because such plans benefit shareholders while ratepayers receive little benefit.”¹¹
- b. Provide the monetary amount that is associated with the Annual Performance Plan (“APP”), and the Long-Term Performance Plan (“LTPP”), tied to financial measures that Kentucky American included in the revenue requirement.

41. Refer to the Application generally.

- a. Confirm that according to the most recent data from the Bureau of Labor Statistics, the average share of premiums paid by the employer for single coverage in private industry is 80%.¹²
- b. Provide the average percentage share of premiums paid by Kentucky American for single coverage employee health insurance. In the response, ensure to provide a

¹¹ Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC June 27, 2019), Order at 43; Case No. 2023-00191, *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* (Ky. PSC May 3, 2024), Order at 17.

¹² <https://www.bls.gov/news.release/ebs2.t03.htm>, Table 3.

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- breakdown of the contribution percentage share rates for different sets of employees (i.e. union versus nonunion, exempt versus nonexempt, and the like).
- c. Confirm that according to the most recent data from the Bureau of Labor Statistics, the average share of premiums paid by the employer for family coverage in private industry is 68%.¹³
 - d. Provide the average percentage share of premiums paid by Kentucky American for family coverage employee health insurance. In the response, ensure to provide a breakdown of the contribution percentage share rates for different sets of employees (i.e. union versus nonunion, exempt versus nonexempt, and the like).
 - e. Explain whether Kentucky American made any adjustments to Health Benefits Expense based on health insurance benefit contributions in excess of the Bureau of Labor Statistics' average for single and family coverage. If not, explain why not and update the adjusted test year expense based on the most recent report available. Provide all supporting calculations and documents.
 - f. Explain in detail whether Kentucky American provides health savings account contributions for its employees, and if so, provide the monetary amount regarding the same. Ensure to discuss the specific details as to whether employees are also required to contribute to the health savings accounts.
 - g. Provide the contribution amounts to insurance costs that are paid by Kentucky American and the retirees.

¹³ <https://www.bls.gov/news.release/ebs2.t04.htm>, Table 4.

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- h. Provide the contribution amounts to dental insurance costs that are paid by Kentucky American and the employees.
 - i. Provide the contribution amounts to vision insurance costs that are paid by Kentucky American and the employees.
 - j. Provide the contribution amounts to term life insurance that are paid by Kentucky American and the employees.
 - k. Provide the contribution amounts to disability insurance that are paid by Kentucky American and the employees.
42. Refer to the Application generally.
- a. Provide a list of all entities that direct charge or allocate costs to Kentucky American, and include the total amount of costs that are direct charged and/or allocated to the Company in the test year.
 - b. Explain who is responsible to review the allocated costs to Kentucky American (provide name(s) and position description(s)), and whether any allocated costs have been rejected for any reason in the past five years. Provide specific examples of all rejected allocated costs in the past five years.
 - c. Identify all of the non-utility companies that are affiliates of Kentucky American.
 - d. Identify all of the non-utility companies that are affiliates of and provide services to Kentucky American.
43. Refer to the Direct Testimony of John Magner ("Magner Testimony") at 11. Mr. Magner states that all significant construction work is competitively bid to a prequalified group of independent contractors.

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- a. Explain what is meant by significant. For example, is there a minimum monetary amount that requires construction work to be competitively bid.
 - b. Explain why Kentucky American does not competitively bid all construction work.
 - c. Identify the number of independent contractors that are in the prequalified group.
 - d. Mr. Magner states that Kentucky American continues to expand its prequalified contractor list to create a more competitive bidding environment. Explain in detail what construction work is not currently competitively bid.
44. Refer to the Magner 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 QIP Rider.
 - 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.

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- 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. Identify the replacement cycle for the Company's water system.
- 45. Refer to the Application generally.
 - a. Provide copies of all inspection reports conducted by the Kentucky Division of Water for the years 2020 – 2025.
 - b. Explain in detail whether there were any deficiencies in the inspection reports.
- 46. Refer to the Direct Testimony of Max McClellan ("McClellan Testimony") generally.
 - a. Confirm that there are both subjective and objective decisions made when creating a Class Cost of Service Study ("COSS"). If not confirmed, explain in detail.
 - b. Explain in detail all subjective decisions that Mr. McClellan made when creating the Class Cost of Service Study ("COSS") in the pending case.
- 47. Refer to the Direct Testimony of Robert V. Mustich ("Mustich Testimony") at 7 – 8.
 - a. Provide a copy of all formal wage and benefit studies conducted by or on behalf of Kentucky American.
 - b. Provide copies of all formal wage and benefit studies conducted by or on behalf of Kentucky American that compares wage and benefit information to the local wage and benefit information for the geographic area in which Kentucky American

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operates, and not only to other utilities, per prior Commission precedent.¹⁴ If no such wage and benefit study has been conducted, explain why not.

48. Refer to the Direct Testimony of Robert Prendergast ("Prendergast Testimony") at 4 – 5.

- a. Provide a copy of all union labor agreements.
- b. Provide the number of union employees at Kentucky American versus non-union employees.
- c. Explain whether the 3.95% estimated increase for union employees for January 2026 is based on the contract, a generic escalation rate, etc.
- d. Explain whether Kentucky American awards the same raise to non-union employees that the union employees receive. If not, explain how Kentucky American negotiates with the union versus non-union employees on wage/benefit increases.
- e. Explain what employees are eligible to join a union at Kentucky American.

49. Refer to the Prendergast Testimony at 8 – 10.

- a. Explain in detail which Kentucky American employees are eligible for the 401(k) retirement program versus the Defined Contribution Plan retirement program versus the pension program. Compare and contrast each retirement program.
- b. Provide the number of Kentucky American employees that participate in the Employee Stock Purchase Plan.

50. Refer to the Direct Testimony of Linda Schlessman ("Schlessman Testimony") at 6. Ms.

Schlessman states that, "[t]he Company has not included a deferred tax asset in rate base

¹⁴ Case No. 2020-00160, *Electronic Application of Water Service Corporation of Kentucky for a General Adjustment in Existing Rates* (Ky. PSC Dec. 8, 2020) Order at 10.

for CAMT in this proceeding because the portion of the deferred tax asset attributable to KAWC is currently recorded at the parent company level of AWWC. The expectation is that for the next proceeding a deferred tax asset for CAMT will be recorded on KAWC's books and included in rate base.”

