

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00094
ATTORNEY GENERAL'S SECOND REQUEST FOR INFORMATION

Witness: William A. Lewis

18. Refer to Kentucky American's response to the Attorney General's First Request, Items 37 (a) and (b).
- a. Provide an updated monthly unaccounted-for water loss percentage for 2026. Consider this an ongoing request during the pendency of this case.
 - b. Explain in detail how Kentucky American has reduced its overall annual water loss percentage from 21.59% in 2022 down to 17.56% in 2025.
 - c. Explain in detail why there are large swings in water loss percentages from month to month. For example, in 2025 the water loss percentage was 21.35% in January, which then dropped to 8% in February, back up to 24.65% in March, and then up to 30.35% in April. But, there have been more steady water loss percentages in 2026 thus far ranging between 19.86% and 24.55%.
 - d. Explain in detail whether Kentucky American is projecting a higher water loss percentage for 2026 as compared to 2025 (annual 17.56% water loss) since the data thus far for 2026 is an average of 22.25% water loss.
 - e. 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 Nos. 2023-00191 and 2025-00122, Kentucky American did not appear to 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 in detail.
 - f. Explain what steps Kentucky American has taken since Case Nos. 2023-00191 and 2025-00122 to address the water loss associated with the special connection customers. If no steps have been taken, explain in detail why not.

Response:

- a. See table below and please also see the attachment to AG 2-84, and replicated below, which shows the 12-month rolling average for KAWC without recent acquisitions, Livingston, Clinton and Middlesboro and the total KAWC unaccounted for water percentages.

The following table reflects the most recent monthly UFW results available.

2026 Monthly UFW %												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
2026	22.80	24.55	19.86	21.78	16.78	15.47						

KAWC 12-month Rolling Average UFW %

<u>Jul</u> <u>2025</u>	<u>Aug</u> <u>2025</u>	<u>Sept</u> <u>2025</u>	<u>Oct</u> <u>2025</u>	<u>Nov</u> <u>2025</u>	<u>Dec</u> <u>2025</u>	<u>Jan</u> <u>2026</u>	<u>Feb</u> <u>2026</u>	<u>Mar</u> <u>2026</u>	<u>Apr</u> <u>2026</u>	<u>May</u> <u>2026</u>	<u>Jun</u> <u>2026</u>	<u>12-Mo</u> <u>Avg</u>
18.86	15.03	5.95	17.56	9.21	25.03	22.80	24.55	19.86	21.78	16.78	15.47	17.49

- b. KAWC's state-wide water loss prevention program includes a formal water loss reduction plan and a comprehensive infrastructure improvement plan. KAWC compiles and analyzes distribution system performance and identifies, measures, prioritizes, and mitigates both real and apparent water loss through those plans.

Apparent Loss:

1. Beginning in 2023, KAWC accelerated its Length of Service (LOS) meter replacement program by returning to a 10-year replacement strategy. This change is accelerating the replacement of the oldest water meters in the system thereby reducing the risk of water loss due to under registered usage.
2. KAWC has increased its focus to evaluate the performance of master meters owned by both KAWC and wholesale providers to mitigate inaccuracies due to provider meter readings, the timing of those meter readings and the overall accuracy of purchased water meters.
3. In 2025, KAWC replaced old venturi-style master meters at all three water treatment plants with new electromagnetic flow meters. The new meters are capable of accurately measuring water produced at each plant over a wider range of flow.

Real Loss:

1. KAWC continues to execute its water main replacement program to identify and replace aging pipe infrastructure in the distribution system. Aging pipelines are the largest source of pipeline leakage and replacement mitigates water loss.
2. KAWC continues to deploy acoustical leak detection devices within the distribution system. This system provides our operations team the ability to detect and repair leaks earlier and/or before they surface as larger leaks.
3. KAWC continues to perform fire service water loss audits. This process reduces unmetered water loss from fire services.
4. KAWC has dedicated four full-time employees to water loss control technician positions. This team works closely with the local operations team, using data from the acoustical leak detection system, customer water loss audits and other sources to proactively identify leaks earlier so that repair crews can make repairs sooner. Ultimately, reduction of leak run times reduce water loss.

