

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 )

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

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Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and submits the Second Request for Information to the Kentucky-American Water Company (hereinafter “Kentucky American” or the “Company”) to be answered by August 4, 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 July 21, 2025, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 21<sup>st</sup> day of July, 2025,



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Assistant Attorney General

Electronic Application of Kentucky-American Water Company  
for an Adjustment of Rates  
Attorney General's Second Request for Information  
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1. Refer to Kentucky American's response to the Attorney General's First Request for Information ("Attorney General's First Request"), Items 2, 3, and 4. For all of the PDFs provided (confidential and non-confidential) provide in excel spreadsheet if possible.
2. Refer to Kentucky-American's response to the Attorney General's First Request, Item 2, Public Version of Attachment KAW\_R\_AGDR1\_NUM002\_070725, page 4 of 109.
  - a. Provide the name of the State President for each of the years 2020, 2021, 2022, 2023, 2024, and 2025.
  - b. Provide the State President's salary information for 2020 and 2021 as originally requested.
  - c. Provide the current State President's salary information for 2025 and 2026, if known.
3. Refer to Kentucky American's response to the Attorney General's First Request, Item 5.
  - a. Provide an update as to all prior vacant positions and all new vacant positions. Consider this an ongoing request throughout the pendency of this case.
  - b. Provide an update to the KAW\_R\_AGDR1\_NUM005\_070725 attachment. Consider this an ongoing request throughout the pendency of this case.
4. Refer to Kentucky American's response to the Attorney General's First Request, Item 7(d). Confirm that Kentucky American was provided a rate increase for water service on June 27, 2019, of \$13,399,178 (Final Order, page 67), but in the Appendix A of said Final Order

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it showed an impact on revenue of \$13,399,169. If not confirmed, explain in detail why not.<sup>1</sup>

5. Refer to Kentucky American's response to the Attorney General's First Request, Item 8(b).  
As originally requested, provide Kentucky American's actual number of customers for 2020 – 2025, using the most updated data. The referred to spreadsheets in the original response either did not provide this data or were not accessible.
6. Refer to Kentucky American's response to the Attorney General's First Request, Item 8(c).  
As originally requested, explain whether Kentucky American projects a future gain or loss of water customers, and provide copies of all projections concerning the same. The referred to spreadsheets in the original response either did not provide this data or were not accessible.
7. Refer to Kentucky American's response to the Attorney General's First Request, Item 8(d).  
As originally requested, provide Kentucky American's total annual water sales for the years 2020 – 2025, using the most updated data. The referred to spreadsheets in the original response either did not provide this data or were not accessible.
8. Refer to Kentucky American's response to the Attorney General's First Request, Item 8(e).  
As originally requested, explain whether Kentucky American expects annual water sales to increase or decrease, and provide copies of all projections concerning the same. The referred to spreadsheets in the original response either did not provide this data or were not accessible.

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<sup>1</sup> Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC June. 27, 2019), Order at 67.

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9. Refer to Kentucky American's response to the Attorney General's First Request, Item 15.
  - a. Provide Attachment KAW\_R\_AGDR1\_NUM015\_07072025\_Attachment, and include page 1 of 93, which is missing from said attachment.
  - b. Provide a summary of the results of the multiple customer satisfaction surveys, including the positive and negative comments.
  - c. Explain in detail how Kentucky American reviews the multiple customer satisfaction surveys, and whether any of the customer input/suggestions are incorporated into current policies/procedures. Provide specific examples of the same.
  - d. Provide a copy of the J.D. Power Water Utility Residential Customer Satisfaction Study that is referenced in the response.
10. Refer to Kentucky American's response to the Attorney General's First Request, Item 19.

For all expenditures that are included in the requested revenue requirement, either provide KAW\_R\_AGDR1\_NUM019\_070725\_Attachment 1, and include detailed descriptions of each expenditure, or identify all of the costs listed in said attachment related to dinners (including all holiday dinners), gifts, donations, flowers, membership dues, and annual meeting costs.
11. Refer to Kentucky American's response to the Attorney General's First Request, Items 26(a) – (f). Explain why Kentucky American believes it is fair to require the residential customers to pay the same monthly customer charge as commercial customers, but a higher volumetric water charge than the commercial customers. Explain the response in detail.