- a. Refer to Case No. 2010-00036, in which Kentucky American objected to the Attorney General's witness' recommendation to use the consolidated tax return instead of calculating the federal income taxes on a stand-alone basis. The Attorney General's witness argued that the tax loss benefits should be shared by the other consolidated group members, which would result in a reduced effective federal income tax rate. The Commission found in the Final Order that, “the Commission has consistently rejected proposals to apply a consolidated tax adjusted and treated utilities on a stand-alone basis. We have found that use of such an adjustment would result in the subsidization of ratepayers by the utility's non-regulated operations. Moreover, many utility regulatory commissioners appear to disfavor the use of consolidated tax adjustments.”¹⁵

- i. Explain why Kentucky American previously objected to sharing consolidated tax savings with its customers, but is now proposing to include the CAMT in the federal taxes and rate base in the future, which will be a consolidated tax expense.

¹⁵ Case No. 2010-00036, *Application of Kentucky American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year* (Ky. PSC Dec. 14, 2010), Order at 57 – 58.

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- ii. Explain why the Kentucky American customers should be forced to pay for a consolidated tax expense in the future, but has not been allowed to benefit from consolidated tax savings.
- iii. Explain in detail how the future recording of a CAMT in in line with Commission precedent of calculating utility tax expense on a stand-alone basis.¹⁶

51. Acquisitions/Mergers. Refer to the DeGrazia Testimony at 6.

- a. Identify all acquisitions/mergers that the Company considered but decided not to enter into in each of the years 2020, 2021, 2022, 2023, 2024 and 2025 year-to-date.
- b. Identify all costs the Company has incurred related to these acquisitions/mergers in subpart (a) above by year and category through the current date (e.g., including but not limited to: payroll, consulting, legal, etc.).
- c. Identify all planned acquisitions as well as those that the Company is considering that may be completed in 2025 and 2026.
- d. Identify all costs the Company has incurred related to the acquisitions/mergers in subpart (c) above by year and category through the current date (e.g., including but not limited to: payroll, consulting, legal, etc.).

52. Refer to Case No. 2025-00171, the Application of American Water Works Company, Kentucky-American Water Company, Nexus Regulated Utilities, LLC and Water Service

¹⁶ See Case No. 2009-00549, *In the Matter of: Application of Louisville Gas and Electric Company for an Adjustment of Electric and Gas Rates* (Ky. PSC July 30, 2010), Order at 24-25; Case No. 2009-00548, *In the Matter of: Application of Kentucky Utilities Company for an Adjustment of Electric Rates* (Ky. PSC July 30, 2010), Order at 22-24; Case No. 2010-00036, *Application of Kentucky American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year* (Ky. PSC Dec. 14, 2010), Order at 57 – 58.

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Company of Kentucky for Approval of the Transfer of Control of Water Service Company of Kentucky.

- a. Identify the month and year when the Company began considering this proposed transaction.
 - b. Identify the month and year when the Company anticipates this transaction to close.
 - c. Identify the total costs the Company has incurred related to this proposed transaction by year and category through the current date (e.g., including but not limited to: payroll, consulting, legal, etc.).
 - d. Refer to the Verified Joint Application, page 6, in Case No. 2025-00171 which states, "[t]he Bell and Clinton operations will be incorporated into the existing management structure headquartered in Lexington, Kentucky." If this transaction is approved after rates are reset in this case, and the Service Company subsequently changes its allocation percentages and allocates costs to the Water Service Company of Kentucky, explain how Kentucky American customers will not overpay for Service Company costs.
 - e. Provide copies of the due diligence analyses conducted by the parties regarding this proposed transaction.
53. Board of Director ("BOD") Fees and Meeting Costs. Refer to the Application generally. Provide the total amount of fees paid (direct and allocated) to all BODs (including but not limited to: the Service Company, American Water, Kentucky American, American Water Capital Corp, etc., and total costs incurred for all BOD meetings for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test

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period. Break these expenses out by category (including but not limited to: per diems, benefits, reimbursements, expenses, seminars, retainers, travel, etc.)

54. Board of Director Meeting minutes. Refer to the Application generally. Provide copies of all the BOD meeting minutes for each of the years 2023, 2024, and 2025 year-to-date that discuss Kentucky American.

55. Board of Director Meetings. Refer to the Application generally. State whether the 2024 and 2025 BOD meetings (e.g., Service Company, American Water, Kentucky American, etc.) were held in person or virtual or a blend of both. Also state whether the BOD meetings that will be held during the forecasted test period are expected to be held in person or virtual or both.

56. Business development, government affairs, regulatory policy, and lobbying expenses. Refer to the Application generally.

- a. Provide the business development, government affairs, regulatory policy, and lobbying expenses (direct and allocated) for each of the years, 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
- b. Identify all employees that engage in business development, government affairs, regulatory policy and lobbying activities on the local, state or national level. For each employee provide in schedule form:
 - i. Their fully loaded annual salaries included in the base period and forecasted test period,
 - ii. Percent of time expected to be spent on these activities in the base period and the forecasted test period,

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- iii. The organizations or trade associations involved,
- iv. All company-paid or reimbursed expenses or allowances in the included in the base period and the forecasted test period and the accounts charged.

57. Building Maintenance and Services. Refer to the Excel file titled KAWC 2025 Rate Case – Building Maintenance & Services Exhibit, tabs titled “Link In” and “Exhibit” provided in Kentucky American’s response to Commission Staff’s First Request for Information (“Staff’s First Request”) No. 1. Explain the reason for the large increase to this expense in the base period and forecasted test period over the 2024 amount.

58. Capital Administrator Meetings. Refer to Kentucky American’s response to Staff’s First Request, No. 12, page 2. Provide the minutes and materials utilized in the Capital Administrator’s monthly functional meetings for 2022, 2023, and 2024.

59. Capital expenditures. Refer to the Burton Testimony. The Company states that the case is primarily driven by capital investments. Identify the types of projects that comprise the increased non-QIP spending and an explanation as to why these types of projects are increasing.

