

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

**ATTORNEY GENERAL’S FIRST REQUEST FOR INFORMATION TO
THE KENTUCKY-AMERICAN WATER COMPANY**

Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, through his Office of Rate Intervention (“Attorney General”), and submits the First Request for Information to the Kentucky-American Water Company (hereinafter “Kentucky American” or the “Company”) to be answered by June 26, 2026, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) 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.
- (5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that

the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

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

(8) 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.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda

of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

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

(12) In the event any document called for has been destroyed or transferred beyond the

control of the company, please state: 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.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) “And” and “or” should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) “Each” and “any” should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

RUSSELL COLEMAN
ATTORNEY GENERAL



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Certificate of Service and Filing

Pursuant to the Commission's Orders and in accord with all other applicable law, Counsel certifies that the foregoing electronic filing was transmitted to the Commission on June 12, 2026, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 12th day of June, 2026,



Assistant Attorney General

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1. Refer to the Application, unnumbered page 1, paragraphs 1 and 2. Refer also to the Application generally.
 - a. Provide an organizational chart of Kentucky American. Designate what city each position is located in within Kentucky, and whether any position is vacant. If a position is based outside of Kentucky provide the city and state where it is located.
 - b. Provide an organizational chart of Kentucky American's parent company, American Water Works Company, Inc. ("American Water"). Designate what city each position is located in, what the allocation factor to Kentucky American is for each position, and whether any position is vacant. If a position is based outside of Kentucky provide the city and state where it is located. If for any reason the allocation factor is not provided then explain in detail how American Water's costs are allocated to Kentucky American.
 - c. Provide an organizational chart of the American Water Works Service Company ("Service Company"), which is a subsidiary of American Water. Designate what city each position is located in, what the allocation factor to Kentucky American is for each position, and whether any position is vacant. If a position is based outside of Kentucky provide the city and state where it is located. If for any reason the allocation factor is not provided then explain in detail how the Service Company's costs are allocated to Kentucky American.
 - d. Provide an organizational chart that includes a simplistic demonstration of all of the parent companies/holding companies/affiliated companies that are associated with Kentucky American.

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- e. Provide a map of Kentucky American's water service area. Provide all updates to this map during the pendency of the case.
 - f. Provide a map of American Water's service area. Provide all updates to this map during the pendency of the case.
2. Refer to the Application generally. Provide the following information for Kentucky American's executive staff employees, as well as all executive staff employees whose costs are allocated to Kentucky American, and separate each response by company/utility.
- a. Provide the position, title, and salary for each executive staff employee for the years 2021 – 2026.
 - b. Provide the average raise that the executive staff employees received, or will receive, for the years 2021 – 2026. Ensure to explain whether the annual raise is directly connected to a performance review.
 - c. Provide the average bonus that each executive staff employee received, or will receive, for the years 2021 - 2026.
 - d. Provide all awards given to the executive staff employees for the years 2021 – 2026.
 - e. Provide all vehicle allowances given to the executive staff employees for the years 2021 – 2026.
 - f. Provide all incentive compensation given to the executive staff employees for the years 2021 – 2026.
 - g. Provide the average raise, if known, which will be given to executive staff employees for 2027.

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- e. Provide all vehicle allowances given to the salaried employees for the years 2021 – 2026.
 - f. Provide all incentive compensation given to the salaried employees for the years 2021 – 2026.
 - g. Provide the average raise, if known, which will be given to salaried employees for 2027.
 - h. Provide a detailed explanation of the insurance benefits provided to the Company's salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's salaried employees, premiums paid by the Company or parent company on the salaried employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
 - i. Provide a detailed explanation of the retirement benefits provided to the Company's salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
 - j. Explain whether any of the salaried employees are members of a union.
4. Refer to the Application generally. Provide the following information for Kentucky American's non-salaried employees, as well as for all non-salaried employees whose costs are allocated to Kentucky American, and separate each response by company/utility.
- a. Provide the position, title, and wages for each non-salaried employee for the years 2021 – 2026.

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- b. Provide the average raise that the non-salaried employees received, or will receive, for the years 2021 – 2026. Ensure to explain whether the annual raise is directly connected to a performance review.
- c. Provide the average bonus that the non-salaried employees received, or will receive, for the years 2021 – 2026.
- d. Provide all awards given to the non-salaried employees for the years 2021 – 2026.
- e. Provide all vehicle allowances given to the non-salaried employees for the years 2021 – 2026.
- f. Provide all incentive compensation given to the non-salaried employees for the years 2021 – 2026.
- g. Provide the average raise, if known, which will be given to non-salaried employees for 2027.
- h. Provide a detailed explanation of the insurance benefits provided to the Company's non-salaried employees, including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Company's non-salaried employees, premiums paid by the Company or parent company on the non-salaried employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
- i. Provide a detailed explanation of the retirement benefits provided to the Company's non-salaried employees, including but not limited to, whether there is a defined benefit plan, 401(k) matching, etc.
- j. Explain whether any of the non-salaried employees are members of a union.

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5. Refer to the Application generally. Explain whether any vacant position costs are included in the proposed revenue requirement. If so, provide the job title, salary/wage/benefit amounts, necessity of the position, date the job was created and vacated, explanation as to why the position is currently vacant, and an estimated date as to when the position will be filled. Provide updates during the pendency of the case.
6. Refer to the Application generally. Identify the utility(ies) that provides electric service to Kentucky American's service territory.
7. Refer to the Application, page 2, paragraph 4 and page 3, paragraph 9. Kentucky American states that it is requesting an increase in rates because its existing rates for water service do not afford the Company 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.
 - a. The Company states that it is requesting approximately \$17.68 million of a rate increase in the pending case. Provide the exact rate increase that Kentucky American is requesting in the pending case without rounding. Also, provide citations to the record as to where this specific number can be found.
 - b. Confirm that Kentucky American was provided a rate increase for water service of \$18,200,097 on December 16, 2025,¹ in Case No. 2025-00122. If not confirmed, explain in detail why not.

¹ Case No. 2025-00122, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Dec. 16, 2025), Order, page 66.

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- c. Confirm that Kentucky American filed the notice of intent for the pending rate increase request on April 16, 2026. If not confirmed, explain in detail why not.
- d. Confirm that there were exactly four months between the rate increase awarded to Kentucky American in Case No. 2025-00122, and the notice of intent to file for a new rate increase request in the pending rate case, Case No. 2026-00094. If not confirmed, explain in detail why not.
- e. Based upon the final rate increase granted in the December 16, 2025 Final Order in Case No. 2025-00122, provide the monthly dollar amount and percentage increase for the residential customer using the average amount of water, as well as the total bill for the average residential customer before the rate increase and after the rate increase in Case No. 2025-00122.
- f. Confirm that Kentucky American was provided a rate increase for water service of \$10,606,517 on May 3, 2024,² which was increased on rehearing to \$17,335,374 on November 6, 2024, in Case No. 2023-00191.³ If not confirmed, explain in detail why not.
- g. Confirm that Kentucky American was provided a rate increase for water service on June 27, 2019, of \$13,399,178 (Final Order, page 67), but in the Appendix A of

² Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, A Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Ky. PSC May 3, 2024), Order, page 46.

³ Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, A Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Ky. PSC Nov. 6, 2024), Rehearing Order, page 13.

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said Final Order it showed an impact on revenue of \$13,399,169.⁴ If not confirmed, explain in detail why not.

- h. Confirm that Kentucky American was provided a rate increase for water service of \$6,475,000 on August 23, 2016.⁵ If not confirmed, explain in detail why not.
8. Refer to the Application, unnumbered page 1, paragraph 2, in which Kentucky American states that it provides water service to the 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. Kentucky American further asserts that based upon the filing of the Application, the company is involved in transactions that may result in it becoming engaged in the distribution of sale of water in Bell, Harlan, and Hickman Counties.
- a. Provide a detailed account of all economic issues that the Company's customers in the above-referenced counties are combating at the present time.
 - b. Provide Kentucky American's actual number of customers for 2020 – 2026, using the most updated data.
 - c. Explain in detail whether Kentucky American projects a future gain or loss of water customers, and provide copies of all projections concerning the same.

⁴ Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC June. 27, 2019), Order, page 67.

⁵ Case No. 2015-00418, *Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Aug. 23, 2016), Order, page 3.

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- d. Provide Kentucky American's total annual water sales for the years 2020 – 2026, using the most updated data.
- e. Explain whether Kentucky American expects annual water sales to increase or decrease, and provide copies of all projections concerning the same.
- f. Based upon the most recent United States Census information, the poverty rates for Kentucky American's water service area are as follows:

Current Water Service Area

Bourbon County – 13.9%,

Clark County – 14.1%,

Fayette County – 12.7%,

Harrison County – 15.5%,

Jessamine County – 12.6%,

Nicholas County – 16.2%,

Scott County – 8.8%,

Woodford County – 9.7%,

Gallatin County – 12.6%,

Owen County – 13.9%,

Grant County – 13.5%,

Franklin County – 12.3%,

Rockcastle County – 21.8%,

Jackson County – 22%,

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Potential Water Service Area

Bell County – 31.8%,

Harlan County – 29.4%,

Hickman County – 18.9%.⁶

Confirm that Kentucky American is aware of the above percentages of its water customers/potential water customers who live at or below the poverty line.

- g. Provide an update as to the merger with Water Service Corporation of Kentucky, including but not limited to: the date of the finalization of the merger; copy of all merger documentation; when Kentucky American will begin providing water service to the customers in Bell, Harlan, and Hickman Counties, how Kentucky American proposes to handle the rates of the new customers (i.e. leave the rates as is or unify the rates), etc. Consider this a continuing request during the pendency of the case.
- h. Provide an update as to the merger with the City of Livingston, including but not limited to: the date of the finalization of the merger; copy of all merger documentation; when Kentucky American will begin providing water service to the customers in the City of Livingston; how Kentucky American proposes to handle the rates of the new customers (i.e. leave the rates as is or unify the rates), etc.

⁶<https://www.census.gov/quickfacts/fact/table/nicholascountykentucky,jessaminecountykentucky,harrisoncountykentucky,fayettecountykentucky,clarkcountykentucky,bourboncountykentucky/PST045222>;
<https://www.census.gov/quickfacts/fact/table/franklincountykentucky,grantcountykentucky,owencountykentucky,gallatincountykentucky,woodfordcountykentucky,scottcountykentucky/PST045222>;
<https://www.census.gov/quickfacts/fact/table/hickmancountykentucky,harlancountykentucky,bellcountykentucky,jacksoncountykentucky,rockcastlecountykentucky/PST045224>.

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- i. Provide an update as to the merger with Black Mountain Utility District, including but not limited to: the date of the finalization of the merger; copy of all merger documentation; when Kentucky American will begin providing water service to the customers of Black Mountain Utility District, how Kentucky American proposes to handle the rates of the new customers (i.e. leave the rates as is or unify the rates), etc. Consider this a continuing request during the pendency of the case.
9. Refer to the Application generally.
 - a. Provide a detailed explanation of all salary and benefits provided to the members of the Board of Directors during the years 2021 – 2026. Ensure to provide the salary amounts, and specific details regarding all benefit packages including but not limited to health, dental, vision, accidental death and disability, life insurance, bonuses, awards, vehicle allowances, and the like.
 - b. Provide the total amount of the Board of Directors' fees for the test year.
 - c. Provide a breakdown of the total amount of the Board of Directors' fees for the test year.
 - d. Discuss whether there will be any changes to the Board of Directors' salaries and/or benefit packages for 2026 or 2027.
 - e. When setting the Board of Directors' fees and benefits did Kentucky American review other similarly situated water companies' fees and benefits? If so, explain in detail the findings. If not, explain in detail why not.
10. Refer to the Application generally. Provide the amount of Supplemental Executive Retirement Plan ("SERP") costs included in the test year expenses. Provide the amounts

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broken down between Kentucky American directly incurred costs and costs allocated separately from each other affiliate.