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12. Refer to Kentucky American's response to the Attorney General's First Request, Items

27(a) – (i).

- a. Explain in detail why Kentucky American finds it accurate to use a median household income of \$100,522 for its customers, when the highest median household income for the counties in which it serves is Scott County at \$83,660, and the lowest being in Jackson County at \$41,410.<sup>2</sup>
- b. Explain in detail why it is reasonable to take what Kentucky American states is the median household income for the entire state (\$71,797) and multiply it by an adjustment factor of 1.4001, which increases the median household income from \$71,797 to \$100,522.
- c. Explain in detail why it is reasonable for Kentucky American to state that its customers' median household income is over \$100,000, when based upon the United Census Bureau's information the customers' median household is much lower.<sup>3</sup>

13. Refer to Kentucky American's response to the Attorney General's First Request, Items 31(c) and (d).

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<sup>2</sup><https://www.census.gov/quickfacts/fact/table/nicholascountykentucky,jessaminecountykentucky,harrisoncountykentucky,fayettecountykentucky,clarkcountykentucky,bourboncountykentucky/PST045222>;  
<https://www.census.gov/quickfacts/fact/table/franklincountykentucky,grantcountykentucky,owencountykentucky,gallatincountykentucky,woodfordcountykentucky,scottcountykentucky/PST045222>.

<sup>3</sup><https://www.census.gov/quickfacts/fact/table/nicholascountykentucky,jessaminecountykentucky,harrisoncountykentucky,fayettecountykentucky,clarkcountykentucky,bourboncountykentucky/PST045222>;  
<https://www.census.gov/quickfacts/fact/table/franklincountykentucky,grantcountykentucky,owencountykentucky,gallatincountykentucky,woodfordcountykentucky,scottcountykentucky/PST045222>.

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- a. Provide an updated chart reflecting the H2O account balances for each month for 2024 and 2025. Consider this an ongoing request throughout the pendency of the case.
  - b. Explain why there were such high account balances of the H2O customer assistance program funds throughout 2024 and 2025.
  - c. Explain why there has been a significant decrease in the account balances of H2O customer assistance funds between January 2025 and May 2025.
  - d. Explain how Kentucky American notifies its customers of the H2O customer assistance program.
14. Refer to Kentucky American's response to the Attorney General's First Request, Items 32 and 37, concerning water loss.
- a. Provide an updated monthly unaccounted-for water loss percentage for 2025. Consider this an ongoing request during the pendency of this case.
  - b. Explain in detail how Kentucky American has reduced its overall water loss percentage from 21.59% in 2022 down to 17.96% in 2024.
  - c. Explain in detail why there are large swings in water loss percentages from month to month. For example, in 2024 the water loss percentage was 2.66% in September, which then climbed to 13.65% in October, back down to 7.83% in November, and then up to 30.87% in December. Similarly, in 2025, the water loss percentage was 21.35% in January, down to 8% in February, up to 24.65% in March, up to 30.35% in April, and back down to 13.39% in May.

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- d. In Case No. 2023-00191, Kentucky American stated that it had 270 special connection customers with over 90 miles of private mains connected to the Company's distribution system that were significant contributors to unaccounted-for water loss. In Case No. 2023-00191, Kentucky American further asserted that due to the special connections not having a water meter at the connection to the private main, the water loss was not the financial responsibility of the special connection customer, but instead was reflected as Kentucky American's water loss. In Case No. 2023-00191, Kentucky American did not have a formal plan to address the water loss associated with the special connections. Explain whether Kentucky American now has a formal plan to address the water loss associated with special connection customers. If so, provide a copy of the same and a detailed description of the plan. If not, explain why not.
  - e. Explain what steps Kentucky American has taken since Case No. 2023-00191 to address the water loss associated with the special connection customers. If no steps have been taken, explain in detail why not.
15. Refer to Kentucky American's response to the Attorney General's First Request, Item 34(b).
- a. As originally requested, explain why the Company is requesting to amortize rate case expense over two years instead of three years pursuant to Commission precedent.
  - b. Provide attachment KAW\_R\_PSCDR2\_NUM023\_070725, which cannot be found in the case record.