60. Contingencies. Refer to KAW_APP_EX13_051625, page 7 of 7.

- a. Do the construction expenditures included in the base period and forecasted test period contain amounts for contingencies? If so, provide an explanation of the Company’s use of contingencies, (including supporting calculations and documents).

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- b. Provide the total dollar amount of contingencies included in the base period and forecasted test period on Exhibit 37, Schedule B-2.3.
- 61. Cash working capital. Refer to the Direct Testimony of Harold Walker ("Walker Testimony" at 11, footnote 2. Provide the percentage of noncash items in the Company's prior rate case. If the percentage is 5% greater or less than the percentage in the current case, explain the reason(s) for the change.
- 62. Cash working capital. Refer to the Walker Testimony, Exhibit HW-1. Identify all non-service company expenses that the Company prepays prior to receiving the good/service that are reflected in the lead lag study. Also provide the reason that the expenses are prepaid.
- 63. Cash working capital. Refer to the Walker Testimony, Exhibit HW-1, Schedule HW-9.
 - a. Provide a detailed explanation of why Service Company expense has negative lag days.
 - b. State whether Service Company charges are paid before the service is rendered. If so, explain why.
 - c. Explain all changes regarding payment of Service Company charges since the Company's previous rate case application.
 - d. Explain why the Company has reflected a negative lag for Service Company charges as the Commission disallowed this treatment in the Company's previous rate application, Case No. 2023-00191.
- 64. Cash working capital. Refer to the Walker Testimony at 7. Explain which electric accounts were sampled.

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65. Capital and Expense Percentages (Labor). Refer to page 16 of the Order dated May 3, 2024

in Case No. 2023-00191, which states:

The Commission puts Kentucky-American on notice that the Commission will monitor Kentucky-American's capitalization ratios going forward because increased capitalization ratios primarily benefit shareholders through lower expenses and higher rate base amounts. The significant increases of capitalization ratios between rate cases is a cause for concern when they are not reviewed over a longer trend and supported with specific reasoning for the increases.

Provide the actual capital and expense percentages for labor for each of the years 2019, 2020, 2021, 2022, 2023, 2024, and forecasted for the base period and the forecasted test period. Include detailed explanations for the year over year changes in percentages.

66. Construction Projects. Refer to Kentucky American's response to the Staff's First Request, No. 14, page 22.

- a. Explain the reasons why the Company has overspent its budget in each of the years shown in the attachment to this response.
- b. Explain the cost control methods the Company utilizes to attempt to keep costs within budgeted amounts.
- c. Explain what "DV" funds represent.
- d. Do the amounts shown represent all projects or just projects that were started?

67. Capital and Expense Percentages (Labor). Refer to KAW_APP_EX22_051625, Exhibit No. 22 in the current case as well as the Company's two previous rate cases, and explain the reason for the increase in the capitalized percentage in each case.

68. Capital Expenditures. Refer to the Burton Testimony, page 14, which states, “the installation of higher efficiency pumps, which help reduce the amount of energy necessary to operate those pumps on a going forward basis.” Did the Company reflect the reduction in energy costs in the forecasted test period associated with this project? If so, identify the amount and where this is reflected in the revenue requirement. If not, explain why not, and provide the Company’s best estimate of the annual estimated savings including all supporting calculations.
69. Capital Expenditures (QIP). Refer to the Burton Testimony at 5. Provide the actual annual QIP capital expenditures for each of the years since the inception of the rider, as well as the forecasted QIP capital expenditures each of the same years as well as for 2025 and 2026.
70. Capital Expenditures. Refer to the Magner Testimony, Exhibit JM-1.
- a. Provide the total amount of recurring and investment (separately) capital expenditures authorized by the Commission for each of the following years: 2020, 2021, 2022, 2023, and 2024.
 - b. Provide the actual amount of recurring and investment (separately) capital expenditures for each of the following years: 2020, 2021, 2022, 2023, and 2024.
71. Capital Expenditures. Refer to the Application generally.
- a. Provide the total budgeted capital expenditures recurring and investment (separately) for each of the following years: 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.

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- b. Provide the actual amount of capital expenditures recurring and investment (separately) for each of the following years: 2020, 2021, 2022, 2023 and 2024.
- c. Explain the reason for variances over 5%.

72. Capital Expenditures. Refer to the Magner Testimony at 14. Provide a breakdown of the \$211.9 million by the investments that are currently in service and those that are not yet in service.

73. Capital Expenditures. Refer to KAW_APP_EX13_051625, page 7 of 7.

- a. Provide documentation (quotes, contracts, invoices, work orders) supporting the total annual recurring projects over \$3 million the Company expects to be completed in the forecasted test period.
- b. Provide documentation (quotes, contracts, invoices, work orders) supporting all the investment projects the Company expects to be completed in the forecasted test period.

74. Capital Expenditures. Refer to the Magner Testimony at 19 – 23. Provide documentation supporting the project costs for:

- a. I12-020117 New Circle Road Widening Main Relocations. Also state whether the project is in service. If not, provide the anticipated in-service date and the current percentage of completion.
- b. I12-3000014 KRS2 WTP Bank Stabilization. Also state whether the project is in service. If not, provide the anticipated in-service date and the current percentage of completion.

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- c. I12-300013 Owenton Booster Station. Provide the current percentage of completion.
 - d. I12-XXXXXX Rockwell Road Reinforcement. Provide the current percentage of completion.
 - e. I12-020118 Jacobson Reservoir Outlet Improvements. Provide the current percentage of completion.
75. Capital Expenditures. Refer to the Magner Testimony at 22 – 24, Exhibit JM-1. Some of the projects discussed in the testimony identify different amounts than shown on Exhibit JM-1. Explain the differences. (e.g., Project I12-020102 lists \$4,000,000 for this project but the Exhibit shows \$3,009,001.)
76. Credit card fees. Identify the total amount (direct & allocated) of credit card fees for each of the years, 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
77. Caregiver Expenses. Refer to the Application generally.
- a. Does the Company provide any day care, elder care or pet care subsidy or reimbursement benefit to its employees? If so, please describe the benefit offered and identify which employees are eligible for the benefit.
 - b. Provide the total amount (direct & allocated) for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
78. Corporate Aircraft. Refer to the Application generally.