5. The American Water Service Company continues to help KAWC with pipeline assessments of large diameter pipelines, pressure management reviews, and the development of pipeline replacement strategies that prioritize infrastructure improvements that are mitigating the potential for future water loss.
- c. The unaccounted-for water loss calculation is simply total water produced or purchased for the calendar month, minus total water supplied (sold) for the calendar month, less any other accounted for usage for water production, maintenance, public fire, fire services, etc. While the total volume of water produced by KAWC is easily measured for a calendar month, KAWC meter reading (customer usage) as well as water purchased by KAWC and meter reading by the wholesale provider do not align with the calendar month due to meter reading cycles. This inconsistency can be seen by the month-to-month variance in unaccounted-for water totals. For this reason, KAWC continues to promote the use of a rolling 12-month average (as set forth in the attachment to AG 2-84 as noted in response to part (a) above) as the best approach to minimize the inconsistent variances month to month and to measure the directional trend of water loss over a longer period of time.
- d. 2026 unaccounted for water loss is declining over the past two months as shown in the table above, in the subpart (a) response. There was a delay with starting the 2026 meter replacement program and winter months regularly result in higher water loss due to water main breaks and service leaks. Now that the 2026 LOS program is on schedule and with more moderate weather, KAWC expects unaccounted for water loss to trend similarly to that seen in 2025 if recent utility acquisitions are excluded from the calculation. It is important to note that the current 2026 average and the 12-month rolling average now include water loss from Livingston, Middlesboro, and Clinton since April 2026. 4th quarter water loss reporting will also include BMUD, so it is reasonable to expect some level of increase in 2025 with these additions.
- e. KAWC does not have specific formal written water loss reduction plans for each of the 270 separate special connections, as to do so would be resource intensive and impractical. All water infrastructure associated with a special connection is owned by the special connection customer and operation, maintenance and replacement of that infrastructure is the responsibility of the special connection customer, not KAWC. Therefore, KAWC cannot control the operation, maintenance or replacement of the special connection. Nevertheless, KAWC continues to educate and support its large customers to better understand where they may improve water loss reduction. From a utility perspective, different approaches are required for each special connection if the solution must be provided by the utility only. In most cases, there are individual metered accounts downstream of the special connections that can't simply be eliminated in favor of a master meter at the special connection without further correspondence and possible edits to KAWC's existing tariff. Additionally, many of the special connections have multiple connections to KAWC's water system that require multiple metering points with potential bi-directional flow. This further complicates and increases the cost of master metering. The solutions, if completely borne by the utility, will require many years of effort that will include legal, political, KAWC tariff, and engineering actions to resolve. KAWC has a financial responsibility to evaluate the total cost of solving this issue and its impact on customers. Significant

progress has been made over the past several years to reduce KAWC's unaccounted-for water loss through execution of the current water loss programs. KAWC will continue to pursue solutions to address the special connection challenge that make sense over the long-term but will prioritize its efforts on existing programs and strategies that are measurably reducing water loss in the short-term.

f. Please reference response to part e above.

Supplemental Response:

2026 Monthly UFW%												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2026	22.80	24.55	19.86	21.78	16.66	14.54	20.75					
KAWC 12-month Rolling Average UFW%												
Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	12-Mo
2025	2025	2025	2025	2025	2026	2026	2026	2026	2026	2026	2026	Avg
15.03	5.95	17.56	9.21	25.03	22.80	24.55	19.86	21.78	16.66	14.54	20.75	17.59

Please note: The values in the months of May and June 2026 from the previous response were total Company values including acquisitions. The supplemental response above corrects those months with KAWC values without the effects of recent acquisitions.