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16. Refer to Kentucky American's response to the Attorney General's First Request, Items 34(c) – (e). Consider these original questions as ongoing requests throughout the pendency of this case.
17. Refer to Kentucky American's response to the Attorney General's First Request, Item 34(f). As originally requested, provide the estimated total rate case expense for the pending case. The referenced attachment was not accessible.
18. Refer to Kentucky American's response to the Attorney General's First Request, Item 36.  
No substantive answer was provided.
  - a. Refer to the Direct Testimony of Mr. 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 enhancement or improvements in water treatment facilities and distribution systems. Since the filing of Mr. Lewis' testimony, explain whether he, or any other employee, has determined that a specific rule/regulation and/or law that he discussed in his testimony is affected by a Presidential Executive Order, modification, withdrawal, etc. Consider this to be an ongoing request throughout the pendency of the case.
  - b. If no substantive answer is provided to (a), explain why Mr. Lewis filed testimony concerning new and emerging environmental standards requiring enhancements and improvements to water treatment facilities and distribution systems, but is not reviewing and determining whether said environmental standards have been modified, withdrawn, etc.

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19. Refer to Kentucky American's response to the Attorney General's First Request, Item 38(b). If the current headcount as of July 1, 2025, is 148, and the highest the headcount in the past five years was 150 in 2023, as originally requested, explain in detail why Kentucky American is forecasting 168 employees, or an additional 25 employees.
20. Refer to Kentucky American's response to the Attorney General's First Request, Item 39(a). Provide an updated chart indicating the status of the proposed new positions at Kentucky American. Consider this a continuing request during the pendency of this case.
21. Refer to Kentucky American's response to the Attorney General's First Request, Item 39(b). Provide all updates that the United States EPA, or any other federal/state agency, has provided to Kentucky American/American Water with regard to intent to modify rules/regulations as a result of policy or litigation. Consider this a continuing request during the pendency of this case.
22. Refer to Kentucky American's response to the Attorney General's First Request, Item 40(b). Kentucky American asserts that there is \$933,537 of Annual Performance Plan ("APP") and \$913,156 of Long-Term Performance Plan ("LTPP") tied to financial measures within the revenue requirement. If the Commission disallows the incentive compensation tied to financial measures pursuant to extensive precedent, provide the monetary amount reduction to the requested revenue requirement.
23. Refer to Kentucky American's response to the Attorney General's First Request, Item 41(b). The Company asserts that the contribution breakdown for single employee health insurance is 84% paid by the Company and 16% paid by the employee. The Company further states that non-union cost shares will mirror the union cost share.

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- a. Explain whether the non-union cost shares always mirror the union cost shares for employee insurance (single and family coverage).
  - b. If so, explain whether by using the same cost shares for non-union employees as what is negotiated for union employees, creates a conflict for the non-union employees who actively negotiate the union contract. Explain the response in detail.
24. Refer to Kentucky American's response to the Attorney General's First Request, Item 41(d). As originally requested, provide the average percentage share of premiums paid by Kentucky American for family coverage employee health insurance. The attachment referred to in the response was confidential, and did not contain this information.
25. Refer to Kentucky American's response to the Attorney General's First Request, Item 42(b). The Company asserts that no list of rejected allocated cost/expense are maintained.
- a. Explain whether Kentucky American has refused or rejected any allocated cost/expense in the past five years.
  - b. Provide specific examples of any refused or rejected allocated cost/expense from the past five years.
26. Refer to Kentucky American's response to the Attorney General's First Request, Item 43(a). Kentucky American states that construction work exceeding \$250,000 in value are competitively bid except for specific circumstances.
- a. Identify and explain what the specific circumstances are for construction work exceeding \$250,000 to not be competitively bid.
  - b. Explain why construction work under \$250,000 is not competitively bid.