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- a. Identify the total amount (direct & allocated) of corporate aircraft costs included in rate base and in operating expenses in each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
 - b. Provide the year and model of each corporate aircraft the company owns and leases.
 - c. Provide copies of the flight logs supporting the 2024 expenses.
 - d. For each of the trips in 2024, identify the purpose of the travel.
 - e. Does the company compare costs of commercial flights before utilizing the corporate aircraft? If so, describe the process. If not, explain why not.
 - f. Provide a description of the Company's policy regarding spousal/non-employee companion travel.
 - g. Explain how use of the corporate aircraft benefits ratepayers. Also provide supporting documentation regarding the same.
79. Company Events Expense. Refer to the Application generally. Identify the total expense (direct & allocated) for events (e.g., picnics/barbeques, fairs, 5-k's, etc.) for 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
80. Customer Accounting. Refer to the Excel file titled KAWC 2025 Rate Case – Customer Accounting Exhibit, tabs titled “Link In” and “Exhibit” provided in Kentucky American's response to Staff's First Request, No. 1.
- a. Explain why the Company believes applying an inflation factor to this expense is appropriate as the total expense has declined each year 2020 through 2024.

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- b. Explain the reason for the increase in collection agencies cost in the base period and the forecasted test period over the 2024 amount. Provide documentation supporting the increase. (quotes, contracts, invoices).
- 81. Customer Deposits. Refer to the response to the Staff's First Request, No. 20(n).
 - a. Explain why customer deposits are not applicable to Kentucky American.
 - b. Provide the monthly customer deposit balances for 2020, 2021, 2022, 2023, 2024, the base period and forecasted test period.
 - c. Provide the interest rate applicable to customer deposit balances in the forecasted test period.
- 82. Customer Advances. Refer to the Excel file titled KAWC 2025 Rate Case – Exhibit 37 Schedules B1 – B8, tab titled “Customer Adv linkin” provided in Kentucky American’s response to Staff’s First Request, No. 1. Provide the monthly Customer Advances’ balances for 2020, 2021, 2022, 2023, 2024 and 2025 year-to-date.
- 83. Contributions in aid of construction. Refer to the Excel file titled KAWC 2025 Rate Case – Exhibit 37 Schedules B1 – B8, tab titled “CIAC link in” provided in Kentucky American’s response to Staff’s First Request, No. 1. Provide the monthly CIAC balances for 2020, 2021, 2022, 2023, 2024 and 2025 year-to-date.
- 84. Donations. Refer to the Burton Testimony at 16 – 19. Provide the annual donations expense for 2019, 2020, 2021, 2022, 2023, the base period and included for recovery in the forecasted test period.

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85. Donations. Refer to the Excel file titled KAWC 2025 Rate Case – Support Services Exhibit, tab titled “Wkpr 3 – Misc Adjustments” provided in Kentucky American’s response to Staff’s First Request, No. 1.
- a. Explain why the \$84,400 for “Charitable Contribution Deductible” is an increase to this net adjustment rather than a decrease.
 - b. Provide a breakdown of the items comprising the “Charitable Contribution Deductible” amount of \$84,400.
86. Deferred Maintenance. Refer to the DeGrazia Testimony at 14. Provide the authority relied on for the 15-year amortization.
87. Deferred Maintenance. Refer to the Excel file titled KAWC 2025 Rate Case – Deferred Maintenance, tab titled “Def Maint Expenditures” provided in Kentucky American’s response to Staff’s First Request, No. 1. Provide documentation (e.g., invoices, contracts, etc.) supporting the forecasted costs for the Mt. Sterling/Wilson St. Tank (\$1,100,000), Clays Mills Tank #1 (\$600,000), Cox St. Ground/Elevated Tank (\$2,000,000) and Woodlake Tank (\$1,200,000) maintenance projects included in the forecasted test period.
88. Directors and Officers Insurance. Refer to the Application generally. Provide the total amount of D&O insurance (direct and allocated) included for recovery in the forecasted test period.
89. Dues - Industry Associations. Refer to the Application generally.
- a. Provide the amount of membership payments to industry associations by vendor for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.

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- b. State the purpose and objective of each organization listed.
- c. Provide documentation supporting how ratepayers are benefitted by the Company's membership in these associations.
- d. Identify each organization that engages in lobbying or advocacy activities, attempts to influence public opinion, institutional or image-building advertising.
- e. For those that engage in such activities, state whether the Company has included the portions of dues related to such activities in the base period and the forecasted test period and identify the amount relating to such activities.

90. Dues Non-Industry. Refer to the Application generally.

- a. Provide the amount of membership payments to non-industry associations by vendor for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
- b. State the purpose and objective of each organization listed.
- c. Provide documentation supporting how ratepayers are benefitted by the Company's membership in these associations.
- d. Identify each organization that engages in lobbying or advocacy activities, attempts to influence public opinion, institutional, or image-building advertising.
- e. For those that engage in such activities, state if the Company has included the portions of dues related to such activities in the base period and the forecasted test period and identify the amount relating to such activities.

91. Executive Vehicles. Refer to the Application generally.

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- a. Provide the total rate base and O&M expense amounts (direct & allocated) associated with vehicles provided to executives for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
- b. Also, provide a list of each executive vehicle including: year, make, and model.

92. Employee Stock Purchase Plan Discounts. Refer to the Prendergast Testimony at 8. Provide the total amount (direct and allocated) Employee Stock Purchase Plan discounts included for recovery in the forecasted test period.

93. Employee Cafeteria. Refer to the Application generally.

- a. Provide the total revenues (direct & allocated) received for all employee cafeterias for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
- b. Provide the total expenses (direct & allocated) for all employee cafeterias each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
- c. Provide a description of the types of expenses.
- d. If the Company operates an employee cafeteria, state whether there are other dining options within close proximity of the Company.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

95. Medical, dental and vision insurance. Refer to the Prendergrast Testimony at 7.

- a. Explain the basis for a three-year weighted average of insurance increase of 5.32%.
- b. Provide the calculations showing how the 5.32% was derived.

96. 401(k) Plan. Refer to the Application generally. Provide the total 401(k) expense (direct & allocated) for employees who are also covered under a defined benefit plan for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.

