

**COMMONWEALTH OF KENTUCKY**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**In the Matter of:**

<b>ELECTRONIC APPLICATION OF</b>	)	
<b>KENTUCKY-AMERICAN WATER</b>	)	
<b>COMPANY FOR AN ADJUSTMENT OF</b>	)	
<b>RATES, APPROVAL OF SYSTEM</b>	)	<b>CASE NO. 2026-00094</b>
<b>IMPROVEMENT PROGRAM, AND TARIFF</b>	)	
<b>CHANGES</b>	)	

**APPLICATION, STATEMENT, AND NOTICE**

Applicant, Kentucky American Water Company, Inc. (“KAWC” or “Company”), pursuant to KRS Chapter 278 and the applicable sections of 807 KAR Chapter 5 as set forth below, hereby applies to the Kentucky Public Service Commission (“Commission”) for approval to adjust its water rates, implement a System Improvement Program (“SIP”), establish the rate base value for the Black Mountain Utility District (“Black Mountain”) acquisition, and tariff changes.

In support of its Application, KAWC states as follows:

1. KAWC is a corporation organized and existing under the laws of the Commonwealth of Kentucky with its principal office and place of business at 2300 Richmond Road, Lexington, Kentucky 40502. KAWC can be contacted by e-mail via the e-mail addresses of its counsel set forth below. KAWC was incorporated on February 27, 1882 and is currently in good standing in the Commonwealth of Kentucky.

2. KAWC is a wholly-owned subsidiary of American Water Works Company, Inc. (“American Water”) and is engaged in the distribution and sale of water in its Central Division, consisting of Bourbon, Clark, Fayette, Harrison, Jessamine, Nicholas, Scott, and Woodford Counties; its Northern Division, consisting of Gallatin, Owen, Grant, and Franklin Counties; and the Southern Division, consisting of Rockcastle and Jackson Counties. As of the filing of this

Application, KAWC is involved in transactions that may result in it becoming engaged in the distribution and sale of water in Bell, Harlan, and Hickman Counties. It currently owns, operates, and maintains potable water production, treatment, storage, transmission, and distribution systems for the purpose of furnishing potable water for residential, commercial, industrial, and governmental users in its service territory.

3. To continue to provide safe and reliable service, KAWC has continued to invest substantial capital to maintain and upgrade its facilities since its last rate case (Case No. 2025-00122).

4. Pursuant to KRS 278.180, KRS 278.190 and 807 KAR 5:001, Section 16(1)(b)(1), KAWC is requesting an increase in rates because its existing rates for water service do not afford KAWC the opportunity to recover its reasonable operating costs or to earn a just and reasonable rate of return on the investments made since the rates approved in the Company's last rate case. KAWC must be granted a rate increase at this time in order to maintain its facilities and provide service commensurate with its customers' reasonable expectations and the Commission's requirements, as well as attract capital at reasonable rates.

5. As authorized by KRS 278.192(1) and for the purpose of justifying the reasonableness of the proposed increase in rates, KAWC has utilized a forward-looking test period corresponding to the first twelve (12) consecutive calendar months the proposed rates will be in effect after the six-month suspension of the proposed rates. The forward-looking test period is the twelve months ending December 31, 2027 (January 1, 2027 – December 31, 2027).

6. KAWC has used, in the attached exhibits, a base period consisting of the twelve (12) months ending August 31, 2026 (September 1, 2025 – August 31, 2026). This base period begins not more than nine (9) months prior to the date of the filing of this Application and is a

period consisting of not less than six (6) months of actual historical data and not more than six (6) months of estimated data, all as authorized by KRS 278.192(2)(a).

7. Within forty-five (45) days after the last day of the base period, KAWC will file the actual results for the estimated months of the base period as required by KRS 278.192(2)(b).

8. KAWC's annual reports, including the annual reports for 2025, are on file with the Commission as required by 807 KAR 5:006, Section 4.

9. In accordance with KRS 278.180, KAWC hereby gives notice to the Commission of the adjustment of its rates from those set forth in attached Exhibit 1 of the filing requirements (current tariff) to those rates set forth in attached Exhibit 2 of the filing requirements (proposed tariff) in order to eliminate a revenue deficiency of approximately \$17.68 million on an annual basis. This will result in a 10.88% increase in water service revenues. A comparison of the current and proposed rates is set forth in attached Exhibit 3. Exhibits 1, 2 and 3 are also provided in accordance with 807 KAR 5:001, Section 16(1)(b)(3)-(4).