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- c. If some construction work under \$250,000 is competitively bid, explain the policy as to why some work under \$250,000 is competitively bid while other work is not.
- 27. Refer to Kentucky American's response to the Attorney General's First Request, Item 45. Provide copies of inspections for 2025 when received, and identify if any deficiencies are found. Consider this a continuing request during the pendency of this case.
- 28. Refer to Kentucky American's response to the Attorney General's First Request, Item 48(d). The response refers to an attachment that cannot be found in the case record. As originally requested, 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. Additionally, provide the attachment that was originally referred to in this response.
- 29. Refer to Kentucky American's response to the Attorney General's First Request, Item 49(a). Explain whether on the fifth line of the response, it should state "union employees hired after January 1, 2006" instead of "non-union employees." If so, provide a corrected response to the original question. If not, explain why not.
- 30. Refer to Kentucky American's response to the Attorney General's First Request, Item 49(b).
  - a. Explain in detail the Company's Employee Stock Purchase Plan.
  - b. Confirm that the Commission removed the Employee Stock Purchase Plan expense from the revenue requirement in the Company's last rate case, Case No. 2023-00191, because it is not reasonable to recover from ratepayers as they do not benefit from the program. If not confirmed, explain in detail why not.

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31. Refer to Kentucky American's response to the Attorney General's First Request, Items 49(a) and (b).
- a. Explain whether any current Kentucky American employee is participating in the Defined Benefit Pension Plan and the Defined Contribution Plan.
  - b. If so, provide the monetary amount that Kentucky American included in the revenue requirement associated with the defined contribution plan retirement contributions.
  - c. Provide the monetary amount that Kentucky American included in the revenue requirement associated with the Employee Stock Purchase Plan.
32. Refer to Kentucky American's response to the Attorney General's First Request, Item 50.
- a. Confirm that the Corporate Alternative Minimum Tax ("CAMT") is generally only applied to large corporations with an average annual financial statement income exceeding \$1 billion. If not confirmed, explain in detail why not.
  - b. Confirm that Kentucky American, as a standalone company not affiliated with its parent company American Water, would not have an average financial statement income exceeding \$1 billion. If not confirmed, explain in detail why not.
  - c. Confirm that Kentucky American, as a standalone company, would not be subject to the CAMT 15% minimum tax. If not confirmed, explain in detail why not.
33. American Water Works Association ("AWWA") Dues. Refer to Kentucky American's response to the Attorney General's First Request, Item 133. Explain in detail why the AWWA dues are called an amortization.



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34. Membership Dues. Refer to Kentucky American's response to the Attorney General's First Request, Item 89, AW\_R\_AGDR1\_NUM089\_070725\_Attachment.
- a. Identify all organizations that are affiliates to Kentucky American.
  - b. Identify all employees of Kentucky American, its parent company, or affiliates that are members of committees or boards of directors of the organizations listed.
35. Interest expense. Refer to the Application generally. Identify the forecast test period of interest expense for purposes of calculating interest synchronization.
36. Payroll Expense. Refer to Kentucky American's response to the Commission Staff's First Request for Information ("Staff's First Request"), Item 28. Explain in detail why in 2023, the Company lowered its budgeted employee count in 2023 over the prior years shown and then increased it in 2024.
37. Payroll Expense. Provide each of the following requested for recovery in the forecasted test period: total payroll expense (Kentucky American payroll and allocated shared services payroll), total benefits expense (Kentucky American and allocated shared services benefits) and total payroll tax expense (Kentucky American and allocated shared services payroll tax).
38. Payroll Expense. Refer to KAW\_APP\_EX37D\_063023, Schedule D-2, page 4 of 8, in Case No. 2023-00191. Confirm that the total payroll expense amount requested and authorized was \$8,967,621. If not, provide the total amount authorized.
39. Payroll Expense. Refer to KAW\_APP\_37D\_112818, Schedule D-2, page 4 of 7, in Case No. 2018-00358. Confirm that the total payroll expense amount requested and authorized was \$7,802,450. If not, provide the total amount authorized.

