

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2025-00364
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: William A. Lewis

1. Refer to Kentucky-American's response to Commission Staff's First Request for Information (Staff's First Request), Item 2.
 - a. Explain Kentucky-American's understanding, following the conversation with the Kentucky Division of Water (DOW), of the current outstanding violations related to the city of Livingston's (Livingston) water system, and the steps that will need to be taken by Kentucky-American to address those violations so to achieve compliance with all DOW regulations upon the proposed purchase of Livingston. Include a timeline of any remedial steps that will be taken and identify the entity expected to perform the work.

Response:

Based on the conversation with the DOW, the City of Livingston is subject to an Agreed Order (AO), DOW 23-3-0071, filed by the DOW on September 7, 2023. Per the terms of the AO, the City of Livingston was to hire a certified operator for the water system, provide a staffing plan to the DOW for review, and complete the prescribed corrective action plan included in the AO. It is unclear to what extent the corrective action plan was completed. The most recent sanitary survey inspection of the City of Livingston's water system was conducted on September 30, 2025 by the DOW. The inspection cited various administrative deficiencies related to failure to respond to prior inspection findings and failure to send customer notifications related to their Lead and Copper Rules Revisions program. In addition, the City does not have a certified operator, does not properly record chlorine data, does not properly submit monthly operating reports, does not track and report water loss, and has not repaired the faulty altitude valve to control tank level properly.

Per the discussion with DOW, once KAW has closed the sale of the system with the City of Livingston, KAW will enter into a new Agreed Order with the DOW to formally address the various system deficiencies. The new order will include KAW's new corrective action plan to address the system deficiencies noted in the September 30, 2025 sanitary survey report and a proposed timeline by which the deficiencies will be resolved post system sale. Most deficiencies will be resolved upon final closing (e.g., certified operator, chlorine data, monthly operating report, water loss report) since the Livingston system will be incorporated into KAW's existing Eastern Rockcastle water system. As a result, the Livingston system will be covered by KAW's existing certified operator, monthly operations and chlorine reporting will be administered by KAW's statewide water quality department, and Livingston's water loss reporting will be incorporated into KAW's existing Southern District water loss report. Remaining deficiencies noted in the survey report will be documented in KAW's corrective action plan with proposed completion

dates in accordance with DOW's consideration and approval of the proposed Agreed Order. As of the filing of this response, KAW does not have proposed completion dates for remaining deficiencies, but it plans to work with DOW to establish them.

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2. Refer to KAW_R_PSCDR1_NUM002_120825_Attachment.pdf, page 149, email dated December 1, 2025, from Alexis Sulfridge. Explain whether Kentucky-American has had any conversation with Livingston officials or received an update concerning the referenced potential funds for the tank repair or replacement of the altitude meter.

Response:

There have not been any new conversations with or updates from Livingston officials regarding tank repair funds.

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3. Refer to Kentucky-American's response to Staff's First Request, Item 4. Consider this an on-going request to supplement the requested schedules as Kentucky-American completes them.

Response:

The requested schedules will be submitted as they are completed, or in the event information to complete a schedule is not available, the impacted schedule will be so noted. No additional schedules have been received as of this date.

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Witness: John Magner

4. Refer to Kentucky-American's response to Staff's First Request, Item 12, KAW_R_PSCDR1_NUM012_120825_Attachment.pdf, Attachment 1. Provide the attachment in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

Response:

Please see KAW_R_PSCDR2_NUM004_010626_Attachment1.

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5. Refer to Kentucky-American's response to Staff's First Request, Item 8. Refer also to Kentucky-American's response to Staff's First Request, Item 12, KAW_R_PSCDR1_NUM012_120825_Attachment.pdf, Attachment 1.
 - a. Confirm that all of the assets listed in KAW_R_PSCDR1_NUM012_120825_Attachment.pdf, Attachment 1 comprise the entirety of Livingston's water system assets to be acquired. If not confirmed, explain the response.
 - b. If the response to subpart (a) is not confirmed, confirm that the purchase price of \$400,000 will not change as a result of the additions to the acquired assets.

Response:

- a. The assets listed in KAW_R_PSCDR1_NUM012_120825_Attachment.pdf, Attachment 1 represent assets that are documented on the Kentucky Infrastructure Authority's Water Resource Information System portal or in information provided by the City of Livingston to Kentucky American Water ("KAW"). The City of Livingston provided limited information regarding their system's assets, so the possibility exists that the system includes additional assets beyond what is listed in KAW_R_PSCDR1_NUM012_120825_Attachment.pdf, Attachment 1.
- b. The purchase price will not change if additional assets are acquired.