10. In Case No. 2007-00143, the Commission approved the implementation of single-tariff pricing for KAWC. Accordingly, the proposed rates for each customer class are and will be uniform throughout each customer class without regard to the KAWC division. The proposed annual revenue increases by customer classification are: Residential: \$14,115,881 or 16.52%; Commercial: \$8,093,093 or 18.61%; Industrial: \$1,040,621 or 22.92%; Other Public Authority: \$60 or 0.0005%; Sales for Resale: \$106,870 or 4.92%; Private Fire Service and Hydrants: \$37,791 or 0.73%; Miscellaneous (Bulk Sales of Water through Loading Stations): \$4,884 or 3.13%. The proposed annual revenue decreases by customer classification are: Public Fire Hydrants: \$5,826,544 or 84.09%. The proposed effective date of rates is for service rendered on and after

June 14, 2026. The effect upon the average bill for each customer class that the proposed rate change will apply is set forth in the Customer Notice which is attached as Exhibit 7.

11. KAWC is a Kentucky corporation and a certified copy of its Amended and Restated Articles of Incorporation is attached as Exhibit 4.

12. KAWC is a corporation in good standing with the Secretary of State of the Commonwealth of Kentucky. A certificate to that effect, dated within sixty (60) days of May 15, 2026, is attached as Exhibit 5.

13. The legal name of the applicant is Kentucky-American Water Company. It does business under an assumed name and has filed a Certificate of Assumed Name as required by KRS 365.015. A certified copy of the Certificate of Assumed Name as required by 807 KAR 5:001, Section 16(1)(b)(2) is attached as Exhibit 6.

14. KAWC has complied with 807 KAR Section 5:001, Section 17(1)(a)-(b)(2) by: (1) posting at its place of business a copy of the Customer Notice no later than the date this Application is submitted to the Commission; and (2) within five (5) business days of the date this Application is submitted to the Commission, posting on its website a copy of the public notice and a hyperlink to the location on the Commission's website where the case documents are available. In accordance with 807 KAR 5:001, Section 17(2)(b)(3), KAWC published customer notice once a week for three (3) consecutive weeks in newspapers of general circulation in its service area with the first publication made no later than the date of this Application. A copy of the Customer Notice is attached as Exhibit 7.

15. Pursuant to 807 KAR 5:001, Section 16(2), KAWC has filed with the Executive Director of the Commission a written notice of its intention to file this rate Application. The notice stated that the Application would be supported by a fully forecasted test period and was provided

to the Executive Director on April 15, 2026. On the same day, a copy was provided to the Office of Rate Intervention of the Attorney General’s office of the Commonwealth of Kentucky as required by 807 KAR 5:001, Section 16(2)(c). A copy of the notice is attached as Exhibit 8.

16. In support of its application for a general adjustment of rates supported by a fully forecasted test year, KAWC has presented its financial data for the forecasted period in the form of pro forma adjustments to the base period. KAWC has limited the forecasted adjustments to the twelve (12) calendar months immediately following the suspension period, and has based capitalization and net investment rate base on a thirteen (13) month average for the forecasted period, all as set forth in 807 KAR 5:001, Section 16(6)(a)(b) and (c) and as shown in Exhibits 37B, 37D and 37J.

17. In further support for its Application for a general adjustment of rates supported by a forecasted test year, KAWC attaches the following documents or explains their absence:

Filing Requirements	Abbreviated Document Description	Location or Absence Reason
807 KAR 5:001 Section 16(6)(f)	Rate base/capital reconciliation	Exhibit 9
807 KAR 5:001 Section 16(7)(a)	Testimony of Witnesses, including chief officer in charge of Kentucky operations <ul style="list-style-type: none"> <li>• Ann E. Bulkley</li> <li>• Robert Burton</li> <li>• William A. Lewis</li> <li>• John Magner</li> <li>• Robert V. Mustich</li> <li>• Jeffrey Newcomb</li> <li>• Robert Prendergast</li> <li>• Charles Rea</li> <li>• Linda Schlessman</li> <li>• John Watkins</li> <li>• Joseph Weiss</li> </ul>	Exhibit 10