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40. Payroll Expense. Refer to Kentucky American's response to the Attorney General's First Request, Item 145. Provide the American Water Service Company O&M payroll expense approved by the Commission for each of the years shown.
41. Payroll Expense. Refer to Kentucky American's response to the Attorney General's First Request, Item 145. Confirm that the Kentucky American O&M labor is the amount that is requested on Schedule D-2 and W/P 3-1 in Case Nos. 2023-00191 and 2018-00358. If not confirmed, explain in detail why not.
42. Payroll. Refer to Kentucky American's response to the Attorney General's First Request, Item 145. Explain the reason for the budget to actual variances each year.
43. Payroll. Refer to the Application generally. Did the Company calculate its payroll expense in this case using the same method as in the prior rate case, Case No. 2023-00191? If not, provide a detailed explanation of the change in methodology.
44. Employee Stock Purchase Plan. Refer to Kentucky American's response to the Attorney General's First Request, Item 49(b). Provide the current number of Kentucky American employees.
45. Employee Stock Purchase Plan. Refer to Kentucky American's response to the Attorney General's First Request, Item 92.
- a. Are all employees eligible for the Employee Stock Purchase Plan discount? If not, state which employees are eligible for the same.
  - b. Describe the ratepayer benefits associated with the Employee Stock Purchase Plan, and provide all supporting documentation.

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46. Incentive Compensation. Refer to Kentucky American's response to the Attorney General's First Request, Items 116 and 144, page 2 of 2. Explain and reconcile the difference in the incentive compensation amounts for the forecasted test period.
47. Growth Factor. Refer to Kentucky American's response to the Attorney General's First Request, Item 103. Provide the total dollar amount reduction to the base period and forecasted test period by removing the growth factor for each of the categories shown.
48. Lobbying. Refer to Kentucky American's response to the Attorney General's First Request, Item 56(b). Provide the total amount of salary and reimbursements for both of these two individuals that is included in the forecasted test period.
49. Business development expenses. Refer to Kentucky American's response to the Attorney General's First Request, Item 56(a).
- a. Provide a detailed listing and description of the business development expenses that will be incurred in the forecast test period and specify which expenses that are specific to Kentucky. Also, for each state whether the expense is directly incurred by Kentucky American or allocated by the service company.
  - b. Provide an explanation of how these expenses benefit Kentucky ratepayers, and include all supporting documentation.
  - c. Are the salary and reimbursement amounts provided in subpart (b) included in the Kentucky American and shared services amounts for business development, government affairs, and regulatory policy expenses provided in subpart (a) of this response?

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50. Healthcare Expense. Refer to Kentucky American's response to the Attorney General's First Request, Items 41(a) – (d). Provide the dollar amount reduction to the forecasted test period healthcare expense by using the Bureau of Labor Statistics' average of 80% for single coverage and 68% for family coverage employee insurance premiums.
51. Defined benefit program. Refer to Kentucky American's response to the Attorney General's First Request, Item 96. Explain in detail whether the Company's defined benefit plans are locked and/or frozen and to which employees. Also provide the dates when each plan was locked and/or frozen.
52. Regulatory Expense. Refer to the Excel file titled KAWC 2025 Rate Case – Regulatory Expense Exhibit, tab titled "Summary By Account" provided in Kentucky American's response to Staff's First Request, Item 1.
- a. Is the \$332,246 unamortized rate case expense from the 2023 rate case? If not, explain what this amount represents.
  - b. Provide the date when the 2023 rate case expense will be fully amortized.
  - c. Confirm that the 2023 rate case expense will continue to be collected until the order in the next rate case. If not confirmed, explain in detail why not.
53. Unaccounted-for Water. Refer to Kentucky American's response to the Attorney General's First Request, Item 173.
- a. Provide the calculations showing how the 17.5% unaccounted-for water was derived.
  - b. Explain why the Company used 2025 year-to-date data to calculate the unaccounted-for water percentage.

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54. Fuel and Power Expense. Refer to the Excel file titled KAWC 2025 Rate Case – Fuel and Power Exhibit W/P 3-3 tab titled “Link In” provided in Kentucky American’s response to Staff’s First Request, Item 1.

- a. Explain in detail what the large increase in spending in 2022 over the prior year levels was attributed to.
- b. Provide the 2018 and 2019 actual amounts by subaccount.

55. Fuel and Power Expense. Refer to the Excel file titled KAWC 2025 Rate Case – Fuel and Power Exhibit W/P 3-3 provided in Kentucky American’s response to Staff’s First Request, Item 1. Confirm that the forecasted 6.5% increase for Kentucky Utilities pending rate case yields an increase of \$485,567 in the forecasted test period. If not, provide the dollar amount of the increase in the forecasted test period related to the 6.5%.