11. Refer to the Application generally. Provide a copy of all formal studies conducted that compare Kentucky American's wage and benefit information to the local wage and benefit information for the geographic area in which Kentucky American operates. If no study exists, explain why not.
12. Refer to the Application generally. Explain the current process of awarding wage/salary increases to salaried versus non-salaried and union versus non-union employees.
13. Refer to the Application generally. Has Kentucky American obtained and/or is the Company seeking any funds/grants from federal, state, or local sources which have been or will be made available? If so, identify the source and amount of those funds/grants. If not, and funds/grants are available for which the Company is eligible, explain why the Company is foregoing those opportunities.
14. Refer to the Application generally.
 - a. Explain whether Kentucky American has any utility office in Kentucky open for a customer to pay bills, obtain customer service, etc.
 - b. If Kentucky American does not have any utility offices in Kentucky for a customer to pay bills, obtain customer service, etc. then explain whether the Commission granted Kentucky American a deviation from the applicable regulations.⁷ If a

⁷ See 807 KAR 5:006, Section 14, <https://apps.legislature.ky.gov/law/kar/titles/807/005/006/> (Requiring each utility to designate at least one representative to answer customer questions, resolve disputes, and negotiate partial payment plans at the utility's office.); See 807 KAR 5:006, Section 23, <https://apps.legislature.ky.gov/law/kar/titles/807/005/006/> (Requiring each utility to have system maps and records on file at its principal office located within the state.); See 807 KAR 5:006, Section 24,

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deviation was granted then provide all of the corresponding case numbers regarding the same. If no deviation was granted, explain why a deviation from the regulations were not required.

15. Refer to the Application generally. Provide a copy of each customer satisfaction survey that Kentucky American and/or its parent company, American Water, have been included in, such as the J.D. Power Customer Satisfaction Study, for 2025 and 2026.
16. Refer to the Application generally. Provide a succinct list that identifies all proposed pro forma adjustments, the amount of each pro forma adjustment, along with a brief description of each adjustment.
17. Explain in detail whether any expenses have been removed from the proposed rates for ratemaking purposes. Provide a detailed list of the removed expenses and explain why Kentucky American removed each expense from the rate case.
18. Refer to the Application generally. Explain in detail whether Kentucky American provides annual reports of any kind to the cities/counties that it operates in. Explain why or why not.
19. Refer to the Application generally. Provide a list that identifies all miscellaneous costs for the test year, including but not limited to dinners (including all holiday dinners), gifts, donations, membership dues, annual meeting costs, etc. For each cost indicate whether it was removed from or included in the requested revenue requirement.
20. Refer to the Application generally. Explain in detail whether there are any direct charges, allocated costs, surcharges, pass-through charges, etc., from American Water, a subsidiary

<https://apps.legislature.ky.gov/law/kar/titles/807/005/006/> (Requiring all records pursuant to 807 KAR Chapter 5, to be kept in the office of the utility and made available to representatives, agents, or staff of the commission upon reasonable notice at all reasonable hours.)

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of American Water, the Service Company, or any other entity, to Kentucky American. If so, provide a detailed list of the same with explanations for each allocated charge.

21. Refer to the Application generally. Explain in detail whether Kentucky American provides any assistance program(s) for customers experiencing difficulty paying their water bills.
22. Refer to the Application generally. Identify fully any and all organizations to which Kentucky American pays dues and/or membership fees of any type or sort (hereinafter referred to as "Dues Requiring Organizations"), which engage in any one or more of the following activities (hereinafter "covered activities"):
 - i. legislative advocacy, regulatory advocacy, and/or public relations;
 - ii. advertising;
 - iii. marketing;
 - iv. legislative policy research; and/or,
 - v. regulatory policy research.
 - a. If so confirmed with regard to any one or more of these organizations, identify that organization and provide the amount of Kentucky American dues which that organization applies to covered activities, both in dollar terms and percentages of total dues.
 - b. Explain whether all or any portion of said dues are excluded from the pending rate case.
23. Refer to the Application generally. Explain whether Kentucky American pays any dues or membership fees to law firms or trade groups which maintain an affiliate engaged in any of the covered activities identified in the preceding question.

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- a. If so, identify fully the law firm or trade group by name, the name of the affiliate engaged in any such activities, and the amounts Kentucky American paid to the law firm, trade group, or affiliate thereof for those activities.
 - b. Explain whether Kentucky American is seeking recovery from ratepayers for any such sums identified in subpart (a) of this question.
24. Refer to the Application generally. If any affiliate of Kentucky American pays dues to one or more Dues Requiring Organizations, and a jurisdictional portion of those dues are charged back to Kentucky American, explain whether the dues are being recovered in rates, the amounts thereof, and precisely where they can be found in the Application.
25. Refer to the Application generally. For all expenses associated in any manner with any Dues Requiring Organization and for which the Company seeks reimbursement from ratepayers:
 - a. Provide a complete copy of all invoices received from each such Dues Requiring Organization since the conclusion of the Company's last water rate case;
 - b. Provide any and all documents in the Company's possession that depict how each such Dues Requiring Organization spends the dues it collects from the Company, including the percentage that applies to all covered activities.
 - c. Provide a detailed description of the services and benefits each Dues Requiring Organization provided to the Company since the conclusion of its most recent water rate case. Of these services and benefits, identify which ones accrue directly to ratepayers, and explain fully how.

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- d. Explain whether any Company personnel actively participate on committees and/or perform any other work for any Dues Requiring Organizations or any other industry organization to which the Company belongs. If so:
 - i. State specifically which employees participate, how they are compensated for their time (amount and source of compensation), and the purpose and accomplishments of any such association related work; and,
 - ii. List any and all reimbursements received from industry associations, for work performed for such organizations by the Company's employees.

26. Refer to the Application, Filing Exhibit 7, Customer Notice, Kentucky American Water/Black Mountain.

- a. Confirm that Kentucky American is proposing to increase the monthly customer charge of a residential customer with a 5/8" meter from \$19.89 to \$21.70. If not confirmed, provide the requested monthly residential customer charge.
- b. Confirm that prior to the December 16, 2026 Final Order in Case No. 2025-00122, the residential monthly customer charge was \$17.55.
- c. Confirm that Kentucky American is proposing to increase the monthly customer charge of a commercial customer to \$21.70. If not confirmed, provide the requested commercial monthly customer charge.
- d. Explain in detail why Kentucky American is proposing for the residential and commercial customers to pay the same monthly customer service charge.
- e. Explain in detail whether residential customers only have a 5/8" meter, or if residential customers also use larger meters as well.

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- f. Explain in detail whether all commercial customers utilize a 5/8" meter, or if commercial customers also use larger meters as well.
- g. Explain which customer classes use the following meter sizes:
 - i. 5/8" meter,
 - ii. 3/4" meter,
 - iii. 1" meter,
 - iv. 1 1/2" meter,
 - v. 2" meter,
 - vi. 3" meter,
 - vii. 4" meter,
 - viii. 6" meter, and,
 - ix. 8" meter.
- h. Provide the number of private fire hydrants that Kentucky American provides service to broken down by county/city.
- i. Provide the number of public fire hydrants that Kentucky American provides service to broken down by county/city.
- j. Explain in detail why Kentucky American is proposing to reduce the volumetric rate for the rate class "Other Public Authority."
 - i. Provide a detailed explanation as to what type of customers are covered under the "Other Public Authority" tariff.
- k. Explain in detail why Kentucky American is proposing to reduce the volumetric rate for the rate class "Miscellaneous."

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- i. Provide a detailed explanation as to what type of customers are covered under the “Miscellaneous” tariff.
 - l. Explain in detail why Kentucky American is proposing to not increase the monthly rate for the rate class “Private Fire Hydrant.”
 - i. Provide a detailed explanation as to what type of customers are covered under the “Private Fire Hydrant” tariff.
 - m. Explain in detail why Kentucky American is proposing to reduce the monthly rate for the rate class “Public Fire Hydrant” from \$75.00 to \$11.53.
 - i. Provide a detailed explanation as to what type of customers are covered under the “Public Fire Hydrant” tariff.
 - n. Explain in detail why Kentucky American does not appear to be proposing to unify the Livingston or Bell and Hickman Counties’ rates with Kentucky American’s water rates in the pending case. Explain the response in detail.
- 27. Refer to the Direct Testimony of Ann E. Bulkley (“Bulkley Testimony”), page 5. Ms. Bulkley states that her proposed range for the authorized return on equity (“ROE”) is from 10.25% - 11.25%, and recommends an ROE of 10.75% as reasonable and appropriate for the Company.
 - a. Confirm that Ms. Bulkley proposed an ROE of 10.75% for Kentucky American in Case No. 2025-00122.⁸ If not confirmed, explain in detail why not.

⁸ Case No. 2025-00122, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Dec. 16, 2025), Order, page 49.

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- b. Confirm that the Commission rejected Ms. Bulkley's proposed ROE of 10.75% in the December 16, 2025 Final Order, and instead found that an ROE of 9.70% was fair, just, and reasonable.⁹ If not confirmed, explain in detail why not.
28. Refer to the Direct Testimony of Charles Rea ("Rea Testimony"), page 46, Chart 3.
 - a. The chart appears to demonstrate that the median household income for Kentucky American's customers is \$100,000. Provide the exact median household income that was used for Chart 1.
 - b. Provide a detailed explanation of how the median household income of approximately \$100,000 was calculated.
 - c. Provide a detailed explanation of where Kentucky American obtained the median household income for Kentucky American's customers.
 - d. The chart appears to demonstrate that the median household income for Kentucky is projected to be somewhere between \$100,000 and \$110,000 for the column titled "Present Rates" and "Proposed Rates." Explain why a different median household income was used in these columns versus the 2026 column.
29. Refer to the Rea Testimony, pages 47 – 48.
 - a. Confirm that affordability of water service is generally challenging for low-income customers. If not confirmed, explain in detail why not.
 - b. Explain whether affordability of water service becomes more challenging when a utility such as Kentucky American files to increase rates four months after receiving a rate increase in a prior case. Provide a detailed response.

⁹ *Id.*, page 65.

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30. Refer to the Rea Testimony generally.

- a. Confirm that there are both subjective and objective decisions made when creating a Class Cost of Service Study ("COSS"). If not confirmed, explain in detail.
- b. Explain in detail all subjective decisions that Mr. Rea made when creating the COSS in the pending case.

31. Refer to the Direct Testimony of Robert Burton ("Burton Testimony"), pages 6 – 7. Mr. Burton asserts the pending rate case is primarily driven by investments the Company is making to the infrastructure, with \$108.4 million of gross plant additions for the forecasted test year ending December 31, 2027.