97. Employee Recognition/Awards Expense. Refer to the Application generally.

- a. Identify the total amount of employee recognition expense (direct & allocated) for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period (e.g., longevity awards, dinners, luncheons, parties, etc.)
- b. Provide a description of the Company's employee recognition program.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

99. Employee gifts. Refer to the Application generally. Provide the total amount (direct & allocated) of employee gifts (including but not limited to flowers, fruit baskets, candy, gifts for: Christmas, get well, retirement, marriage, birth/adoption, welcome, bereavement, etc.)

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for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.

100. Entertainment/Sponsorships. Refer to the Application generally. Provide the total amount (direct & allocated) of sporting/entertainment event tickets, season tickets, suites, sponsorships, etc. for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.

101. Gains and losses on sale of utility property. Refer to the Application generally.

- a. Identify all gains and losses on the sales of utility property (direct & allocated) for each year 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024 and year-to-date 2025.
- b. Provide the details regarding each transaction listed in subpart (a) (date of purchase, amount of purchase, description of property, use of property, date of sale, amount of sale, and the years the property was included in rate base.)
- c. Identify the amount of gains/losses that have been reflected in the revenue requirement in the current case and identify the schedule where they are reflected.
- d. Also, identify the amounts of gains/losses reflected in the revenue requirement in the last two rate cases and identify the schedule where they were reflected.
- e. If there were gains on sales of utility property during 2015-2024 but none were reflected in the revenue requirements in prior cases or the current case, explain why not.
- f. Explain how gains and sales on losses of utility property are treated for ratemaking purposes.

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- g. Identify all planned and pending sales in 2025 and 2026, including a description of the property, anticipated sales price, original cost of property, date of original purpose, the expected closing date and why the property is being sold.
- 102. Property Losses. Refer to the Excel file titled KAWC 2025 Rate Case – Amortization Expense, tabs titled “Link In” and “Link Out” provided in Kentucky American’s response to Staff’s First Request, No. 1.
 - a. Provide an explanation of the amortization of property losses of \$57,080 included in the forecasted test period.
 - b. Identify the Commission authority relied for including this in the revenue requirement.
- 103. Growth Factor. Refer to the Excel file titled KAWC 2025 Rate Case – KAW O&M Growth Factor Workpaper provided in Kentucky American’s response to the Commission Staff’s First Request, No. 1. Update this table to include data for the years 2018, 2019, 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
- 104. H2O Program. Refer to the Burton Testimony at 12. Provide the annual cost of the H2O program by category (e.g., including but not limited to: labor, customer donations, supplies, etc.) for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
- 105. Health/Fitness Expenses. Refer to the Application generally. Provide the total amount (direct & allocated) of health/fitness expenses (including but not limited to: fitness/gym memberships, exercise classes, cost of maintaining employee exercise rooms/equipment,

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etc.) for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.

106. Internal Audit Reports. Refer to the Application generally. Provide a list of all internal audits conducted in 2023, 2024, and 2025 year-to-date. Also provide a list of any planned audits for 2025 and 2026.
107. Incentive Compensation. Refer to the Application generally. Provide complete copies of all incentive compensation plans, bonus programs or other incentive award programs in effect at the Company for each of the years 2022, 2023, 2024, the base period and the forecasted test period.
108. Incentive Compensation. Refer to the Application generally. For each incentive plan, for each of the years 2020, 2021, 2022, 2023, and 2024, provide the number of employees eligible under the plan for incentive compensation payment and number of eligible employees that did not receive an incentive compensation payment.
109. Incentive compensation. Refer to the Application generally. Explain the regulatory treatment of incentive compensation for each of the Company's affiliates in other jurisdictions.
110. Incentive Compensation. Refer to the Lewis Testimony, at 45 – 46. Does the Company have any studies or analyses that show that its incentive compensation plan provides any benefit to ratepayers? If so, provide copies of all documents.
111. Incentive Compensation. Refer to the Lewis Testimony at 39 – 40. Provide for the each of the years: 2020, 2021, 2022, 2023, and 2024, the various goals on which incentive payments were to be determined and the actual achievement attained (i.e., the response

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should show actual metrics and not a simple reference that the goal was at target, not at target, at maximum, etc.)

112. Incentive Compensation. Refer to the Application generally. Does the Company adjust the non-financial goals based on prior years achievements? If so, provide an example. If not, explain why not.
113. Incentive Compensation. Refer to the Lewis Testimony. Is there a financial goal, that if not met, would result in no incentive compensation payments being made? If so, identify the goal.
114. Incentive Compensation. Refer to the Application generally. Provide the amount of incentive compensation included in the base period and the forecasted test period related to financial measures (direct & allocated).
115. Incentive Compensation. Refer to the Application generally. In what possible scenarios would no incentive compensation payments be made? Explain the response in detail.
116. Incentive Compensation. Refer to the Application generally. Provide the total amount (direct and allocated) of incentive compensation broken out by plan for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period. If there are amounts charged to capital provide those separately.
117. Incentive Compensation. Refer to the Application generally. Provide the total amounts (direct & allocated) of incentive compensation (broken out by short and long term) for each of the years, 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period. If there are amounts charged to capital provide those separately.

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118. Injuries and Damages. Refer to the Application generally. Provide the injuries and damages reserve balance, including debits and credits to the reserve, for each of the years 2020, 2021, 2022, 2023, 2024, and 2025 year-to-date.
119. Injuries and Damages. Refer to the Application generally. Identify the total amount (direct & allocated) of injuries and damages expense for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
120. Insurance Expense. Refer to the Excel file titled KAWC 2025 Rate Case – IOTG Exhibit, tab titled “Workpaper 1” provided in Kentucky American’s response to Staff’s First Request, No. 1. Provide an explanation of the following policies and the amount for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period:
- a. Consult Fee (AL, GL, WC)
 - b. Excess Liab #1
 - c. Excess Liab #2
 - d. Excess Liab #3
 - e. Excess Liab #4
 - f. Special Contingency Risk
 - g. NonOwned Aircraft
121. Investor Relations expense. Refer to the Application generally. Identify the total amount (direct & allocated) of investor relations expense for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.