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6. Refer to Kentucky-American's response to Staff's First Request, Item 23. Provide the number of mains to be replaced each year, pursuant to the amount of expenditures required, and the percentage/portion of the current Livingston water system the cumulative proposed amount of expenditures represents.

Response:

As noted in the response to Staff's First Request, Item 23, specific projects will be identified once KAW assumes operation of the system, so the exact amount of water main to be replaced each year is yet to be determined.

However, assuming a price of \$225/LF for main replacement, the amount of water main to be replaced can be estimated as shown in the table below. These replacements will focus on sections of water main that are identified to be significant contributors to non-revenue water.

Item	2026	2027	2028	2029	2030	TOTAL
Capital budget for water main replacement	\$125,000	\$65,000	\$65,000	\$65,000	\$65,000	\$385,000
Linear feet of water main replaced ¹	556	289	289	289	289	1,711
Percent of total system water main replaced ²	0.8%	0.4%	0.4%	0.4%	0.4%	2.4%

¹ Assumed unit replacement cost of \$225/LF

² 70,442 LF of total water main within the Livingston system

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7. Refer to Kentucky-American's response to Staff's First Request, Item 12. In the pending application for a Certificate of Public Convenience and Necessity (CPCN) in Case No. 2025-00240,² Kentucky-American has claimed the average life of meters is ten years. KAW_R_PSCDR1_NUM012_120825_Attachment 1, page 1 shows an assumed installation date of 2000 for Livingston's meters. Confirm if Kentucky-American plans to replace the current Livingston system's meters with the Advanced Metering Infrastructure (AMI) meters in 2026 if the CPCN is approved in Case No. 2025-00240.

Response:

Yes, to ensure Livingston water meters meet current metering standards and they will function properly with KAW's existing meter reading systems, the water meters in Livingston will be replaced with new AMI meters in 2026 if the CPCN is approved in Case No. 2025-00240.

² Case No. 2025-00240, *Electronic Application of Kentucky-American Water Company for a Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure* (filed July 10, 2025).

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8. Refer to Livingston's response to Staff's First Request, Item 5(A) stating current water loss is 39 percent for 2025.
 - a. Explain if Kentucky-American has an immediate plan of action to address the 39 percent water loss in the Livingston system within the first 90 days of ownership.
 - b. Refer also to Kentucky-American's response to Staff's First Request, Item 23. Explain if the committed \$600,000 capital investment is sufficient to reduce the current Livingston system's water loss to Kentucky-American's system average of approximately 18 percent or will additional funds be required.

Response:

- a. KAW will incorporate Livingston into KAW's existing Eastern Rockcastle water system. In so doing, the Livingston system will benefit from professional operational management and oversight of the system immediately upon closing. This includes proper operation and management of the water tank to mitigate water loss due to overflows, and immediate response to water main breaks and leaks. Long term, the Livingston water system will be incorporated into KAW's existing water loss reduction plan.
- b. Livingston did not provide information to KAW regarding the causes of their 39% water loss. Without this information, KAW cannot definitively determine the amount of capital investment needed to reduce Livingston's current water loss to an average of approximately 18%. After gathering data through the methods described in the response to part a, KAW will prioritize the capital budget for main replacement to target mains that are determined to be significant contributors of water loss.

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8. Refer to Kentucky-American's response to Staff's First Request, Item 16 and Livingston's response to Staff's First Request, Item 9, both confirming no Livingston employees will be retained.
 - a. Explain how Kentucky-American operations staff will locate valves, meters, and flush points without receiving any institutional knowledge from current staff since the system has "non-standard locations" for meters (per Due Diligence Report) and lacks GIS data.
 - b. Explain if Kentucky-American secured an agreement with the current part-time operator mentioned in the Due Diligence Report to provide transitional consulting services.

Response: KAW notes that this question is the second question No. 8 in Staff's Second Request for Information.

- a. The City of Livingston has a part-time hourly individual who currently reads meters and has the greatest institutional knowledge regarding the location of system assets. He has verbally agreed to assist KAW's GIS and operations staff in physically locating system assets and getting them added to KAW's GIS mapping database.
- b. A verbal agreement was obtained to provide transitional consulting services.

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9. Refer to Kentucky-American's response to Staff's First Request, Item 18, stating the acquisition eliminates Livingston as a separate utility. Explain how Livingston will bill for its sewer charges after the proposed acquisition since Kentucky-American is not acquiring the wastewater system.

Response:

This issue has not been discussed with Livingston officials, but KAW is able to provide sewer utilities with water usage data for sewer billing purposes, via a data exchange process, under separate agreement should Livingston be interested in this type of service from KAW.