- a. Explain whether the Company plans on continuing this level of investment in the future.
- b. If so, explain how the Company's customers will be able to afford the water rates.

32. Refer to the Burton Testimony, pages 12 – 13.

- a. Provide the monetary amount that customers contributed to the Help to Others ("H2O") program for each of the years 2021 – 2026
- b. Provide the monetary amount that Kentucky American's shareholders contributed to the H2O program for each of the years 2021 – 2026.
- c. Explain how the \$250 annual maximum for H2O grants was decided.
- d. Provide the H2O account balances for each month for 2025 and 2026. Consider this a continuing request during the pendency of this case.
- e. Explain the maximum amount of months/years that a customer can enter into for a payment arrangement installment agreement.

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- f. If a customer has a lapse in payment under a payment arrangement installment agreement, can the customer enter into a new payment arrangement installment agreement in the future? Explain in detail.
33. Refer to the Burton Testimony, pages 15 – 17. Mr. Burton states that the Company is tackling water loss to mitigate increases in operating costs as well as to maintain the reliability and resiliency of the system. Mr. Burton states that water loss can be classified as (1) real loss of water escaping the distribution system, and (2) apparent loss due to meter inaccuracies, billing system data errors, and unauthorized consumption. Provide specific examples and explain in detail how Kentucky American is tackling water loss.
34. Refer to the Direct Testimony of John Watkins (“Watkins Testimony”), page 32, Table 3. Mr. Watkins states that the Company is proposing a capital structure of 52.29% common equity, 0.28% preferred stock, 46.97% long-term debt, and 0.45% short-term debt in the pending case. However, the common equity (10.75%) and preferred stock (8.50%) capital is a much more expensive form of capital than the long-term (4.84%) and short-term (3.32%) debt capital. Explain why Kentucky American is proposing a higher percentage of equity than debt if the equity portion represents a higher cost to the customers.
35. Refer to the Watkins Testimony, page 6.
- a. Explain why Kentucky American should be allowed to include costs associated with acquisitions that have not formally closed yet. Explain the response in detail.
 - b. Provide a detailed explanation of all acquisition costs that Kentucky American is proposing to be included in base rates in the pending case, broken down by each of the acquisitions.

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36. Refer to the Direct Testimony of William A. Lewis ("Lewis Testimony"), pages 12 – 15, in which Mr. Lewis discusses the new and emerging environmental standards for drinking water quality that will require enhancements or improvements in water treatment facilities and distribution systems.
- a. For each rule, regulation, and/or law that Mr. Lewis discusses, provide an update as to whether the current presidential administration has proposed any Executive Orders, modifications, roll-backs, of the same. Consider this an ongoing request during the pendency of this case.
 - b. For each rule, regulation, and/or law that Mr. Lewis discusses, provide an update as to whether there is pending litigation against the same. Consider this an ongoing request during the pendency of this case.
37. Refer to the Lewis Testimony, pages 30 – 35.
- a. Provide Kentucky American's water loss percentage for each of the years 2021 – 2026.
 - b. Provide Kentucky American's water loss percentage for each month of 2025 and 2026. Consider this an ongoing request during the pendency of this case.
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.

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- 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.
39. Refer to the Lewis Testimony at 42 – 43.
- a. Provide an updated chart indicating the status of the proposed new positions at Kentucky American.
 - b. Mr. Lewis states that there will not be a reduction of overtime with the proposed new positions because the additional employee resources are a direct response to new or changed requirements to meet system operational needs and regulatory requirements. Explain whether Kentucky American will reassess the need to hire all of the proposed new positions if the referenced rules/regulations are modified, rolled-back, overturned in court, etc. If not, explain why not.
40. Refer to the Lewis Testimony, page 45.
- a. Confirm that Mr. Lewis is aware of the extensive precedent, in which the Commission has, “consistently disallowed recovery of the cost of employee

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incentive compensation plans that are tied to financial measures because such plans benefit shareholders while ratepayers receive little benefit.”¹⁰

- b. Provide the monetary amount that is associated with the Annual Performance Plan (“APP”), and the Long-Term Performance Plan (“LTPP”), tied to financial measures that Kentucky American included in the revenue requirement.

41. Refer to the Application generally.

- a. Confirm that according to the most recent data from the Bureau of Labor Statistics, the average share of premiums paid by the employer for single coverage in private industry is 80%.¹¹
- b. Provide the average percentage share of premiums paid by Kentucky American for single coverage employee health insurance. In the response, ensure to provide a breakdown of the contribution percentage share rates for different sets of employees (i.e. union versus nonunion, exempt versus nonexempt, and the like).
- c. Confirm that according to the most recent data from the Bureau of Labor Statistics, the average share of premiums paid by the employer for family coverage in private industry is 69%.¹²
- d. Provide the average percentage share of premiums paid by Kentucky American for family coverage employee health insurance. In the response, ensure to provide a

¹⁰ Case No. 2025-00122, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Dec. 16, 2025), Order, pages 21 – 22; Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC June 27, 2019), Order, page 43; Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, a Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Ky. PSC May 3, 2024), Order, page 17.

¹¹ <https://www.bls.gov/news.release/ebs2.t03.htm>, Table 3.

¹² <https://www.bls.gov/news.release/ebs2.t04.htm>, Table 4.

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breakdown of the contribution percentage share rates for different sets of employees (i.e. union versus nonunion, exempt versus nonexempt, and the like).

- e. Explain whether Kentucky American made any adjustments to Health Benefits Expense based on health insurance benefit contributions in excess of the Bureau of Labor Statistics' average for single and family coverage. If not, explain why not and update the adjusted test year expense based on the most recent report available. Provide all supporting calculations and documents.
- f. Explain in detail whether Kentucky American provides health savings account contributions for its employees, and if so, provide the monetary amount regarding the same. Ensure to discuss the specific details as to whether employees are also required to contribute to the health savings accounts.
- g. Provide the contribution amounts to insurance costs that are paid by Kentucky American and the retirees.
- h. Provide the contribution amounts to dental insurance costs that are paid by Kentucky American and the employees.
- i. Provide the contribution amounts to vision insurance costs that are paid by Kentucky American and the employees.
- j. Provide the contribution amounts to term life insurance that are paid by Kentucky American and the employees.
- k. Provide the contribution amounts to disability insurance that are paid by Kentucky American and the employees.

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42. Refer to the Application generally.

- a. Provide a list of all entities that direct charge or allocate costs to Kentucky American, and include the total amount of costs that are direct charged and/or allocated to the Company in the test year.
- b. Explain who is responsible to review the allocated costs to Kentucky American (provide name(s) and position description(s)), and whether any allocated costs have been rejected for any reason in the past five years. Provide specific examples of all rejected allocated costs in the past five years.
- c. Identify all of the non-utility companies that are affiliates of Kentucky American.
- d. Identify all of the non-utility companies that are affiliates of and provide services to Kentucky American.

43. Refer to the Direct Testimony of Joseph Weiss ("Weiss Testimony"), pages 3 – 4.

- a. Identify the companies that had lower per customer A&G costs than Kentucky American's 2025 charges per customer from the Service Company.
- b. Explain in detail the primary reasons that Kentucky American's 2024 total Customer Accounts and A&G expense per customer was \$162, which was above the 2024 average of \$144 per customer for a comparison group of Kentucky water companies with a similar profile.

44. Refer to the Direct Testimony of John Magner ("Magner Testimony"), page 12. Mr. Magner states that all significant construction work is competitively bid to a prequalified group of independent contractors.

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- a. Explain what is meant by significant. For example, is there a minimum monetary amount that requires construction work to be competitively bid.
 - b. Explain why Kentucky American does not competitively bid all construction work.
 - c. Identify the number of independent contractors that are in the prequalified group.
 - d. Mr. Magner states that Kentucky American continues to expand its prequalified contractor list to create a more competitive bidding environment.
 - i. Identify the additional number of independent contractors on the prequalified group between the pending case and the prior rate case, Case No. 2025-00122.
 - ii. Explain in detail what construction work is not currently competitively bid.
45. Refer to the Magner Testimony, the Direct Testimony of Jeffrey Newcomb (“Newcomb Testimony”), and the Application generally.
- a. Provide a detailed breakdown of the type of pipe that Kentucky American has in its system, the number of miles of each type of pipe, the estimated installation date for each type of pipe, and the average expected life of each type of pipe.
 - b. Identify the year that Kentucky American initially implemented its prior Qualified Infrastructure Program (“QIP”) Rider.
 - c. Provide the annual revenue requirement impact of the QIP since its inception to the termination of the QIP.
 - d. Explain in detail how many miles of pipe were replaced each year since the inception of the QIP until the termination of the QIP, and include in the discussion the type of pipe that was replaced.

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- e. Discuss the other projects, besides pipeline replacement, that flowed through the QIP since its inception through the termination.
 - f. Explain in detail what type of pipe Kentucky American focused on replacing through the QIP from the inception until termination of the same.
 - g. Provide the QIP rate on the average customer bill right before the QIP was terminated by the Commission.
46. Refer to the Magner Testimony and the Application generally.
- a. Identify the year that Kentucky American proposes to implement its proposed System Improvement Program ("SIP").
 - b. Provide the proposed annual revenue requirement impact of the SIP for each of the next five years.
 - c. Provide the proposed annual revenue requirement impact of the SIP for each of the next ten years, if known.
 - d. Explain in detail how many miles of pipe is proposed to be replaced each year under the SIP, and include in the discussion the type of pipe that is proposed to be replaced.
 - e. Discuss the other projects, besides pipeline replacement, that is being proposed to flow through the SIP.
 - f. Explain in detail what type of pipe Kentucky American proposes to focus on replacing through the SIP.
 - g. Provide all projects that Kentucky American plans to include in its proposed System Improvement Program ("SIP") over the next 5 years. Include the cost of

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- each project the purpose of each project, i.e., pipe replacement, pumping station replacement, treatment plant replacement, etc., and the type of pipe to be replaced.
- h. If the Commission were to approve of Kentucky American's requested SIP, provide the specific cost impacts on each customer class. Ensure to include the proposed estimated monthly SIP rate for the residential class for each of the next five years, if available.
 - i. Provide the proposed SIP rate for the residential class for each of the next five years.
 - j. Confirm that in the December 16, 2025 Final Order, the Commission stated, "[t]he Commission finds that, given the frequency of rate cases, as well as Kentucky-American's failure to utilize the QIP rider consistently, the QIP mechanism should be terminated effective December 31, 2025."¹³ If not confirmed, explain in detail why not.
 - k. Explain why the Commission should grant the proposed SIP when it just terminated the Company's QIP on December 16, 2025.
 - l. Compare and contrast the proposed SIP with the terminated QIP.
 - m. Confirm that after the Commission initially granted the Company's QIP, the Commission limited the projects allowed to flow through the QIP to the replacement of 10 – 13 miles of cast iron and galvanized steel main through the QIP annually.¹⁴ If not confirmed, explain why not.

¹³ Case No. 2025-00122, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Dec. 16, 2025), Order, page 45.