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122. Judgments/Settlements. Refer to the Application generally. Provide the total amount expensed (direct & allocated) in each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period. Include a brief description of the nature of each of the lawsuits.
123. Outside Legal Expense. Refer to the Excel file titled KAWC 2025 Rate Case – Contract Services Exhibit, tab titled “Link In.” provided in Kentucky American’s response to Staff’s First Request, No. 1. Itemize the amount of outside legal expense (direct & allocated), by vendor, for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
124. Legal Expense. Refer to the Application generally. Provide the total amount of internal legal expense (direct & allocated), for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
125. Legal expense. Refer to the DeGrazia Testimony at 8. Provide the total internal and outside legal expenses by year (2023, 2024 and 2025 year-to-date) associated with, “the significant time it took to resolve the Companies’ issues on rehearing in the last case...”
126. Materials & Supplies. Refer to the Excel file titled KAWC 2025 Rate Case – Materials and Supplies, tab titled “13 Month Average” provided in Kentucky American’s response to Staff’s First Request, No. 1.
 - a. Provide the monthly materials and supplies balances by the GL/SAP Account numbers shown for the each of the years for 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.

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- b. Explain the reason for the increase level in Account 15140000 in the months July through October of 2024.
- 127. Maintenance Supplies and Services. Refer to the Excel file titled KAWC 2025 Rate Case – Maintenance Supplies & Services Exhibit, tab titled “Exhibit” provided in Kentucky American’s response to Staff’s First Request, No. 1. Provide documentation supporting the \$225,000 increase for preventative plans and safety mandate additions (contracts, invoices, quotes).
- 128. Miscellaneous Expense. Refer to the Excel file titled KAWC 2025 Rate Case – Miscellaneous Expense Exhibit, tabs titled “Link In” and “Exhibit” provided in Kentucky American’s response to Staff’s First Request, No. 1.
 - a. Explain the reason for the increase to the base period and forecasted test period over the 2024 level.
 - b. Explain the reason for the decrease in 2024 over the 2023 level.
 - c. Explain the reason for the increase in 2023 over the 2022 level.
- 129. Non-recurring costs. Refer to the Application generally.
 - a. For each expense account in the base period and forecasted test period, list each non-recurring charge or credit exceeding \$50,000.
 - b. For each non-recurring item provide an explanation of the cost.
- 130. Operating Revenues and Expenses. Refer to KAW_APP_EX37C_051625, page 2. Update the schedule to show the total actual annual amounts for the categories shown for each year 2020, 2021, 2022, 2023, 2024, the base period and included recovery in the forecasted test period.

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131. Operating budgets. Refer to Kentucky American's response to the Staff's First Request, No. 6.
- a. Refer to page 2 of 84. Explain the reason for the large variance in 2022, 2023, and 2024 for miscellaneous expenses.
 - b. Refer to pages 3 – 8 of 84. Explain why there are no budgeted amounts for salaries.
132. Other revenues. Refer to KAW_APP_EX37C_051562, page 3 of 9, Exhibit 37, Schedule C-2, lines 38-46. Provide the annual other revenues by category for 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, the base period and included in the forecasted test period.
133. Organization Membership, Social and Service Club Dues. Refer to KAW_APP_EX_37F_051625, page 2 of 10. Explain what the AWWA Amortization represents and why this is considered a dues expense.
134. Office Supply Expense. Refer to the Excel file titled KAWC 2025 Rate Case–Office Supplies Exhibit, tab titled “Exhibit” provided in Kentucky American's response to Staff's First Request, No. 1.
- a. Provide documentation (contracts, invoices, etc.) supporting the software license cost for ARCOS in the forecasted test period.
 - b. Explain why this cost is expected to reoccur annually.
135. Other Income. Refer to the Projected Income Statement in Exhibit No. 17 (KAW_APP_EX17_051625). Explain what “Other Income” is projected in 2027 and 2028.
136. PSC Fees. Refer to the Excel file titled KAWC 2025 Rate Case – PSC Fees Exhibit, tabs titled “Link In” and “Exhibit” provided in Kentucky American's response to Staff's First

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Request, No. 1. Explain the basis for the increases to the base period and forecasted test period given that this expense has fluctuated over the prior years shown.

137. Payroll. Refer to the chart in the Lewis Testimony at 35.
- a. Identify the number of employees the Company had at the date of the decision in the last rate case.
 - b. Identify the number of employees that left the Company since the date of last rate case decision.
 - c. See also KAW_APP_EX37G_051625, Page 3 of 10, Schedule G-2. Explain why the Company did not reach the 156 headcount that was approved in the 2023 rate case in the years 2023 or 2024.
138. Payroll. Refer to KAW_APP_EX37G_051625, Page 3 of 10, Schedule G-2. Explain in detail the reason for the decrease in employees in 2024 over the 2023 level.
139. Payroll. Refer to the Application generally. Provide, for each full-time equivalent (“FTE”) group, by month, for each of the years 2018, 2019, 2020, 2021, 2022, 2023, the base period, and included in the forecasted test period, the number of full time FTEs budgeted, the number of part-time FTEs budgeted and the actual number off full time FTEs and part-time FTEs.
140. Payroll. Refer to KAW_APP_EX37G_051625, Page 2 of 10, Schedule G-1. Has the Company used a vacancy factor in its payroll forecast for the base period and the forecasted test period? If so, provide the factor used and the supporting calculations. If not, explain why not.

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141. Payroll. Refer to the Lewis Testimony at 35. For each of the current vacant positions to be refilled by the forecasted test period provide:
- a. Job Title
 - b. Planned hiring date
 - c. Hiring dates for any of these positions that have been filled.
 - d. Fully loaded annual salary
 - e. Length of time that the position has been open.
 - f. Copy of ad for position.
142. Payroll. Refer to the Lewis Testimony at 35. For each of the new hires the Company included in the forecasted test period, provide:
- a. Job Title
 - b. Planned hiring date
 - c. Hiring dates for any of these positions that have been filled.
 - d. Fully loaded annual salary
 - e. Length of time that the position has been open.
 - f. Copy of ad for position.
143. Payroll. Refer to KAW_APP_EX37G_051625, page 2 of 10, Schedule G-2. Provide the current number of employees and FTEs.
144. Payroll. Refer to KAW_APP_EX37G_051625, page 2 of 10, Schedule G-2. Provide for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included in the forecasted test period, the amount of base pay, overtime, incentive compensation and the amount of other pay broken down in the most detailed format available including the amount charged to capital, amount charged to expense and amounts charged to other (specify). If any of the other is ultimately expensed, provide the amount ultimately expensed in each year.
145. Payroll. Refer to KAW_APP_EX37G_051625, page 2 of 10, Schedule G-2. Provide total (direct & allocated) Capital and O&M budgeted and actual payroll expense for each of the

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years 2020, 2021, 2022, 2023, 2024, the base period and, and included in the forecasted test period.

