

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**LEXINGTON-FAYETTE URBAN COUNTY GOVERNMENT’S
FIRST REQUEST FOR INFORMATION**

In accordance with the Public Service Commission’s (“Commission”) May 27, 2025 Order, Lexington-Fayette Urban County Government (“LFUCG”) propounds the following data requests upon the Applicant Kentucky-American Water Company (“KAWC”). KAWC shall respond to these requests in accordance with the provisions of the Commission’s Order, applicable regulations, and the instructions set forth below.

INSTRUCTIONS

1. Please provide written responses, together with any and all exhibits pertaining thereto, separately indexed and tabbed by each response.
2. The responses provided should restate LFUCG’s request and also identify the witness(es) responsible for supplying the information.
3. If any request appears confusing, please request clarification directly from counsel for LFUCG.
4. Please answer each designated part of each information request separately. If you do not have complete information with respect to any item, please so state and give as much information as you do have with respect to the matter inquired about, and identify each person whom you believe may have additional information with respect thereto.

5. To the extent that the specific document, workpaper, or information does not exist as requested, but a similar document, workpaper, or information does exist, provide the similar document, workpaper, or information.

6. 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.

7. If KAWC objects to any request on any grounds, please notify counsel for LFUCG as soon as possible.

8. For any document withheld on the basis of privilege, state the following: date; author; addressee; blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

9. In the event any document called for has been destroyed or transferred beyond the control of the company, state the following: 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.

10. 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.

Respectfully submitted,



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Requests for Information

1. Please provide the total number of water service meters assigned to LFUCG as a customer in the base period. In addition, please confirm that KAWC does not forecast meter counts for the forecasted test period for specific customers or the total revenue assigned to specific customers for the forecasted test period.

2. Under how many different types of customer rate classes does LFUCG currently make payments to KAWC? For each type of class, please provide the following information:

- (a) The type of customer rate class;
- (b) The number of accounts in each such class;
- (c) Whether such accounts are metered;
- (d) The account numbers for each separate account;
- (e) The physical location, by street address, GPS marker (or other easily understood designation) of each separate account;
- (f) The basis and explanation for treating the account as a separate account, whether it is because it is separately metered or otherwise;
- (g) The total amount paid by LFUCG to KAWC for the provision of water for each of its separate accounts for each year, going back the inception of KAWC's last approved rate increase; and
- (h) The total net projected impact for each such class under the proposed rate increase.

3. Does KAWC believe that the filing and/or proposed rate increases will in any way change the types of services for which it pays franchise fees to LFUCG? If so, please explain.

4. Confirm that the franchise fee assessed by LFUCG applies to revenue KAWC receives from the Qualified Infrastructure Program (QIP) within Fayette County.

5. Please list all of the tariffs applicable to the use or consumption of water in Fayette County for which KAWC does not currently pay LFUCG a franchise fee.

6. Does KAWC or any other American Water Company subsidiary have a tariff, contract or other arrangement under which the costs related to public fire hydrants are passed through to one or more of the other customer classes? If so, please list the name of the jurisdiction and provide the details of the arrangement, including any relevant supporting documents.

7. Do any American Water Company subsidiaries currently have a contract under which they provide sewer billing services on behalf of a local government? If so, please provide the name of the subsidiary and local government and provide a copy of each contract.

8. Please describe in detail any ongoing efforts of KAWC to expand its sale or

provision of water to (a) new wholesale customers, (b) expanded sales to existing wholesale customers, (c) prospective industrial customers, (d) expanded sales to existing industrial customers, and (e) water systems that could be acquired by KAWC.

9. Please describe in detail any ongoing efforts of KAWC to expand its involvement with the Partnership for Safe Water or any other treatment programs established by the Environmental Protection Agency.

10. Please describe in detail any and all lead testing services offered by KAWC to residential customers in Fayette County.

11. Describe KAWC's activities related to the EPA's Lead and Copper Rule, including the status of surveys that are required to be conducted under the Rule.

12. How many KAWC employees are located in Lexington, Kentucky? Please provide a description of the number and types of position for each. If KAWC anticipates any change within the next five (5) years, please provide the specific details.

13. How many public fire hydrants are currently in use in KAWC's entire system? How many of these hydrants are billed to LFUCG?

14.

(a) How many public fire hydrants are projected to be in use during the forecasted test period?

(b) How many of these hydrants are projected to be billed to LFUCG?

(c) Please provide a list of all of the ratepayers (other than LFUCG) who pay for any public fire hydrants.

(d) What percentage of gross revenue does KAWC derive from public and private fire protection charges/rates, or similar charges/rates?

15.

(a) Is the Public Fire Service Revenue component of the cost-of-service study comprised of anything other than the total number of public fire hydrants and the tariff (KAWC Exhibit 36; KAWC Exhibit 37, Schedule M-3)?

(b) What is the total number of public fire hydrants in the base period?

(c) What is the total number of public fire hydrants in the forecasted test year?