¹⁴ Case No. 2020-00027, *Electronic Application of Kentucky-American Water Company to Amend Tariff for the Establishment of Qualified Infrastructure Program Charge* (Ky. PSC Jun. 17, 2020); Case No. 2021-00090,

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- n. Confirm that in Case No. 2021-00090, the Commission stated that, “[a]ny future deviations from the QIP approved by the Commission, such as an accelerated replacement cycle, accelerated spending totals, or including standalone non-main plant replacement projects, will be looked upon with extreme disfavor.”¹⁵ If not confirmed, explain why not.
- o. Confirm that in the Final Order in Case No. 2023-00122, the Commission stated, “Kentucky-American failed to provide sufficient evidence that expanding the QIP is reasonable, and the potential future costs associated with the expansion are fair, just and reasonable and would not cause rate shock to its customers.”¹⁶ If not confirmed, explain why not.
- p. Confirm that the general reason that the Commission placed a multitude of limitations on the Company’s prior QIP was out of concern that the proposed QIP rates would not be fair, just, and reasonable and would cause rate shock to the customers. If not confirmed, explain in detail why not.
- q. Confirm that in Case No. 2018-00358, Kentucky American stated that it would cost approximately \$153 per linear foot to replace a main through the QIP,¹⁷ but in Case

Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge (Ky. PSC Jun. 21, 2021), Order, page 12.

¹⁵Case No. 2021-00090, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Program Charge* (Ky. PSC Jun. 21, 2021), Order, page 12.

¹⁶ Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, A Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Ky. PSC May 3, 2024), Order, page 54.

¹⁷ Case No. 2018-00348, Direct Testimony of Brent E. O’Neill, page 40.

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No. 2023-00122, the replacement cost more than doubled to \$331 per linear foot.¹⁸

If not confirmed, explain why not.

- r. Provide the approximate cost per linear foot to replace a main through the proposed SIP in the pending case.
47. Refer to the Magner Testimony and the Application generally.
- a. Explain whether Kentucky American proposes to roll-in the SIP amounts into future base rates. Explain the response in detail.
 - b. Confirm that the Commission denied Kentucky-American’s requested roll-in of the prior QIP amounts into base rates in a prior rate case, Case No. 2023-00191.¹⁹ If not confirmed, explain why not.
 - c. Identify the replacement cycle for the Company’s water system.
48. Refer to the Application generally.
- a. Provide copies of all inspection reports conducted by the Kentucky Division of Water for the years 2021 – 2026.
 - b. Explain in detail whether there were any deficiencies in the inspection reports.
49. Refer to the Direct Testimony of Robert V. Mustich (“Mustich Testimony”) generally.
- a. Provide a copy of all formal wage and benefit studies conducted by or on behalf of Kentucky American.

¹⁸ Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, A Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Ky. PSC May 3, 2024), Citron Testimony, page 8; VTE 11:41:00 – 11:41:25.

¹⁹ Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, A Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Ky. PSC May 3, 2024), Order, page 13.

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- b. Provide copies of all formal wage and benefit studies conducted by or on behalf of Kentucky American that compares wage and benefit information to the local wage and benefit information for the geographic area in which Kentucky American operates, and not only to other utilities, per prior Commission precedent.²⁰ If no such wage and benefit study has been conducted, explain why not.
50. Refer to the Direct Testimony of Robert Prendergast (“Prendergast Testimony”), pages 4 – 5.
- a. Provide a copy of all union labor agreements.
 - b. Provide the number of union employees at Kentucky American versus non-union employees.
 - c. Provide the estimated percentage increase/raise for union employees in the forecasted test period wages.
 - d. Confirm that the estimated increase for non-union employees in the forecasted test period wages is 3.89%. If not confirmed, explain why not.
 - e. Explain whether Kentucky American awards the same raise to non-union employees that the union employees receive. If not, explain how Kentucky American negotiates with the union versus non-union employees on wage/benefit increases.
 - f. Explain what employees are eligible to join a union at Kentucky American.

²⁰ Case No. 2020-00160, *Electronic Application of Water Service Corporation of Kentucky for a General Adjustment in Existing Rates* (Ky. PSC Dec. 8, 2020) Order, page 10.

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51. Refer to the Prendergast Testimony, pages 12 – 13.

- a. Explain in detail which Kentucky American employees are eligible for the 401(k)-retirement program versus the Defined Contribution Plan retirement program versus the pension program. Compare and contrast each retirement program.
- b. Explain in detail whether expense associated with Kentucky American contributing to two retirement accounts per employee are in the pending revenue requirement request. If so, provide said amount.
- c. Confirm that the Commission denied Kentucky American’s request in Case No. 2025-00122 to include amounts associated with contributions to employee 401(k) retirement who also were eligible for the defined benefit pension program and had not had their benefit frozen.²¹
- d. Provide the number of Kentucky American employees that participate in the Employee Stock Purchase Plan (“ESPP”).
- e. Confirm that the Commission denied the expense associated with Kentucky American’s ESPP to be recovered in the prior two rate cases because it is unreasonable to recover this expense from ratepayers as they receive no benefit from the program.²² If not confirmed, explain in detail why not.

²¹ See Case No. 2025-00122, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Dec. 16, 2025), Order, page 25.

²² *Id.*, Order, page 28; Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, A Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Ky. PSC May 3, 2024), Order, page 23.

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52. Refer to the Prendergast Testimony, page 27.

- a. Confirm that the Commission denied the Company's request to amortize rate case expense over two years in Case Nos. 2025-00122 and 2023-00191, and instead amortized the rate case expense over three years.²³ If not confirmed, explain in detail why not.
- b. Explain why the Company is requesting to amortize rate case expense over two years instead of three years as based on Commission precedent.
- c. Provide the total rate case expense that has been accrued thus far in the pending case. Consider this a continuing request.
- d. Provide a breakdown of the total rate case expense that has been accrued thus far by category. Consider this a continuing request.
- e. Provide copies of invoices supporting the level of incurred rate case costs to date and supply such new invoices as they become available. Consider this a continuing request.
- f. Provide the estimated total rate case expense.
- g. Provide a breakdown of the estimated total rate case expense.

53. Acquisitions. Refer to pages 42-43 of the Lewis Testimony.

- a. Does the increase in revenues from the three acquisitions exceed the costs related to the related new employees in the forecast test period? If not explain why not.

²³ Case No. 2025-00122, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Dec. 16, 2025), Order, page 28; Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, A Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Ky. PSC May 3, 2024), Order, page 23.

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- b. If not, how much of the cost of the related new employees requested for recovery in the forecast test period is covered by the increase in revenues from the acquisitions?
 - c. Please identify where the increase in revenues in the forecast test period associated with the three acquisitions is reflected in the filing.
54. Acquisitions. Refer to page 26 of the Watkins Testimony. Did the Company reflect efficiencies associated with the acquisitions in the forecast test period? If so provide the amount. If not explain why not and explain how ratepayers will receive the savings before the next rate case.
55. Acquisitions/Mergers. Refer to page 2 of the Application, in which it states that, "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." Confirm that it is possible the transactions may not be executed. If any of the transactions are not executed prior to or during the forecast test period, explain how ratepayers will not overpay for the costs related to these acquisitions that are included in the forecast test period revenue requirement.
56. Acquisitions/Mergers. Refer to the Application generally. For each of the following acquisitions: Water Service Corporation of Kentucky, City of Livingston, and Black Mountain Utility District provide:
- a. The annual amount of revenues and expenses applicable to each entity included in the forecasted test period, including all calculations showing how the amounts were derived.

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- b. Confirmation that a full year of revenues and expenses are included in the forecast test period for each acquisition.
 - c. The first full month of revenues and expenses through the most recent month available recorded by Kentucky American applicable to each entity.
 - d. The purchase price, the net book value at the date of sale, and the acquisition premium.
 - e. The transaction costs for each acquisition, including but not limited to: payroll, consulting, legal fees, etc. and the amount reflected in the forecast test period.
 - f. The transition costs for each acquisition, including but not limited to: integration costs, (systems, operations, IT, payroll, etc.), training costs, legal costs, advisory, consulting, compliance costs, employee costs, real estate, etc.) and the amount reflected in the forecast test period.
 - g. The annual amount of synergies associated with each transaction (including all supporting calculations and documents) and the amount reflected in the forecast test period. If none are reflected, explain why not.
57. Acquisition Accounting. Refer to page 23 of the Watkins Testimony. Identify all utilities in Kentucky in which Kentucky American is aware of that were authorized by the Commission to utilize net acquisition accounting.
58. Acquisitions/mergers. Refer to the Application generally. For each of the following acquisitions: Water Service Company of Kentucky, City of Livingston, and Black Mountain Utility District provide:
- a. The number of employees at each entity prior to the transaction announcement.

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- b. The number of employees at each entity at the time of the transaction closing date.
 - c. The number of employees at each entity as of the current date.
 - d. The number of employees the company is requesting in the current case for each entity.
59. Acquisitions/Mergers. Refer to the Application generally. Identify all planned and potential acquisitions that are not identified in the current case that may take place during the remainder of 2026 and the forecast test period.
60. Acquisition Adjustments. Refer to the O&M Excel files provided in Kentucky American's response to the Commission Staff's First Request for Information ("Staff's First Request"), No. 1. Explain how each of the following acquisition adjustments were calculated and provide all supporting calculations:
- a. [REDACTED]
 - b. Contract Services Exhibit - \$440,853 in the "Forecast" tab.
 - c. Customer Accounting Exhibit- \$132,310 in the "Workpaper" tab.
 - d. Fuel and Power Exhibit- \$113,031, \$149,940, \$40,000 in the "Workpaper" tab.
 - e. Maintenance Supplies & Services Exhibit - \$271,731 in the "Workpaper" tab.
 - f. Miscellaneous Expense Exhibit - \$84,348 in the "Workpaper" tab.
 - g. Office Supplies Exhibit - \$140,325 on line 1 of the "Workpaper" tab.
 - h. [REDACTED]
[REDACTED]
[REDACTED]
 - i. Rents Exhibit- \$ 21,755 in the "Workpaper" tab.

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- j. Transportation Exhibit - \$91,200 in the "Workpaper" tab.
61. Board of Director ("BOD") and Board of Trustees Fees, Expenses and Meeting Costs. Refer to the Application generally. Provide the total amount of fees paid (direct and allocated) to all Boards (including but not limited to: the Service Company, American Water, Kentucky American, American Water Capital Corp, etc., expenses and total costs incurred for all Board meetings for each of the years 2025, the base period and included for recovery in the forecasted test period. Break these expenses out by category (including but not limited to: per diems, benefits, reimbursements, expenses, seminars, retainers, travel, etc.)
62. Board of Director Meeting minutes. Refer to the Application generally. Provide copies of all the BOD meeting minutes for each of the years 2025 and 2026 year-to-date that discuss Kentucky American. Consider this a continuing request during the pendency of this case.
63. Business development expenses. Refer to the Application generally.
- a. Provide the total business development expenses, (direct and allocated) for each of the years, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period. Describe the nature of the expenses and state whether they specifically relate to the state Kentucky.
 - b. Identify all employees that engage in business development, on the local, state or national level. For each employee provide in schedule form:
 - i. Their fully loaded annual salaries included in the base period and forecasted test period,

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- ii. Percent of time expected to be spent on these activities in the base period and the forecasted test period,
- iii. All company-paid or reimbursed expenses or allowances in the included in the base period and the forecasted test period and the accounts charged.

64. Building Maintenance and Services. Refer to the Excel file titled KAWC 2026 Rate Case – Building Maintenance & Services Exhibit, tab titled “Workpaper 1” provided in Kentucky American’s response to Staff’s First Request, No. 1.