146. Payroll. Refer to Refer to KAW_APP_EX37G_051625, page 2 of 10, Schedule G-2.

- a. Provide the capital and O&M payroll approved by the Commission for each of the years: 2020, 2021, 2022, 2023, and 2024.
- b. Provide the actual capital and O&M payroll for each of the years: 2020, 2021, 2022, and 2023, and 2024.

147. Payroll. Refer to the Application generally. Provide a description of the Company's merit and cost of living wage rate increase policies.

148. Penalties/Fines. Refer to the Application generally. Provide the total amount (direct & allocated) of all penalties and fines included in the base period and for recovery in the forecasted test period. Provide a brief description of the nature of the penalties/fines.

149. Purchased Power Growth Factor. Refer to the Prendergrast Testimony at 13. Provide the percentage of KU's last three approved rate increases and the case numbers.

150. Purchased Power Expense. Refer to the Excel file titled KAWC 2025 Rate Case – Fuel and Power Exhibit, tab titled “Exhibit” provided in response to Staff's First Request, No. 1. Provide documentation (contracts, invoices, quotes) supporting the requested increase for additional power for UV processes.

151. Postage, Printing and Stationary. Refer to the Excel file titled KAWC 2025 Rate Case – Postage, Printing & Stationary Exhibit, tab titled “Link In” provided in Kentucky American's response to Staff's First Request, No. 1. Explain the reason for the increase to

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this expense in 2024 over the prior years shown and why this level is expected to continue in the forecast test period and beyond.

152. Customer Billing. Refer to the Application generally. Provide the number of customers receiving paper bills for each of the years 2020, 2021, 2022, 2023, 2024, 2025 year-to-date, and forecasted for 2026.
153. Customer Billing. Refer to the Application generally. Provide the number of customers enrolled in electronic billing for each of the years 2020, 2021, 2022, 2023, 2024 and year-to-date 2025 and forecasted for 2026.
154. Plant. Refer to KAW_APP_EX37B_051625, Page 5 of 54, Schedule B-2. Provide the 13-month average and year-end plant balances by category for each of the years 2020, 2021, 2022, 2023, 2024, the base period and the forecasted test period.
155. Property Taxes. Refer to the Excel file titled KAWC 2025 Rate Case – Property Tax Exhibit, tab titled “Link In” provided in Kentucky American’s response to Staff’s First Request, No. 1. Provide the total amount of property tax expense for 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
156. Rate Case Expense. Refer to the Excel file titled KAWC 2025 Rate Case – Regulatory Expense Exhibit, tab titled “Workpaper 1” provided in Kentucky American’s response to Staff’s First Request, No. 1. State whether the legal fees include internal labor, outside contractor labor or both. If it is for both internal and external labor, provide a breakdown of the two amounts.

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157. Rate Case Expense. Refer to the Excel file titled KAWC 2025 Rate Case –Regulatory Expense Exhibit, tab titled “Workpaper 1” provided in Kentucky American’s response to Staff’s First Request, No. 1.
- a. Explain the basis for a two-year amortization for the expenses for the current rate case.
 - b. State when the Company anticipates it will file its next rate case.
158. Relocation Expense. Refer to the Excel file titled KAWC 2025 Rate Case – Employee Related Expense Exhibit, tab titled “Link In” provided in Kentucky American’s response to Staff’s First Request, No. 1.
- a. Explain the reason for the large increase to relocation expense in 2022 over the other years shown.
 - b. Explain why this expense was negative in 2023.
159. Service Company Charges. Refer to Exhibit MJA-2, page 12.
- a. Provide the total amount allocated to Kentucky American and broken down by the following components: capital charges, non-A&G charges: engineering, operations, water qualify, and A&G charges for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
 - b. Explain all changes in allocation to Kentucky American in the base period and the forecasted test period over the prior years.
 - c. Provide the total service company charges approved by the Kentucky Commission for each of the years 2020, 2021, 2022, 2023, and 2024.

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- d. Provide the Services Company's total charges for all entities for each of the years 2020, 2021, 2022, 2023, and 2024.
 - e. Provide the percentages and total amount allocated to each American Water Affiliate/Subsidiary for each of the years 2020, 2021, 2022, 2023, and 2024.
 - f. Provide the projected percentages and amounts for 2025 and 2026 for each affiliate/subsidiary.
160. Service Company Charges. Refer to the Direct Testimony of Michael Adams ("Adams Testimony") at 10.
- a. Provide copies of the service company budget variance analysis of charges for each of the years 2020, 2021, 2022, 2023, and 2024.
 - b. Provide copies of the service company budgets for 2024, 2025 and 2026.
161. Service Company Charges. Refer to Exhibit MJA-2, page 24.
- a. Explain what the \$2,501,270 in Administration management consulting charges related to.
 - b. Provide comparable breakdown of service company charges for each of the years 2020, 2021, 2022, 2023, and 2024.
162. SERP. Refer to the Application generally. Provide the total (direct and allocated) amount of Supplemental Executive Retirement Plan ("SERP") expense (direct and allocated) for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.
163. SERP. Refer to the Application generally. Describe the benefits provided by the Company's SERP plan.

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164. SERP. Refer to the Application generally. Identify both the number of employees eligible for SERP and the number of employees ineligible for SERP in 2024, the base period, and the forecasted test period.
165. SERP. Refer to the Application generally. Explain how eligibility for SERP is determined.
166. Severance Pay. Refer to the Application generally.
- a. Provide, 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period (direct and allocated).
 - b. Explain whether the Company has any plans to terminate any employees in 2025, 2026 and 2027.
167. Service Company Charges. Refer to KAW_APP_EX35_051625, pages 1-3. Explain the reason for the year over year increases of the Service Company, American Water Capital Corp., and AWI, Inc. charges allocated to Kentucky American from 2022 through the forecasted test period.
168. Slippage factor. Refer to Kentucky American's response to the Staff's First Request, No. 14.
- a. Explain why a slippage factor is not being applied in this case.
 - b. Provide the total budget to actual capital expenditures for the last ten calendar years for investment projects (for all projects, not just projects that were started) that were approved by its capital investment management committee.
 - c. Provide the total budget to actual capital expenditures for the last ten calendar years for recurring projects (for all projects, not just projects that were started) that were approved by its capital investment management committee.