16. Please provide a breakdown of the total number of the following fire hydrants in Fayette County: (a) public fire hydrants, (b) fire hydrants that are owned and maintained by KAWC, but located on private property, and (c) hydrants for which KAWC is not the owner. If possible, please provide the location of each hydrant. If this information is not available, please explain what action, if any, KAWC is taking to track this information going forward in time.

17. Please describe the process that is undertaken before a privately owned fire hydrant is added to KAWC's system. Please provide a copy of any contracts or other documents that are required to be followed or executed by the owner of the hydrant.

18. Please provide the following information with respect to public fire hydrant charges:

(a) Any adjustment to hydrant charges to reflect system uses of hydrants, including but not limited to flushing the KAWC system; and

(b) Please provide the number (quantity), type, and location (by street address or other easy to identify locator) of each fire hydrant for which LFUCG currently pays a monthly tariff.

19. Please detail the administrative cost component attributable to public fire protection, and provide any applicable work papers showing how the cost component is calculated.

20. What is the cost to KAWC (per unit) to acquire each type of fire hydrant?

21. For the billing period ending in May 2025, please calculate a hypothetical bill for LFUCG's cost for leasing public fire hydrants (reference account ending -6506) for the same billing period, applying the changes proposed in this rate case. Provide the hypothetical cost as a total dollar amount and as a percent increase from the actual bill.

22. Provide examples, if any, of how revenue generated by the QIP has enhanced available fire flows. Include within your response the number of additional hydrants added to the system in each of the preceding QIP years.

23. Please describe any and all efforts by KAWC to improve public fire protection service since the last rate case.

24. Please explain in detail KAWC's current policies, procedures, practices, and/or guidelines for testing, maintaining and/or replacing fire hydrants in Fayette County and provide copies of the same.

25. Please describe in detail all inspections, maintenance, or testing that must be performed by KAWC on each type of fire hydrant to ensure that it operates properly, and provide a list breaking down each of the components of the above and its cost, as well as how frequently each of the above must be performed, or actually is performed. Also describe in detail all maintenance that must be performed by KAWC on the public fire system to ensure that it operates properly. Please explain how KAWC maintains any such records.

26. Please provide the standard(s) that KAWC is using to determine that a fire hydrant is leaking, failed or obsolete. If a hydrant is identified in such a condition, is it still billed to the customer, or is immediately removed from future billing until corrected?

27. Is there a minimum flow rate at which KAWC deems a fire hydrant not to be useful? What if anything, is done with respect to such hydrants, when they are identified? If there is a difference in how different types of hydrants are treated, please explain.

28.

(a) Does KAWC require its privately-owned fire hydrant or service customers to provide any evidence or documentation that such systems are being adequately maintained, inspected, or tested on regular basis, or does KAWC ever perform any testing? Please explain.

(b) What, if anything, does KAWC do if it comes to its attention that a privately owned fire hydrant is no longer operable?

29.

(a) Are all privately-owned water lines metered at some point? If not, please explain how a determination is made with respect to whether such a line is metered.

(b) State whether KAWC has reduced the number of privately-owned water lines that are not metered since the last rate case.

30. Please refer to KAWC Tariff "Classification of Service – Service Classification No. 4."

(a) How many customers have meters installed by KAWC because of suspicion of usage other than fire extinguishment? Does LFUCG have any of its accounts for First Service with such a meter? If so, please identify the account location and number.

(b) How many "special connections" with service contracts does KAWC have? Does LFUCG have any of its accounts serviced through such a contract? If so, please attach a copy of each such contract.

31. What depreciable life basis (if any) for each type of fire hydrant does KAWC utilize? Is this the industry standard service? If not, please explain.

32.

(a) What is the individual fire flow requirement to which KAWC's water system in Fayette County has been designed and/or built?

(b) Does this differ in any way from the historical or current actual performance level of the system?

(c) How often is this tested?

(d) Are these results provided to the LFUCG Division of Fire and Emergency Services?

33. What is the minimum fire flow protection required to meet ISO guidelines? Please provide any supporting documentation.

34. Please provide the annual use of water for public and private fire service for calendar years 2023 and 2024, inclusive, and for each month thereafter as it is or becomes available. If water use for public and/or private fire service has been projected for the forecasted test period, please provide those projections as well.

35.

(a) What is the basis for the 14,000 gpm of fire flow (KAWC Exhibit 36, Tab: Usage Statistics)?

(b) Explain why KAWC increased the fire allocator from 12,000 pgm that was used

in cost-of-service study filed with KAWC's 2023 rate case to 14,000 gpm that was used in cost-of-service study filed with KAWC's rate case.

(c) Explain how the calculated cost to provide public and private fire service would change if the fire allocator was 12,000 gpm as compared to 14,000 gpm.

36.

(a) What is the basis for utilizing a 10-hour demand for fire flow on KAWC Exhibit 36, Tab: Usage Statistics?