- a. Provide documentation supporting the forecast test period increase of \$60,747 to Account 52571100 Add'l Security Costs.
- b. Explain in detail the need for this cost in the forecast test period.
- c. Explain why no cost was incurred in 2025 as shown on the “Link In” tab.

65. Customer Accounting. Refer to the Excel file titled KAWC 2026 Rate Case – Customer Accounting Exhibit, tab titled “Workpaper” provided in Kentucky American’s response to Staff’s First Request, No. 1. Explain why a three-year average is appropriate for the forecast test period level as some accounts have little or no expense in some years (e.g., 52501510 Misc Oper - Customer Accounting Mtr Read).

66. Closure of Self-Service Kiosk. Refer to pages 59 - 63 of the Lewis Testimony.

- a. Did the Company remove the costs associated with operating the self-service kiosk from the future test period? If not, explain why not and provide the total annual cost by category associated with operating this kiosk that is included in the forecast test period.

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- b. If operating the kiosk is not cost effective or prudent, explain why ratepayers should continue to fund this expense.
 - c. If the Commission approves the closure of the kiosk, state when the Company expects the kiosk would be closed and how long it will take to fully shut down the kiosk.
 - d. Has the Company discussed the possibility of closing the kiosk with the City of Lexington? If so, provide details of the discussions. If not, explain why not.
 - e. When did the Company determine that operating the kiosk is not cost effective or prudent
67. Contingencies. Refer to KAW_APP_EX37B_051526, pages 8 - 9 of 54. Provide the percentage and dollar amount of contingencies included in the forecasted test period plant in service for contingencies, including supporting calculations and documents.
68. Cash working capital. Refer to KAW_APP_EX37B_051526, page 3 of 54.
- a. Did the Company prepare a lead lag study or calculation of working capital when preparing this case? If so, provide a copy of the lead lag study and/or cash working capital computation including all supporting workpapers. If not, explain why the Company did not prepare a lead lag study or calculation of working capital when preparing this case.
 - b. Explain why the Company has not reflected an amount for working capital in forecasted test period.
 - c. Provide the cash working capital amount applicable to the forecast test period including all supporting calculations and workpapers.

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69. Capital and Expense Percentages (Labor). Refer to page 16 of the Order dated May 3, 2024 in Case No. 2023-00191, which states:

The Commission puts Kentucky-American on notice that the Commission will monitor Kentucky-American's capitalization ratios going forward because increased capitalization ratios primarily benefit shareholders through lower expenses and higher rate base amounts. The significant increases of capitalization ratios between rate cases is a cause for concern when they are not reviewed over a longer trend and supported with specific reasoning for the increases.²⁴

Provide the actual capital and expense percentages for labor for each of the years 2021, 2022, 2023, 2024, 2025 and forecasted for the base period and the forecasted test period. Include detailed explanations for the year-over-year changes in percentages.

70. Construction Projects. Refer to KAW_APP_EX11_051526, page 2 of 2. Provide supporting documentation (contracts, quotes, invoices) for each 2027 project costing \$5,000,000 or more.

71. Construction Projects. Refer to KAW_APP_EX11_051625 page 2 of 2 in Case No. 2025-00122.

- a. For each of the 2026 projects listed, provide the percent completion for each project.
- b. For each project that has been delayed, provide a brief explanation as to why.

72. Infrastructure replacement. Refer to page 32, lines 6 - 16 of the Lewis Testimony. Provide the annual capital expenditure amounts for replacing pipe and meters for each of the

²⁴ Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, A Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Ky. PSC May 3, 2024), Order, page 16.

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following years: 2021, 2022, 2023, 2024, 2025 and forecasted for the base period and forecasted test period.

73. Capital Expenditures. Refer to page 20 of the Watkins Testimony.

- a. Provide a list of the capital expenditures by year comprising the \$15.8 million.
- b. Provide a list of the capital expenditures included in the forecast test period for the Blackstone acquisition.

74. Capital Expenditures. Refer to page 25 of the Watkins Testimony.

- a. Provide a list of the capital expenditures by year comprising for the Livingston and the Water Service Corporation of Kentucky acquisitions.
- b. Provide a list of the capital expenditures included in the forecast test period for the Livingston and the Water Service Corporation of Kentucky acquisitions.

75. Capital expenditures. Refer to page 2 of the Burton Testimony. The Company states that the case is primarily driven by capital investments. Identify the categories of projects that comprise the increased spending and explain why these types of projects are increasing.

76. Capital Expenditures. Refer to Exhibit JM-1 of the Magner Testimony.

- a. Provide the actual total amount of recurring and investment (separately) capital expenditures for each of the following years: 2021, 2022, 2023, 2024 and 2025.
- b. Provide the budgeted total amount of recurring and investment (separately) capital expenditures for each of the following years: 2021, 2022, 2023, 2024, 2025 and 2026.

77. Capital Expenditures-Non-QIP. Refer to the Application generally.

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- a. Provide the total amount capital expenditures (excluding QIP) authorized by the Commission for each of the following years: 2021, 2022, 2023, 2024 and 2025.
- b. Provide the total budgeted capital expenditures (excluding QIP/SIP) for each of the following years: 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period.
- c. Provide the total actual amount of capital expenditures (excluding QIP) for each of the following years: 2021, 2022, 2023, 2024 and 2025.

78. Capital Expenditures-QIP. Refer to pages 3 - 5 of the Newcomb Testimony.

- d. Provide the total amount of QIP capital expenditures approved by the Commission for each of the following years: 2021, 2022, 2023, 2024 and 2025.
- e. Provide the total budgeted QIP capital expenditures for each of the following years: 2021, 2022, 2023, 2024, and 2025.
- f. Provide the total actual amount of QIP capital expenditures for each of the following years: 2021, 2022, 2023, 2024 and 2025.

79. Credit card fees. Refer to the Application generally. Identify the total amount (direct & allocated) of credit card fees included for recovery in the forecasted test period.

80. Caregiver Expenses. Refer to the Application generally.

- a. Does American Water, Kentucky American, or the Service Company provide any day care, elder care, or pet care subsidy or reimbursement benefit to its employees? If so, please describe the benefit offered and identify which employees are eligible for the benefit.

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- b. Provide the total amount (direct & allocated) included for recovery in the forecasted test period.

81. Corporate Aircraft/Watercraft. Refer to the Application generally.

- a. Does American Water, Kentucky American, or the Service Company own or lease any aircraft or watercraft? If so, identify the total amount (direct & allocated) of corporate aircraft/watercraft costs included in rate base and in operating expenses in each of the years 2025, the base period and included for recovery in the forecasted test period.
- b. Provide the year and model of each corporate aircraft/watercraft owned and leased.
- c. Provide copies of the flight logs supporting the 2025 expenses.
- d. For each of the trips in 2025, identify the purpose of the travel.
- e. Does the Company compare costs of commercial flights before utilizing the corporate aircraft? If so, describe the process. If not, explain why not.
- f. Provide a description of the corporate policy regarding spousal/non-employee companion travel.
- g. Explain how use of the corporate aircraft/watercraft benefits ratepayers. Also provide supporting documentation regarding the same.

82. Company/Corporate Events Expense. Refer to the Application generally. Identify the total expense (direct & allocated) for events (e.g., picnics/barbeques, fairs, 5-k's, etc.) included for recovery in the forecasted test period.

83. Customer Deposits. Refer to the Application generally. Confirm that the Company does not currently require or plan to require customer deposits during the forecast test period.

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84. Contributions in aid of construction (“CIAC”). Refer to the Excel file titled KAWC 2026 Rate Case – Exhibit 37 Schedules B1 – B8, tab titled “CIAC linkin” provided in Kentucky American’s response to Staff’s First Request No. 1.
- a. Provide the monthly CIAC balances for 2021, 2022, 2023, 2024, 2025 and 2026 year-to-date.
 - b. Explain the reason for the decrease in CIAC balances since the last rate case.
85. Donations/Contributions. Refer to the Application generally. Provide the total annual donations/contribution expense (direct and allocated) by organization for 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period.
86. Directors and Officers Insurance. Refer to the Application generally. Provide the total amount of D&O insurance (direct and allocated) included for recovery in the forecasted test period.
87. Dues - Industry Associations. Refer to the Application generally.
- a. Provide the amount of membership payments to industry associations by vendor for each of the years 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period.
 - b. State the purpose and objective of each organization listed.
 - c. Provide documentation supporting how ratepayers are benefitted by the Company’s membership in these associations.
 - d. Identify each organization that engages in lobbying or advocacy activities, attempts to influence public opinion, institutional or image-building advertising.

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- e. For those that engage in such activities, state whether the Company has included the portions of dues related to such activities in the base period and the forecasted test period and identify the amount relating to such activities.
88. Dues Non-Industry. Refer to the Application generally.
- a. Provide the amount of membership payments to non-industry associations by vendor for each of the years 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period.
 - b. State the purpose and objective of each organization listed.
 - c. Provide documentation supporting how ratepayers are benefitted by the Company's membership in these associations.
 - d. Identify each organization that engages in lobbying or advocacy activities, attempts to influence public opinion, institutional, or image-building advertising.
 - e. For those that engage in such activities, state if the Company has included the portions of dues related to such activities in the base period and the forecasted test period and identify the amount relating to such activities.
89. Employee Related Expense. Refer to the Excel file titled KAWC 2026 Rate Case – Employee Related Expense Exhibit, tabs titled “Link In” and “Forecast” provided in Kentucky American’s response to Staff’s First Request, No. 1. Explain why the Company believes the 2025 actuals are a more appropriate level for the forecast test period than the three-year average calculated on the Link In tab.
90. Employee Expenses. Refer to KAWC 2026 Rate Case – Employee Related Expense Exhibit, tab titled “Link In” provided in response to Staff’s First Request, No. 1. Explain

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what is included in Account No. 52534000 and the reason for the increase in this expense in 2025 over the prior years. Also, explain why the 2025 level is expected to continue.

91. Executive Vehicles. Refer to the Application generally.

- a. Provide the total rate base and O&M expense amounts (direct & allocated) associated with vehicles provided to executives for 2025, the base period and included for recovery in the forecasted test period.
- b. Also, provide a list of each executive title, vehicle including: year, make, and model, and whether it is leased or owned.

92. Employee Stock Purchase Plan Discounts. Refer to the Prendergast Testimony, page 11.

- a. Provide the total amount (direct and allocated) Employee Stock Purchase Plan discounts included for recovery in the forecasted test period.
- b. Provide supporting documentation showing this expense benefits ratepayers.
- c. State which employees are eligible for this benefit.
- d. Provide the total number of employees and the number of employees utilizing this benefit in 2025, the base period and forecasted test period.

93. Employee Cafeteria. Refer to the Application generally.

- a. Provide the total revenues (direct & allocated) received for all employee cafeterias in 2025, forecasted for the base period and included for recovery in the forecasted test period.
- b. Provide the total expenses (direct & allocated) for all employee cafeterias in 2025, the base period and included for recovery in the forecasted test period.
- c. Provide a description of the types of expenses.

