

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

Witness: William A. Lewis / Robert Prendergast

38. Refer to the Lewis Testimony, pages 39 – 40.
- a. Mr. Lewis states that the Company is basing the forecasted test period on 206 full-time employees. Mr. Lewis also admits that the Final Order in the Company's 2025 rate case authorized a level of O&M expense based on a headcount of 168 full-time employees. Further, the Commission granted rates to cover 156 employees in Case No. 2023-00191.
 - b. Provide the actual headcount versus the forecasted headcount of Kentucky American for the years 2021 – 2026.
 - c. Provide the actual headcount for Kentucky American for each month of 2025 and 2026. Consider this an ongoing request during the pendency of this case.
 - d. Confirm that in past cases Kentucky American normally has less of a headcount than what rates are based upon. If not confirmed, explain why not.
 - e. Confirm that Kentucky American normally receives revenues from customers for additional forecasted employees that the Company does not actually employ or pay. If not confirmed, explain why not.

Response:

- a. There is no question asked in this subpart to respond to.
- b. Please see KAW_R_AGDR1_NUM038_062626_Attachment.
- c. Please see KAW_R_AGDR1_NUM038_062626_Attachment.
- d. KAWC does not "normally" operate with fewer employees than reflected and used to establish rates. KAWC experiences variances in actual and forecasted headcount that occur due to typical business operations such as employee turnover, unexpected departures, and employee retirements. When these variances occur, the Company must continue to complete work necessary to continue to provide safe and reliable service to its customers using available resources, which requires KAWC to supplement its regular labor hours with additional contracted services and overtime hours.
- e. Not confirmed. The Commission evaluates and determines whether the forecasted level of headcount is supported and reasonable for inclusion in KAWC's rates. The forecast KAWC provides is a reasonable projection of the full complement of employees needed to perform necessary work. The Commission has permitted this approach in

Orders issued in 1996,¹ 2005,² 2010,³ 2019,⁴ 2024,⁵ and 2025.⁶ The Commission has repeatedly authorized KAWC recovery of a full complement of employees necessary to complete the work necessary to provide safe and reliable service. As mentioned in subpart d, variances in actual headcount occur due to a variety of factors but KAWC has still balanced this challenge against its duty to provide safe and reliable service by supplementing its own labor with Contract Services and additional OT hours that were not a part of the Company's authorized headcount and labor calculations.

Supplemental Response:

- c. Please see KAW_R_AGDR1_NUM038_080626_SUPP_Attachment for the actual headcount for KAWC updated for as of June 30, 2026 and July 31, 2026.

¹ *Application of Kentucky-American Water Company to Increase its Rates*, Case No. 95-554, Order at 32 (Ky. PSC Sept. 11, 1996).

² *Adjustment of the Rates of Kentucky-American Water Company*, Case No. 2004-00103, Order at 44 (Ky. PSC Feb. 28, 2005).

³ *Application of Kentucky-American Water Company for an Adjustment of Rates Supported by a Fully Forecasted Test Year*, Case No. 2010-00036, Order at 24-25 (Ky. PSC Dec. 14, 2010).

⁴ *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates*, Case No. 2018-00358, Order at 37-40 (Ky. PSC June 27, 2019).

⁵ Case No. 2023-00191 (Ky. PSC May 3, 2024), Order at 15-16.

⁶ *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates*, Case No. 2025-00122, Order at 16-20 (Ky. PSC Dec. 16, 2025).

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KAW_R_AGDR1_NUM038_080626_SUPP_Attachment

Headcount at Dec 31,			Actual Headcount by Month		
	Actual	Forecasted		2025	2026
2021	144	149	Jan	138	153
2022	151	145	Feb	143	154
2023	146	145	Mar	141	152
2024	136	149	Apr	144	153
2025	154	166	May	149	156
			Jun	149	167
			Jul	150	168
			Aug	146	
			Sep	149	
			Oct	150	
			Nov	152	
			Dec	154	