56. Purchased Power. Refer to Kentucky American’s response to the Attorney General’s First Request, Item 149.

- a. Provide the calculations used to derive the 6.5% increase. Include all support.
- b. Specify which customer class rate the 6.5% increase applies to.
- c. Explain in detail why the Company is assuming Kentucky Utilities will receive a 6.5% increase in its current rate case.

57. Other Revenues. Refer to Kentucky American’s response to the Attorney General’s First Request, Item 132, Attachment.

- a. Explain the type of revenue included in Account 40310250 Other Rev Rent I/C
- b. Explain the type of revenue included in Account 40319900 Other Rev Misc serv.

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- c. Explain the reason for the large decrease to the base period and forecast test period for Account 40310250 Other Rev Rent I/C.
  - d. Explain why the Company did not forecast any revenue in the forecast test period for Account 40319900 Other Rev Misc serv.
  - e. Explain why there was no revenue in 2021 Account 40319900 Other Rev Misc serv.
58. Service Company Charges. Refer to Kentucky American's response to the Attorney General's First Request, Item 159. The response states that the allocation percentage is primarily driven by customer count. Given that the Company expects the customer count to be the same in the base year and test year as 2024, explain the reason for the increase to service charges allocation percentage in the forecasted test period over the prior year shown.
59. Cafeteria. Refer to Kentucky American's response to Attorney General's First Request, Item 93.
- a. Provide the address of American Water's headquarters.
  - b. Explain why Kentucky ratepayers should be responsible for the employee cafeteria cost.
  - c. Explain what types of expenses comprise the amounts shown.
60. Penalties/Fines. Refer to Kentucky American's response to the Attorney General's First Request, Item 148, Attachment. Identify the dollar amount of penalties and fines incurred in 2024, including descriptions of each. Also identify the workpapers where these are removed from the base year and forecast test period.

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61. Property Tax. Refer to Kentucky American's response to the Attorney General's First Request, Item 155.
- a. Explain the reason for the large decrease to property tax expense in 2022.
  - b. Explain the significant increase to property tax expense in 2023 over the 2022 level.
  - c. Explain the reason for the decrease in expense in 2024 over the 2023 level.
  - d. Explain the reason for the increase to the forecast test period over the 2024 and base year levels shown.
62. Employee related expenses. Refer to Excel file titled KAWC 2025 Rate Case – Employee Related Expense Exhibit, tab titled “Link In” provided in Kentucky American's response to the Staff's First Request, Item 1. Explain why a three-year average is more appropriate than a five-year average for accounts Employee Expenses, Conferences & Registration, Meals Deductible, and Meals Non-Deductible.
63. Investor relations. Refer to Kentucky American's response to the Attorney General's First Request, Item 121. Provide a description of what is included in this expense.
64. QIP. Refer to the Direct Testimony of Dominic DeGrazia (“DeGrazia Testimony”), Exhibit DD-3. Provide all revenue requirement schedules and workpapers in excel supporting the requested revenue increase without QIP for the forecast test period.
65. QIP. Refer to the DeGrazia Testimony, Exhibit DD-3. Does the third column titled “Forecast Period without QIP Ending December 31, 2026” include any 2026 forecasted QIP plant additions and corresponding revenues and expenses? If so, provide the amounts in a similar format as column 2 which is titled “QIP Ending December 31, 2025” including all supporting schedules and workpapers in excel format with all formulas intact.