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- d. If the Company operates an employee cafeteria, state whether there are other dining options within close proximity of the Company.
94. Forecasting methodology. Refer to page 3 of the Prendergast Testimony. Explain how the Company more closely aligned the forecasting methodology with the methodology used in the Company's budgeting process.
95. Medical, dental and vision insurance. Refer to the Prendergast Testimony, pages 9 - 10. Provide the calculations showing how 5.32% was derived.
96. 401(k) Plan. Refer to Prendergast Testimony, page 10.
- a. Provide the total 401(k) expense (direct & allocated) for employees who are also covered under a defined benefit plan for each of the years 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period.
 - b. Identify the portion of the 401(k) expense in subpart a that relates to employees that are enrolled in a nonfrozen defined benefit retirement plan.
 - c. Provide the date when the defined benefit plan was closed.
 - d. Provide the date when the defined benefit plan was frozen.
97. Employee Recognition/Awards Expense. Refer to the Application generally.
- a. Identify the total amount of employee recognition and awards expense (direct & allocated) in 2025, the base period and included for recovery in the forecasted test period (e.g., longevity awards, dinners, luncheons, parties, etc.)
 - b. Provide a description of the Company's employee recognition/awards program.

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98. [REDACTED]

99. Employee gifts. Refer to the Application generally. Provide the total amount (direct & allocated) of employee gifts (including but not limited to flowers, fruit baskets, candy, gifts for: Christmas, get well, retirement, marriage, birth/adoption, welcome, bereavement, etc.) in 2025, the base period and included for recovery in the forecasted test period.

100. Entertainment/Sponsorships. Refer to the Application generally. Provide the total amount (direct & allocated) of sporting/entertainment event tickets, season tickets, suites, sponsorships, etc. in 2025, the base period and included for recovery in the forecasted test period.

101. Goodwill. Refer to the Application generally. Provide the Company's annual goodwill calculated according to Generally Accepted Accounting Principles for each of the years 2021, 2022, 2023, 2024, 2025, the base period and the forecasted test period.

102. Gains and losses on sale of utility property. Refer to the Application generally.

a. Identify all gains and losses on the sales of utility property (direct & allocated) for each year 2025 and year-to-date 2026.

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- b. Provide the details regarding each transaction listed in subpart (a) (date of purchase, amount of purchase, description of property, use of property, date of sale, amount of sale, and the years the property was included in rate base.)
 - c. Identify the amount of gains/losses that have been reflected in the revenue requirement in the current case and identify the schedule where they are reflected.
 - d. If there were gains on sales of utility property during 2025 but none were reflected in the revenue requirements in the current case, explain why not.
 - e. Explain how gains and sales on losses of utility property are treated for ratemaking purposes.
 - f. Identify all planned and pending sales in 2026 and 2027, including a description of the property, anticipated sales price, original cost of property, date of original purpose, the expected closing date and why the property is being sold.
103. H2O Program. Refer to the Burton Testimony, page 12.
- a. Provide the annual cost (direct and allocated) of the H2O program by category (program cost and funding) for each of the years 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period.
 - b. Explain how donations from other customers are reflected in the forecast test period.
104. Health/Fitness Expenses. Refer to the Application generally. Provide the total amount (direct & allocated) of health/fitness expenses (including but not limited to: fitness/gym memberships, exercise classes, cost of maintaining employee exercise rooms/equipment, etc.) in 2025, the base period and included for recovery in the forecasted test period.

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105. Healthcare expense.

- a. Provide the total amount of healthcare expense included in the forecast test period broken out by union, non-union and exempt employees.
- b. State whether the Company made any adjustments to Health Care Expense based on health insurance benefit contributions in excess of the Bureau of Labor Statistics' average for single and family coverage. If not, explain why not and provide the amount in excess of the most recent report from Bureau of Labor Statistics' applicable to the forecast test period for union, non-union and exempt employee healthcare. Provide all supporting calculations and documents.

106. Internal Audit Reports. Refer to the Application generally. Provide a list of all internal audits conducted in 2025 and 2026 year-to-date. Also provide a list of any planned audits for 2026 - 2027.

107. Incentive Compensation. Refer to the Application generally. Provide complete copies of all incentive compensation plans, bonus programs or other incentive award programs in effect at the Company for each of the years 2025, 2026, the base period and the forecasted test period.

108. Incentive Compensation. Refer to the Application generally. For each incentive plan, for each of the years 2021, 2022, 2023, 2024, and 2025 provide the number of employees eligible under the plan for incentive compensation payment and number of eligible employees that did not receive an incentive compensation payment.

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109. Incentive compensation. Refer to the Application generally. Identify all of the Company's affiliates that do not receive full recovery of incentive compensation expense in utility rates.
110. Incentive Compensation. Refer to the Application generally. Provide copies of all studies and analyses that show that its incentive compensation plans provide benefits to ratepayers.
111. Incentive Compensation. Refer to the Application generally. Provide for each of the years: 2021, 2022, 2023, 2024, and 2025, the various goals on which incentive payments were to be determined, and the actual achievement attained (i.e., the response should show actual metrics and not a simple reference that the goal was at target, not at target, at maximum, etc.)
112. Incentive Compensation. Refer to the Application generally. Did the Company adjust the non-financial goals with regard to incentive compensation since the last rate case? If so, explain all changes. If not, explain why not.
113. Incentive Compensation. Refer to the Application generally. Is there a financial goal, that if not met, would result in no incentive compensation payments being made? If so, identify the goal.
114. Incentive Compensation. Refer to the Application generally. Provide the total amount of incentive compensation included in the forecasted test period related to financial measures (direct & allocated).
115. Incentive Compensation. Refer to the Application generally. In what possible scenarios would no incentive compensation payments be made? Explain the response in detail.

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116. Incentive Compensation. Refer to the Application generally. Provide the total amount (direct and allocated) of incentive compensation broken out by plan for each of the years 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period. If there are amounts charged to capital provide those separately.
117. Incentive Compensation. Refer to the Application generally. Provide the total amounts (direct & allocated) of incentive compensation (broken out by short and long term) for each of the years, 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period. If there are amounts charged to capital provide those separately.
118. Incentive Compensation. Refer to the Mustich Testimony, page 7, lines 1-5. Did the Company reduce incentive compensation payments paid to its employees in any year during the last five years based on the disallowance in rates? If so, provide the amount of incentive compensation reduced each year. Also, provide the number of employees that left the Company each year due to the reduced incentive compensation.
119. Injuries and Damages. Refer to the Application generally. Provide the injuries and damages reserve balance, including debits and credits to the reserve, for each of the years 2021, 2022, 2023, 2024, 2025, and 2026 year-to-date.
120. Injuries and Damages. Refer to the Application generally. Identify the total amount (direct & allocated) of injuries and damages expense for each of the years 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period.
121. Injuries. Refer to page 23 of the Lewis Testimony.
 - a. Explain the three injuries that occurred in 2025.

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- b. Identify all associated costs incurred in 2025, and included in the base year and forecast test period.
- 122. Insurance Expense. Refer to the Excel file titled KAWC 2026 Rate Case – IOTG Exhibit, tab titled “Workpaper 1” provided in Kentucky American’s response to Staff’s First Request, No. 1.
 - a. Provide the annual amounts by policy for each of the years 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period.
 - b. Provide documentation (quotes, invoices) supporting the large increase to 55710000 Insurance General Liability in the forecast test period.
- 123. Insurance Expense. Refer to page 20 of the Prendergast Testimony. Provide a detailed explanation of why and how the reassessment of factors was done.
- 124. Investor Relations expense. Refer to the Application generally. Provide the total amount expensed (direct & allocated) included for recovery in the forecasted test period by category.
- 125. Judgements/Settlements. Refer to the Application generally. Provide the total amount expensed (direct & allocated) in each of the years 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period. Also, include a brief description of the nature of each of the lawsuits.
- 126. Lobbying, government affairs, regulatory policy, and political advocacy expenses. Refer to the Application generally.

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- a. Identify the total amount (direct & allocated) of lobbying, government affairs, regulatory policy, and political advocacy expenses for each of the years included for recovery in the forecasted test period.
 - b. Identify all employees that engage in lobbying, government affairs, regulatory policy, and political advocacy, on the local, state or national level. For each employee provide in schedule form:
 - i. Their fully loaded annual salaries included in the base period and forecasted test period,
 - ii. Percent of time expected to be spent on these activities in the base period and the forecasted test period,
 - iii. The organizations or trade associations involved,
 - iv. All company-paid or reimbursed expenses or allowances included in the forecasted test period and the accounts charged.
127. Outside Legal Expense. Refer to the Excel file titled KAWC 2026 Rate Case – Contract Services Exhibit, tab titled “Link In.” provided in Kentucky American’s response to Staff’s First Request, No. 1. Itemize the amount of outside legal expense (direct & allocated), by vendor, for each of the years 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period.
128. Maintenance Supplies and Services O&M. Refer to the Excel file titled KAWC 2026 Rate Case – Maintenance Supplies & Services Exhibit, tabs titled “Workpaper” provided in Kentucky American’s response to Staff’s First Request, No. 1.

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- a. Provide documentation (invoices, contracts, quotes) supporting the increase for the new UV Treatment equipment in the forecast test period.
 - b. Is this the same project that was included in the prior rate case? If so, explain why it has not yet been completed.
129. Miscellaneous Expense. Refer to the Excel file titled KAWC 2026 Rate Case – Miscellaneous Expense Exhibit, tabs titled “Link In” and “Exhibit” provided in Kentucky American’s response to Staff’s First Request, No. 1.
- a. Explain why a three-year average is appropriate for 52001400 M & S Oper - Transmission & Distribution as the cost has declined from 2022 - 2025.
 - b. Explain what Account 52585000 Discounts Available represents.
 - c. Explain what Account 52579000 Trustee Fees represents.
 - d. Explain the reason for the increase in spending in in 2025 over the 2024 level in Account 52001600 Misc Oper Admin & General.
 - e. Explain the reason for the significant increase in spending in in 2025 over the 2024 level in Account 52501600 Misc Oper Admin & General.
 - f. Explain what the \$221,583 Adjustment to 2025 Actuals represents and provide the calculations.
130. Operating Revenues and Expenses. Refer to KAW_APP_EX37C_051526, page 2. Update the schedule to show the total actual annual amounts for the categories shown for each year 2021, 2022, 2023, 2024, 2025 the base period and included recovery in the forecasted test period.

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131. Other revenues. Refer to KAW_APP_EX37C_051526, page 3 of 9, Exhibit 37, Schedule C-2, lines 38-46. Provide the annual other revenues by category for 2021, 2022, 2023, 2024, 2025, the base period and included in the forecasted test period.
132. Organization Membership, Social and Service Club Dues. Refer to KAW_APP_EX_37F_051526, page 2 of 10.
- a. Of the organizations listed, identify all that participate in lobbying, advocacy, attempts to influence public opinion, and institutional or image building advertising.
 - b. Provide the amount removed from the forecasted test period related to lobbying, advocacy, attempts to influence public opinion, and institutional or image building advertising. Include all supporting calculations. If none was removed, explain why not and provide the forecasted test period amount that relates to lobbying, advocacy, attempts to influence public opinion, and institutional or image building advertising.
133. Office Supply Expense. Refer to the Excel file titled KAWC 2026 Rate Case – Office Supplies Exhibit, tab titled “Workpaper” provided in Kentucky American’s response to Staff’s First Request, No. 1.
- a. Provide documentation (contracts, invoices, etc.) supporting the ARCOS contract increase reflected in the forecasted test period.
 - b. Explain the reason for the increased ARCOS cost in the forecast test period.