(b) Explain why KAWC increased the fire allocator from a 6-hour demand that was used in cost-of-service study filed with KAWC's 2023 rate case to a 10-hour demand that was used in cost-of-service study filed with KAWC's rate case.

(c) Explain how the calculated cost to provide public and private fire service would change if the fire allocator was based on a 6-hour demand as compared to a 10-hour demand.

37. Please provide a list of all local governments and water utilities in Kentucky (other than LFUCG) who obtain water from KAWC and the terms of each such arrangement. As KAWC adds additional customers of this type, please explain whether such customers will reduce the burden of the Kentucky River Station II Water Treatment Plant and associated pipeline on existing customers, or whether they will in any way reduce the cost of future water rates.

38.

(a) For each calendar year from 2015 – 2024, please provide a comparison of total projected water use established in the prior year and the total actual water use. For example, for 2015, provide the forecasted total water use established in 2014 for 2015, and the actual total water use in 2015.

(b) To what extent are current consumption and demand rates consistent with the projections KAWC has submitted in PSC proceedings since 2014?

39. Please provide the total amount of water supplied by KAWC to its customers on an annual basis since 2010. To the extent possible, please provide the same information broken down into counties or regions. Please provide this information for each category of ratepayer.

40. Does KAWC have an estimate of how much water has been lost due to leaking KAWC infrastructure? Please provide this information for 2018 and subsequent calendar years by volume and percentage of treated water.

41. Please describe what processes are in place to identify a potentially stuck meter or unknown leak (e.g., automated review of meter data).

42. Does KAWC have a formal policy or informal practice regarding expenses incurred by a customer due to an unknown leak? Does KAWC grant customers leniency in this situation? If so, please describe.

43. Identify the percentage of KAWC's non-revenue water for each of the last 60

months. Include within your response the formula of how KAWC calculates this percentage.

44. Please describe existing or planned water conservation programs aimed at end customers and the respective annual funding for such programs. For each such program, please provide an annual estimate of the quantity, in volume and percentage of treated water, of water which will not be consumed as result of the program.

45. Has KAWC had difficulty attracting capital either internally from American Water or from outside capital? If yes, please provide evidence of this.

46. Please refer to page 10, line 7 of Ann E. Buckley's testimony. Please provide any evidence, data supported or not, as to why KAWC must "compete directly for capital with other investments of similar risk, which include other water, natural gas, and electric utilities."

47. Explain whether the cost-of-service study presented in this case has any different methodologies in comparison to the cost-of-service study prepared in KAWC's 2023 rate case.

48. Explain whether KAWC provides any relief to a customer who proves that a water leak occurs on a line downstream of the meter but on a section of a line outside of the customer's control. For example, would KAWC provide relief to an apartment-complex tenant who is a customer if the leak is proven to be on a section of water line downstream of the meter but in the common area of the apartment complex.

49. State whether KAWC has generated revenue through the sale to a third party of data obtained through the AMI program. If so, how much revenue has KAWC received through such a sale and over what period was that revenue generated. Also, please state whether KAWC anticipates generating revenue in the future through the sale to a third party of data obtained through the AMI program? If so, how much revenue does KAWC anticipate receiving through such a sale?

50. Refer to Application Exhibit 37.

- (a) Confirm that the KAWC is proposing to recover rate case expenses to be amortized over 24 months.
- (b) State whether the Kentucky Public Service Commission has ever calculated KAWC's revenue requirement with rate-case expense being amortized over a 24-month period.

51. Refer to the Direct Testimony of John Magner at page 14. Provide all documentation, analysis, reports, summaries, and underlying support for KAWC's conclusion that "repair[ing] a main break is over \$1,000 per linear foot, whereas replacing main as part of a planned main replacement project costs approximately \$330 per linear foot."

52. For 2023 and 2024, provide the average cost to repair based on the linear feet of pipe replaced in response to main breaks and the associated cost.

53. Refer to the testimony of William A. Lewis at page 29. Identify the anticipated costs for deploying acoustic monitoring devices on fire hydrants and the anticipated cost savings associated with reduction of water loss attributable to these devices.

54. Explain how the deployment of advanced metering infrastructure has improved detection of leaks for customer-owned facilities downstream of the meter. Include within your answer KAWC's policies for providing notice to customers of potential leaks on customer-owned facilities downstream of the meter.

55. Refer to the Adjustment for Purchased Water. Provide the actual purchased water expense associated with water purchases from the City of Paris for the months of March, April, May, and June 2025.

56. State whether KAWC or American Water has filed litigation seeking compensation or entered into agreements for compensation related to the manufacturing of products containing per- and polyfluoroalkyl substances ("PFAS"), including the federal multi-district litigation class action lawsuit (District Court for the District of South Carolina, Master Docket No. 2:18-mn-2873-RMG) which resulted in a settlement agreement exceeding \$10 billion. If yes, describe any compensation that KAWC anticipates will be received through litigation. If no, explain why not.