807 KAR 5:001 Section 16(7)(b)	Capital construction budget with a 3-year forecast	Exhibit 11
807 KAR 5:001 Section 16(7)(c)	Description of forecast factors	Exhibit 12
807 KAR 5:001 Section 16(7)(d)	Annual and monthly budget for 12 months preceding the filing date, the base period and the forecasted period	Exhibit 13
807 KAR 5:001 Section 16(7)(e)	Robert Burton's statement of attestation	Exhibit 14
807 KAR 5:001 Section 16(7)(f)	Information about major construction projects	Exhibit 15
807 KAR 5:001 Section 16(7)(g)	Information about other construction projects	Exhibit 16
807 KAR 5:001 Section 16(7)(h)1	Financial forecast for the capital construction forecasted years - operating income statement	Exhibit 17
807 KAR 5:001 Section 16(7)(h)2	Financial forecast for the capital construction forecasted years - balance sheet	Exhibit 18
807 KAR 5:001 Section 16(7)(h)3	Financial forecast for the capital construction forecasted years - cash flow statement	Exhibit 19
807 KAR 5:001 Section 16(7)(h)4	Financial forecast for the capital construction forecasted years - revenue requirement	Exhibit 20
807 KAR 5:001 Section 16(7)(h)5	Financial forecast - energy and demand load forecast	Inapplicable to a water company
807 KAR 5:001 Section 16(7)(h)6	Financial forecast - access line forecast	Inapplicable to a water company

807 KAR 5:001 Section 16(7)(h)7	Financial forecast - generation mix	Inapplicable to a water company
807 KAR 5:001 Section 16(7)(h)8	Financial forecast - gas supply mix	Inapplicable to a water company
807 KAR 5:001 Section 16(7)(h)9	Financial forecast for the capital construction forecasted years - employee level	Exhibit 21
807 KAR 5:001 Section 16(7)(h)10	Financial forecast for the capital construction forecasted years - labor cost changes	Exhibit 22
807 KAR 5:001 Section 16(7)(h)11	Financial forecast for the capital construction forecasted years - capital structure requirements	Exhibit 23
807 KAR 5:001 Section 16(7)(h)12	Financial forecast for the capital construction forecasted years - rate base	Exhibit 24
807 KAR 5:001 Section 16(7)(h)13	Financial forecast for the capital construction forecasted years - water sales (gallons)	Exhibit 25
807 KAR 5:001 Section 16(7)(h)14	Financial forecast for the capital construction forecasted years - customer forecast	Exhibit 26
807 KAR 5:001 Section 16(7)(h)15	Financial forecast - gas sales forecast	Inapplicable to a water company
807 KAR 5:001 Section 16(7)(h)16	Financial forecast - toll and access forecast	Inapplicable to a water company
807 KAR 5:001 Section 16(7)(i)	FERC or FCC audit reports	Inapplicable to a water company
807 KAR 5:001 Section 16(7)(j)	Most recent stock or bond prospectus	Exhibit 27
807 KAR 5:001 Section 16(7)(k)	FERC Form 1, FERC Form 2, or PSC Form T	Inapplicable to a water company
807 KAR 5:001 Section 16(7)(l)	Annual reports to shareholders, most recent available two years	Exhibit 28

807 KAR 5:001 Section 16(7)(m)	Current chart of accounts	Exhibit 29
807 KAR 5:001 Section 16(7)(n)	Latest 12 monthly managerial reports	Exhibit 30
807 KAR 5:001 Section 16(7)(o)	Monthly budget variance reports for 12 months pre-base period, for base period, and subsequent months as available	Exhibit 31
807 KAR 5:001 Section 16(7)(p)	SEC 10-Ks, 8-Ks and 10-Qs as available	Exhibit 28
807 KAR 5:001 Section 16(7)(q)	Independent auditor's annual opinion report and any written findings of material weaknesses in internal controls	Exhibit 32  There is no finding of material weaknesses.
807 KAR 5:001 Section 16(7)(r)	Quarterly reports to shareholders for most recent five (5) quarters as available	Exhibit 28
807 KAR 5:001 Section 16(7)(s)	Summary of last depreciation study	Exhibit 33
807 KAR 5:001 Section 16(7)(t)	List of software, programs and models used	Exhibit 34
807 KAR 5:001 Section 16(7)(u)	Affiliate, general or home office allocations	Exhibit 35
807 KAR 5:001 Section 16(7)(v)	Cost of service study	Exhibit 36
807 KAR 5:001 Section 16(7)(w)	Cost of service study for local exchange carriers	Inapplicable to a water company
807 KAR 5:001 Section 16(8)(a)	Jurisdictional financial summary for the base and forecasted period	Exhibit 37, Schedule A
807 KAR 5:001 Section 16(8)(b)	Jurisdictional rate base summary for the base and forecasted period	Exhibit 37, Schedule B
807 KAR 5:001 Section 16(8)(c)	Jurisdictional operating income summary for base and forecasted period	Exhibit 37, Schedule C
807 KAR 5:001 Section 16(8)(d)	Jurisdictional adjustment to operating income	Exhibit 37, Schedule D
807 KAR 5:001 Section 16(8)(e)	Jurisdictional federal and state income tax summary for base and forecasted period	Exhibit 37, Schedule E