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134. Pet Insurance. Refer to the Response to Staff's First Request, No. 26, page 2 of 5. Provide the amount of pet insurance expense for each of the years 2021, 2022, 2023, 2024, 2025, the base period, and included in the forecasted test period.
135. PSC Fees. Refer to the Excel file titled KAWC 2026 Rate Case – PSC Fees Exhibit, tabs titled “Link In” and “Exhibit” provided in Kentucky American’s response to Staff’s First Request, No. 1.
- a. Explain the reasons for the significant increase to this expense in the forecast test period over the 2025 level.
 - b. Refer to Workpaper 1. Has HB 757 passed? If not provide the current status.
 - c. Provide the month and year when the new rate will go into effect.
136. Payroll. Refer to KAW_APP_37G_051526, page 3 of 10.
- a. Identify the total number of employees the Company had at each month following the order in the last rate case through the most current month of 2026.
 - b. Identify the total number of employees that left the Company each month since the date of last rate case decision through the most current month.
 - c. See also KAW_APP_EX37G_051625, Page 3 of 10, Schedule G-2. If the Company has not reached the 168 headcount in any month following the order in the last rate case explain why not.
 - d. Explain why the Company has reflected a lower number of employees in the base period than the 168 approved in the last rate case.
137. Payroll. Refer to the Application generally. Provide, for each full-time equivalent (“FTE”) group, by month, for each of the years 2021, 2022, 2023, 2024, 2025, the base period, and

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included in the forecasted test period, the number of full time FTEs budgeted, the number of part-time FTEs budgeted and the actual number of full time FTEs and part-time FTEs.

138. Payroll. Refer to KAW_APP_EX37G_051526, page 3 of 10, Schedule G-2. Provide the current number of total employees and FTEs.
139. Payroll. Refer to KAW_APP_EX37G_051526, page 2 of 10, Schedule G-1. Has the Company used a vacancy factor in its payroll forecast for the base period and the forecasted test period? If so, provide the factor used and the supporting calculations. If not, explain why not.
140. Payroll. Refer to the Application generally. For each of the current vacant positions to be refilled by the forecasted test period provide:
- a. Job Title
 - b. Planned hiring date
 - c. Hiring dates for any of these positions that have been filled.
 - d. Fully loaded annual salary
 - e. Length of time that the position has been open.
 - f. Copy of ad for position.
141. Payroll. Refer to the Application generally. For each of the new hires the Company included in the forecasted test period, provide:
- a. Job Title
 - b. Planned hiring date
 - c. Hiring dates for any of these positions that have been filled.
 - d. Fully loaded annual salary
 - e. Length of time that the position has been open.
 - f. Copy of ad for position.
142. Payroll. Refer to KAW_APP_EX37G_051526, page 3 of 10, Schedule G-2. Provide for each of the years 2021, 2022, 2023, 2024, 2025, the base period and included in the forecasted test period, the amount of base pay, overtime, incentive compensation and the

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amount of other pay broken down in the most detailed format available including the amount charged to capital, amount charged to expense and amounts charged to other (specify). If any of the other is ultimately expensed, provide the amount ultimately expensed in each year.

143. Payroll. Refer to KAW_APP_EX37G_051526, page 3 of 10, Schedule G-2. Provide total (direct & allocated) Capital and O&M budgeted and actual payroll expense for each of the years 2020, 2021, 2022, 2023, 2024, the base period and, and included in the forecasted test period.
144. Payroll. Refer to KAW_APP_EX37G_051526, page 3 of 10, Schedule G-2.
 - a. Provide the total (direct and allocated) capital and O&M payroll approved by the Commission for each of the years: 2021, 2022, 2023, 2024 and 2025.
 - b. Provide the total (direct and allocated) actual capital and O&M payroll for each of the years: 2021, 2022, 2023, 2024 and 2025.
145. Payroll. Refer to the Application generally. Provide a description of the Company's merit and cost of living wage rate increase policies.
146. Penalties/Fines. Refer to the Application generally. Provide the total amount (direct & allocated) of all penalties and fines incurred in 2025, included in the base period and for recovery in the forecasted test period. Provide a brief description of the nature of the penalties/fines.

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147. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

148. Pipe Replacement Planner (“PRP”). Refer to page 5 of the Magner Testimony. Provide the total cost of developing the PRP that is included in the forecast test year and identify where it is included in the revenue requirement. Also provide a brief description of the project.

149. Plant. Refer to KAW_APP_EX37B_0515526, Page 5 of 54, Schedule B-2. Provide the 13-month average and year-end plant balances by category for each of the years 2021, 2022, 2023, 2024, 2025, the base period and the forecasted test period.

150. Property Taxes. Refer to page 4 of the Direct Testimony of Linda Schlessman (“Schlessman Testimony”). Provide documentation supporting the 3% annual escalation percentage for property taxes.

151. Property Taxes. Refer to page 5 of the Schlessman Testimony.

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- a. Provide the actual property tax expense for each of the years 2021, 2022, 2023, 2024, and 2025.
 - b. Provide the annual property tax expense approved by the Commission for each of the years 2021, 2022, 2023, 2024, and 2025.
152. Property Taxes. Refer to the Excel file titled KAWC 2026 Rate Case – Property Tax Exhibit, tab titled “Link In” provided in Kentucky American’s response to Staff’s First Request, No. 1.
 - a. Explain why property tax expense declined from 2023 - 2025.
 - b. Explain the reason for the significant increase to property tax expense in the forecast test period over the 2025 level.
153. Property Tax Abatements. Refer to the Excel file titled KAWC 2026 Rate Case – Property Tax Exhibit provided in Kentucky American’s response to Staff’s First Request, No. 1. Provide the amount of property tax abatements or refunds received in each of the years: 2021, 2022, 2023, 2024, 2025, and included in the base period and forecast test period. Provide a brief description of the refunds/abatements.
154. Rate Case Expense. Refer to the Excel file titled KAWC 2026 Rate Case – Regulatory Expense Exhibit, tab titled “Workpaper 1” provided in Kentucky American’s response to Staff’s First Request, No. 1. Explain why the Workpaper states “Annual Rate Case Expense Amortized Over 36 Months” but the expense is amortized over 24 months.
155. Rate Case Expense. Refer to the Excel file titled KAWC 2026 Rate Case – Regulatory Expense Exhibit provided in Kentucky American’s response to Staff’s First Request, No. 1.

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- a. Refer to tab titled "Workpaper 1." Explain the Company's basis for a two-year amortization for rate case expense when the Commission has historically used a three-year amortization.
 - b. Explain the basis for a two-year amortization given the Company's claim that if the SIP is approved it will delay the frequency of rate cases.
 - c. Refer to the tab titled "Exhibit." Provide the calculations showing how the QIP Reconciliation amount was derived and why it should be reflected with rate case expense.
156. Rate Case Expense. Refer to the Application generally. Provide an amortization schedule of the total rate case expense authorized by the Commission in Case No. 2025-00122 through the current date.
157. Support Services. Refer to the Excel file titled KAWC 2026 Rate Case – Support Services Exhibit, tab titled "Link Out" provided in Kentucky American's response to Staff's First Request, No. 1. Provide the Support Services expenses by account for each of the years 2021, 2022, 2023, 2024, 2025, the base year and the forecasted test period.
158. Support Services. Refer to the Excel file titled KAWC 2026 Rate Case – Support Services Exhibit, tab titled "Workpaper 1 Summary" and "Wkpr 3 Misc adjustments" provided in Kentucky American's response to Staff's First Request, No. 1. Explain why the Company is including a 3-year average of severance expense on workpaper 1 and removing severance on workpaper 3.

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159. Support Services. Refer to the Excel file titled KAWC 2026 Rate Case – Support Services Exhibit, tab titled “Workpaper 1 Summary” provided in Kentucky American’s response to Staff’s First Request No. 1. Provide copies of workpapers 4-12 referenced.
160. SERP. Refer to the Application generally. Has the Company included SERP expense for recovery in the forecasted test period? If so provide the total amount included (direct and allocated) and provide the following:
- a. Explain how eligibility for SERP is determined.
 - b. Describe the benefits provided by the Company's SERP plan.
 - c. Identify both the number of employees eligible for SERP and the number of employees ineligible for SERP in 2025, the base period, and the forecasted test period.
161. Retention Bonuses. Refer to the Application generally. Provide the amount of retention bonus expense in 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period (direct and allocated).
162. Severance Pay. Refer to page 19 of the Prendergast Testimony.
- a. Provide the total amount of severance expense in 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period (direct and allocated).
 - b. Provide the calculations supporting the amount included in the forecast test period.
 - c. Explain whether the Company has or will consider eliminating any employees associated with the three acquisitions it is including in this case.

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163. SIP. Refer to page 13 of the Newcomb Testimony which states that the mechanics of the SIP are modeled by the QIP used by affiliate Illinois American Water Company.
- a. Explain why the Company changed the mechanics of how its capital recovery mechanism was calculated over its previous QIP mechanism.
 - b. Explain why the Company did not model its SIP from a capital recovery mechanism currently used in Kentucky.
 - a. Explain why the mechanics of a capital recovery mechanism used in Illinois is more appropriate than one used in Kentucky.
164. SIP. Refer to Refer to KAW_APP_EX03_051526 pages 52-54.
- a. Provide a list of all differences between the SIP over the QIP. For each difference explain why the change was made.
 - b. Identify specifically which types of plant additions are being included in the SIP that were not included before.
 - c. Could revenue producing and expansion projects that would serve new customers (e.g., a new subdivision, golf course, etc.) be included in the SIP? If so, how does the Company propose to account for the additional revenues generated by these projects?
165. SIP. Refer to KAW_APP_EX03_051526 pages 52-54. Explain why the Company is proposing a shorter period for the SIP annual filings (at least 90 days) as opposed to at least 120 days used for the previous QIP annual filings.

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166. SIP. Refer to the Application generally.
- a. If the SIP is not approved, state the month and year when the Company anticipates it will file its next rate case.
 - b. If the SIP is approved, state the month and year when the Company anticipates it will file its next rate case.
167. SIP. Refer to page 8 of the Newcomb Testimony, which states that water general rate cases would be less frequent and if approved its next general rate case could be, "as late as 2029." Explain how the next rate case filed "as late as 2029" is a reduction in filing of rate cases given the Company's history of filing rate cases during the last 20 years.
168. SIP. Refer to Exhibit JN-1. Provide the forecasted total annual SIP capital expenditures and SIP plant additions for 2027, 2028, and 2029.
169. Student Loan Repayment Expenses. Refer to the Application generally.
- a. Does Kentucky American, its parent company or service company provide student loan repayment/or other loan repayments as a benefit to its employees? If so, please describe the loan payment benefit offered and identify which employees are eligible for the benefit.
 - b. Provide the total amount (direct & allocated) included for recovery in the forecasted test year.
170. Temporary Help. Refer to the Application generally. Provide the total amount (direct & allocated) of temporary help expense used to supplement its workforce for each of the years 2021, 2022, 2023, 2024, 2025, the base period and included for recovery in the forecasted test period.