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66. QIP. Refer to the Application generally. Explain why the Company is proposing to roll in the QIP plant in this case as the roll-in was denied in Case No. 2023-00191.
67. QIP. Refer to page 23 of the Commission's May 3, 2024 Order in Case No. 2023-00191, which states that Kentucky American stated that the QIP will delay rate cases. The Company filed its 2023 rate case on 6/23/2023 and the current case on 5/16/2025, less than two years apart. The Company stated that the current case is primarily driven by capital expenditures. If the Company is going to file frequent rate cases, explain why the QIP Rider should be continued.
68. QIP. Refer to page 83 of the Commission's June 27, 2019 Final Order in Case No. 2018-00358.
- a. Identify O&M savings or where those were reported in Case No. 2023-00191.
  - b. Provide the annual O&M savings by category for each year that the QIP has been in effect.
69. QIP. Refer to page 22 of the DeGrazia Testimony which states that the roll-in of the current QIP will lessen the administrative burden of tracking the current level of QIP projects and the separation of costs. Explain how the burden will be lessened if the QIP mechanism continues and costs will still need to be tracked.
70. Plant Additions. Refer to KAW\_APP\_EX37B\_051625, Page 5 of 54, Schedule B-2.
- a. Provide the actual plant additions (excluding QIP projects) for the each of the years 2015 through 2024, and the projected plant additions for the base period and forecasted test period.
  - b. Provide all documentation supporting the forecasted test period plant additions.



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71. Plant Additions. Refer to Kentucky American's response the Attorney General's First Request, Item 154. Provide the plant balances in similar format excluding QIP projects for the years shown and the base period and forecasted test period.
72. Contingencies. Refer to Kentucky American's response to the Attorney General's First Request, Items 60 and 73, KAW\_R\_AGDR1\_NUM073\_070725 page 6 of 10. The Company's response to Item 60 states that Kentucky American does not include contingencies for specific projects but does apply them to some recurring projects. Item 73, page 6 of 10, identifies contingency amounts for several projects. Provide the dollar amount included in the forecasted plant in service, that excludes QIP, for contingencies, which was requested in Item 60.
73. Advanced Metering Infrastructure ("AMI") Capital Expenditures. Refer to the Application generally. Identify the total amount of AMI expenditures included in the base period and the forecasted test period, including all corresponding amounts (e.g., including but not limited to ADIT, taxes, amortization, depreciation expense, accumulated depreciation, interest synchronization, O&M expenses, etc.).
74. Capital Expenditures. Refer to Kentucky American's response to Staff's First Request, Item 14, page 22.
- a. Explain the reason for the substantial increase in spending in 2022 over the 2021 level.
  - b. Explain the reason for the substantial increase in spending in 2023 over the 2022 level.

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- c. Explain the reason for the substantial increase in spending in 2024 over the 2023 level.

75. Capital Expenditures. Refer to Kentucky American's response to Staff's First Request, Item 14, page 22.

- a. Provide the budgeted amounts and actual amounts for each of the following categories for each of the years 2015-2024: recurring projects excluding QIP, QIP projects, investment projects, and enterprise projects.
- b. Explain why the Company calculates the slippage factor including QIP projects since the QIP projects are accounted for outside of base rates.
- c. Explain in detail the types of projects that are included in enterprise projects and whether the Company considers them to be recurring or investment projects.

76. Slippage factor. Refer to pages 12 – 13 of the Commission's June 27, 2019 Order in Case No. 2018-00358 where the Commission applied separate slippage factors for recurring projects and investment projects.

- a. Explain why the Company did not calculate separate slippage factors for recurring projects and investment projects in this case.
- b. Provide separate slippage factors for investment and recurring projects excluding QIP projects based on the last ten years of calendar data (2015-2024).

77. Lead Lag. Refer to Kentucky American's response to the Attorney General's First Request, Item 63.

- a. State whether the Company is paying for services before they are completed.

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- b. Provide copies of the 2023 and 2024 invoices for service company charges and provide the dates when each invoice was paid.
78. Cash working capital. Refer to the Direct Testimony of Harold Walker, III (“Walker Testimony”), Exhibit HW-1, page 5 of 6. Explain why the Company included non-cash items in the cash working capital calculation since they were disallowed in the prior rate case.
79. Cash working capital. Refer to Kentucky American’s response to the Attorney General’s First Request, Item 63(a). Provide copies of the pages of the contract which discusses payment prior to the midpoint of the service.
80. Cash working capital. Refer to Kentucky American’s response to the Attorney General’s First Request, Item 63(c). Explain the reason why the lead days have increased since the Company’s previous rate case application.
81. Cash Working Capital. Does American Water and its affiliates completely exclude non-cash items from the working capital calculation in other jurisdictions? If so, identify all the other jurisdictions where the non-cash items are excluded and provide direct links or copies of the cash working capital studies.