807 KAR 5:001 Section 16(8)(f)	Organization membership dues, initiation fees, country club expenditures, charitable contributions, marketing expenses, sales expenses, advertising expenses, professional service expenses, civic and political activity expenses, employee parties and outings expenses, employee gift expenses, and rate case expenses for the base and forecasted periods	Exhibit 37, Schedule F
807 KAR 5:001 Section 16(8)(g)	Payroll costs analysis	Exhibit 37, Schedule G
807 KAR 5:001 Section 16(8)(h)	Computation of gross revenue conversation factor	Exhibit 37, Schedule H
807 KAR 5:001 Section 16(8)(i)	Comparative income statements, revenue statistics and sales statistics for five most recent calendar years, the base period, forecasted period and two calendar years beyond the forecast period	Exhibit 37, Schedule I
807 KAR 5:001 Section 16(8)(j)	Cost of capital summary for base period and forecasted period	Exhibit 37, Schedule J
807 KAR 5:001 Section 16(8)(k)	Comparative financial data and earning measures for the ten most recent calendar years, base period and forecasted period	Exhibit 37, Schedule K
807 KAR 5:001 Section 16(8)(l)	Narrative description and explanation of all proposed tariff changes	Exhibit 37, Schedule L
807 KAR 5:001 Section 16(8)(m)	Revenue summary for base period and forecasted period with detailed billing analysis for all customer classes	Exhibit 37, Schedule M
807 KAR 5:001 Section 16(8)(n)	Typical bill comparison under present and proposed rates for all customer classes	Exhibit 37, Schedule N

18. This Application, Statement, and Notice is filed under the provisions of KRS 278.180 and 278.190, and the Public Service Commission is requested to find the proposed rates to be fair, just and reasonable under KRS 278.030(1).

19. KAWC requests approval of the SIP as proposed and described in the testimony of Jeffrey Newcomb and John Magner. Proposed tariff sheets for the SIP are included in Exhibit 2.

20. Pursuant to KRS 278.295, KAWC requests approval that the purchase price for the Black Mountain acquisition be recognized as rate base for its ratemaking valuation. The purchase price is estimated to be \$1.2 million. The request is discussed in the testimony of John Watkins.

21. KAWC requests minor tariff language changes as shown in Exhibit 2 and described in Exhibit 37L to clarify KAWC's ability to inspect existing customer plumbing and provide flexibility regarding the advance payment terms for private fire hydrants.

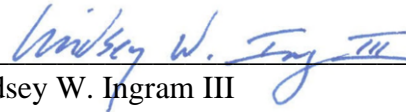
### **Requested Relief**

**WHEREFORE**, KAWC respectfully requests the Commission to enter an order:

1. Approving the proposed rates for water service;
2. Approving the proposed tariff revisions set forth in the proposed tariff at Exhibit 2, including the SIP;
3. Approving the Black Mountain purchase price in rate base; and
4. Granting all other relief to which KAWC may be entitled.

Dated: May 15, 2026

Respectfully submitted,



Lindsey W. Ingram III

Monica H. Braun

[l.ingram@skofirm.com](mailto:l.ingram@skofirm.com)

[Monica.braun@skofirm.com](mailto:Monica.braun@skofirm.com)

Stoll Keenon Ogden PLLC

300 West Vine Street, Suite 2100

Lexington, KY 40507

Telephone: (859) 231-3000

Facsimile: (859) 259-3503

*Counsel for Kentucky-American Water  
Company*

**CERTIFICATE OF SERVICE**

In accordance with the Commission's Order of July 22, 2021 in Case No. 2020-00085 (Electronic Emergency Docket Related to the Novel Coronavirus COVID-19), this is to certify that the electronic filing has been transmitted to the Commission on May 15, 2026; and that there are currently no parties in this proceeding that the Commission has excused from participation by electronic means.



*Counsel for Kentucky-American Water  
Company*

4897-1234-1417.2