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169. Student Loan Repayment Expenses. Refer to the Application generally.

- a. Does the Company provide student loan repayment as a benefit to its employees?
If so, please describe the student loan payment benefit offered and identify which employees are eligible for the benefit.
- b. Provide the total amounts (direct & allocated) for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test year.

170. Temporary Help. Refer to the Application generally. Provide the total amount (direct & allocated) of temporary help expense for each of the years 2020, 2021, 2022, 2023, 2024, the base period and included for recovery in the forecasted test period.

171. Third Party Damages. Refer to the Application generally.

- a. Provide the total amount of third-party damage reimbursements for each year 2020, 2021, 2022, 2023, 2024, the base period and included in the forecasted test period.
- b. Provide the total amount of third-party damages expense for each year 2020, 2021, 2022, 2023, 2024, the base period and included in the forecasted test period.
- c. Explain how and where the amounts in subparts (a) and (b) are reflected in the revenue requirement.

172. Uncollectibles. For each of the years 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, provide the revenues, write-offs, and recoveries.

173. Unaccounted for Water. Refer to the Lewis Testimony at 32 – 33. Provide the reduction to expenses the Company reflected in the base period and in the forecasted test period related to unaccounted for water exceeding the 15% threshold by expense category (e.g.,

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purchased water, waste disposal, chemical expense, fuel and power expense, etc.) Provide all calculations used to derive the reductions. If the Company did not reflect any reductions, explain why not. Provide the corresponding reductions to expenses for unaccounted for water exceeding 15% for the base period and the forecasted test period, including all calculations used to derive the amounts.

174. Unaccounted for Water. Refer to the Lewis Testimony at 32 – 33. Provide the Company's best estimate for the cost of 100 gallons of lost water, broken down by category.
175. Unaccounted for Water. Refer to the Lewis Testimony at 28 – 32. Explain in detail, all new efforts and initiatives the Company has undertaken since its last rate case to reduce unaccounted for water.
176. Unaccounted for Water. Refer to the Lewis Testimony at 32 – 33. Provide the non-revenue water ("NRW") and unaccounted for water ("UFW") percentage for each month for the period 2020 through the present date.
177. Unaccounted for Water. Refer to the Lewis Testimony at 32 – 33.
 - a. Provide the base period and forecasted test period gallons of NRW and UFW.
 - b. Provide the base period and forecasted test period gallons of system delivery water.
178. Unaccounted for Water. Refer to the Lewis Testimony at 32 – 33.
 - a. Explain why the Company has exceeded the unaccounted for water standard of 15% since 2016.
 - b. Identify the most recent year when the Company's lost and unaccounted for water did not exceed 15%.

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179. Water efficiency cost savings. Refer to the Lewis Testimony at 25, which states, “[i]mproving water efficiency not only reduces operating expenses...” Did the Company reflect any costs savings associated with the improvements to water efficiency since the last rate case? If not, explain why not.
180. Water efficiency improvement projects. Provide the date of implementation and total cost associated with the improvement projects discussed in the Lewis Testimony at 25 – 28.
181. Variance reports. Refer to KAW_APP_EX31_051652.
- a. Refer to page 2. Provide an explanation of “line locates” (contracted services) and “Profiling in budget.” (misc exp)
 - b. Refer to page 2. Provide an explanation and status of the property tax protest.
 - c. Refer to page 3. Provide a description of what the legal fees (contracted services) relate to.
 - d. Refer to page 4. Provide a description of what the legal fees (contracted services) relate to.
 - e. Refer to pages 7-8. Provide an explanation of “Profiling” for service company costs represents.
 - f. Refer to page 15. Provide a description of what the legal fees (contracted services) relate to.
 - g. Refer to pages 16 – 17, and 19. Provide a detailed description of the cyber security event that occurred, the dates and the total costs that were incurred by the Company associated with the event.

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- h. Refer to page 19. Provide a description of what the “transfers from affiliates to SC” (contracted services) relate to.
- i. Refer to page 19. Explain the reason for the lower meter spend.
- j. Refer to page 20. Explain in detail the change in property tax legislation and why the true up was made including all calculations.
- k. Volunteer time. Refer to the Burton Testimony at 16 – 18. Does the Company offer paid time off to its employees to volunteer in the community? If so, provide the total amount (direct & allocated) of employee volunteer payroll expense in 2020, 2021, 2022, 2023, 2024, the base period and requested for recovery in the forecasted test period. Also provide all corresponding volunteer related expenses (e.g., t-shirts, banners, hats, prizes, gifts, food, beverages, utilized at the events, etc.) for each of the time periods listed above.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

183. Refer to the Direct Testimony of Ann E. Bulkley (“Bulkley Testimony”). 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.

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184. 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.
185. Provide all bond rating agency reports (S&P, Moody's, Fitch) from 2023 through 2025 for American Water, and American Water Capital Corp. ("AWCC").
186. Provide Kentucky American's 13-month average capital structure, including common equity, preferred stock, long-term and short-term debt for 2020 – 2024. Provide all supporting documentation analyses, work papers, and spreadsheets with cell formulas intact.
187. Provide Kentucky American's monthly cost and amounts of short-term debt from 2022 through 2024. Provide all supporting documentation analyses, work papers, and spreadsheets with cell formulas intact.
188. 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, separate out such additional fees.
189. Provide all supporting work papers and documentation for Kentucky-American's requested cost of debt, including the proposed new issuances of debt in 2025 and 2026 described in the Gonzales Testimony, page 6. Provide all spreadsheets with cell formulas intact. Provide the supporting documentation for the forecasted cost of the 2025 and 2026 new debt issuances.
190. Provide the historical earned return on equity for Kentucky American from 2020 through 2024.

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191. Provide all supporting work papers and documentation used in the preparation of the
Gonzales Direct Testimony.