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171. Transportation expense. Refer to page 27 of the Prendergast Testimony. Provide documentation (quotes, contracts, invoices) supporting the 2% increase from the Fleet provider.
172. Telecommunications. Refer to the Excel file title KAWC 2026 Rate Case – Telecommunications Exhibit, tab titled “Workpaper” provided in Kentucky American’s response to Staff’s First Request No. 1. Provide documentation supporting the Implementation of new Telematics/Hotspots (quotes, invoices, contracts).
173. Third Party Damages. Refer to the Application generally.
 - a. Provide the total amount of third-party damage reimbursements for each year 2021, 2022, 2023, 2024, 2025, the base period and included in the forecasted test period.
 - b. Provide the total amount of third-party damages expense for each year 2021, 2022, 2023, 2024, 2025, the base period and included in the forecasted test period.
 - c. Explain how and where the amounts in subparts (a) and (b) are reflected in the revenue requirement.
174. Uncollectibles. Refer to the Application generally. For each of the years 2021, 2022, 2023, 2024, and 2025 provide the revenues, write-offs, and recoveries.
175. Uncollectibles. Refer to the Excel file title KAWC 2026 Rate Case – Uncollectibles Exhibit, tab titled “Link In” provided in Kentucky American’s response to Staff’s First Request, No. 1. Explain the reason for the large increase to Account 57010015 customer accounting uncollectible expense in 2025 over the prior years.
176. Unaccounted for Water. Refer to the Lewis Testimony at 34 - 35.

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- a. Confirm that the Company did not reflect any reduction to expenses in the forecasted test period related to unaccounted for water exceeding the 15% threshold and explain why not.
 - b. Provide the reductions to expenses for unaccounted for water exceeding 15% applicable to the forecast test period, including all calculations used to derive the amounts.
177. Unaccounted for Water. Refer to the response to Staff's First Request, No. 37. Explain the reason for the increased water losses in October and December of 2025, and January through March of 2026.
178. Unaccounted for Water. Refer to the Burton Testimony at 13, which states: "[i]mproving water efficiency reduces operating costs (e.g., pumping and treatment) and reduces the need to spend capital developing new supplies and expanding our water infrastructure." Explain in detail, all new efforts and initiatives the Company has undertaken since its last rate case to reduce unaccounted for water.
179. Unclaimed Checks. Refer to KAW_APP_EX37B_051526 Schedule B-1. Explain why the Company did not reflect any amount on Line 33 Other Rate Base Elements in the forecast test period although the Company shows a balance of unclaimed checks on W/P-1-12.
180. Volunteer time. Refer to the Burton Testimony, pages 17 – 19. Provide the total amount (direct & allocated) of payroll expense for paid time off for employees volunteering 2025, the base period and requested for recovery in the forecasted test period. Also provide all corresponding volunteer related expenses (e.g., t-shirts, banners, hats, prizes, gifts, food, beverages, utilized at the events, etc.) for each of the time periods listed above.

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181. Provide the actual balance of short-term debt used by Kentucky American for each month (or most frequently available) from January 1, 2022, to the most currently available in live Excel format.
182. Provide the total actual balance of Construction Work in Progress ("CWIP") broken down into CWIP earning Allowance for Funds Used During Construction ("AFUDC") and CWIP not earning AFUDC for Kentucky American for each month (or most frequently available) from January 1, 2022, to the most currently available.
183. Provide the monthly (or most frequently available) balance sheet and income statements for Kentucky American for each year from January 1, 2022, to the most currently available in live Excel format.
184. Provide the monthly (or most frequently available) balance sheet and income statements for American Water for each year from January 1, 2022, to the most currently available in live Excel format.
185. Provide Kentucky American's water sales to residential, commercial, and industrial customers for each month (or most frequently available) from January 1, 2022, to the most currently available.
186. Provide a copy of all the major bond rating agency reports that cover American Water and Kentucky American that were issued from January 1, 2022, to the most currently available.
187. Please list all debt and equity raised by American Water and Kentucky American, since January 1, 2022, to the most currently available. For bonds, please provide the CUSIP number for all securities raised over this time.

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188. Does American Water or any other entity provide lines of credit to Kentucky American? If yes, explain how much the amount of funds available as of the most currently available data and quarterly, or the most frequently available, since January 1, 2022.
189. Provide copies of all source documents, texts, articles, reports, and data cited or referenced in the Bulkley Testimony, including all footnotes and accompanying exhibits. Additionally, provide all workpapers and supporting data relied upon in the preparation of her testimony. Provide all documents in their native electronic format. For any calculations, financial models, or quantitative arrays, provide functional, native Excel workbooks with all cell formulas and links intact, completely unhidden, and completely executable
190. With reference to the Bulkley Testimony, specifically her statements on page 26, lines 19 - 23, regarding that “[a] reasonable cost of equity estimate appropriately considers alternative methodologies . . .”
- a. Did Ms. Bulkley perform a correlation analysis or a sensitivity test to quantify the degree to which the outputs of her multiple models (e.g., Constant Growth DCF, CAPM, and ECAPM) vary in response to changes in shared variables, specifically the analyst EPS growth projections used as the “g” in her DCF models and as a component of her forward-looking market return in the CAPM?
 - b. If so, provide all workpapers and statistical outputs associated with this analysis.
 - c. If such an analysis was performed, what specific coefficient of correlation or degree of redundancy did Ms. Bulkley deem acceptable to maintain the integrity she claims these models provide?

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- d. If no quantitative test for independence or redundancy was performed, on what empirical basis does Ms. Bulkley claim that these models provide independent results rather than merely generating highly correlated results based on the same underlying analyst sentiment?
191. Refer to Exhibit AEB 6, which derives the S&P 500 required market return of 12.99% from a market-capitalization-weighted dividend yield of 1.27% and a long-term earnings growth estimate of 11.65%:
- a. Identify the specific time horizon (e.g., 3-year, 5-year, or 10-year) of the underlying analyst earnings growth estimates that were aggregated to produce the 11.65% market-cap-weighted S&P 500 growth rate.
 - b. Does the data source for these growth estimates explicitly state that these growth rates are intended for use in calculating the cost of equity? If so, please provide the specific language and documentation from the source.
 - c. State whether the cited sources provide these growth rates as part of investment advisory services (intended for alpha-seeking investors) rather than as neutral estimates of the long-term, sustainable growth of the S&P 500 Index.
 - d. Did any of the sources provide a sensitivity analysis, confidence interval, or standard error associated with these growth projections? If only single-point estimates were provided, how did Ms. Bulkley assess the statistical reliability of these figures for use in a multi-year regulatory setting?
 - e. Please list all other financial data providers or economic forecasting services she considered but rejected for this analysis (e.g., Blue Chip, CBO, or Ibbotson). For

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each rejected source, please provide the specific selection criteria used to determine that the figures she used were more appropriate.

- f. Given that the 11.65% S&P 500 growth rates is significantly higher than the projected growth of the U.S. Gross Domestic Product ("GDP"), please explain on what economic basis Ms. Bulkley believes an 11.65% growth rate is sustainable in perpetuity, as is typically assumed in a Constant Growth model.
192. Reference page 31 and 33 of the Bulkley Testimony and Exhibit No. AEB-6, in which she derives an S&P 500 required market return of 12.99% using a Constant Growth DCF model.
- a. Did Ms. Bulkley decompose 12.99% market return into its specific constituent components: (1) Dividend Yield, (2) Earnings Growth, and (3) Change in Valuation Multiple (i.e., Price-to-Earnings (P/E) ratio expansion or contraction)?
- b. If yes, please provide the specific percentage or basis point contribution assigned to each of the three components listed in (a).
- c. If no such decomposition was performed, please answer the following:
- Does Ms. Bulkley's application of the 12.99% in her CAPM analysis and ECAPM assume that the P/E ratio of the S&P 500 will remain constant in perpetuity at its current level?
 - Alternatively, does the growth input implicitly assume a continuous, perpetual expansion of the market's valuation multiple?

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- d. If Ms. Bulkley assumes the P/E ratio will remain constant, provide the specific Long-Term Sustainable GDP Growth Rate she believes is consistent with a perpetual 12.99% market return in the absence of multiple expansion.
193. Is Ms. Bulkley aware of the financial concept of Valuation Mean Reversion, which suggests that high starting P/E ratios tend to contract toward their long-term historical average over time, creating a headwind for future equity returns?
- a. Did Ms. Bulkley perform a sensitivity analysis to determine the impact on her 12.99% market return if the S&P 500 P/E ratio were to revert to its historical averages over the next decade?
 - b. If Ms. Bulkley did not test for valuation contraction, does her recommendation implicitly assume that current valuation multiples will persist indefinitely?
194. Reference Exhibit AEB-3 and Exhibit AEB-4 regarding Ms. Bulkley's reliance on consensus or individual analyst Earnings Per Share ("EPS") growth rate projections from Value Line, S&P Capital IQ, or Zacks Investment Research as primary inputs in both her DCF and CAPM analyses.
- a. Did Ms. Bulkley review the specific underlying financial models (e.g., discounted cash flow, relative valuation multiples, etc.) utilized by the individual analysts to generate their EPS growth forecasts? If yes, please summarize the prevailing methodologies identified.
 - b. Did Ms. Bulkley identify and evaluate the specific macroeconomic assumptions (such as projected GDP growth, inflation rates, or interest rates) embedded within

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these analyst forecasts to ensure they are consistent with the long-term economic outlook utilized in Ms. Bulkley's own testimony?

- c. Did Ms. Bulkley investigate whether the analyst reports relied upon provide a confidence interval, margin of error, or probability weighting for their projected growth rates? If so, how was this range of uncertainty incorporated into the analysis?
 - d. Is Ms. Bulkley aware of any language in the analyst reports or data services she relied upon that guarantees the accuracy of these projections, or do they explicitly disclaim liability for actual results differing from forecasts?
195. Regarding the professional services provided by Ms. Bulkley or The Brattle Group, please clarify the scope of advice offered to American Water's Board of Directors or Treasury Department. Specifically:
- a. Does Ms. Bulkley or her firm provide direct advisory services regarding the final pricing, precise timing, or specific legal structuring of the American Water and/or Kentucky American's actual debt or equity issuances?
 - b. If the answer is no, does Ms. Bulkley agree that there is a functional distinction between regulatory cost of equity estimates (developed for the purpose of setting utility rates) and the transactional market-clearing estimates required to successfully execute a specific capital raise in the primary markets?
 - c. Did Ms. Bulkley review any internal American Water presentations, board materials, or investment banking pitch decks related to the Company's actual cost of raising equity-linked capital in the last 24 months? If yes, please identify the

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specific documents reviewed. If no, please explain how Ms. Bulkley verified that her theoretical calculation of the Cost of Equity is consistent with the actual marginal cost of equity capital currently being secured by the Company in the open market.

196. Regarding Ms. Bulkley's professional experience in asset management and pension fund advisory services:

- a. Please state whether Ms. Bulkley or her firm (The Brattle Group) provides specific financial advice to American Water's Investment Committee, Benefits Committee, or Board of Directors—or to those of any other utility client—regarding the determination of the Expected Long-Term Rate of Return on Assets ("EROA") used to manage a defined benefit pension plan.
- b. If the answer is no, does Ms. Bulkley agree that her role in this proceeding is focused on providing regulatory estimates of the Cost of Equity for the purpose of rate-setting, rather than providing the fiduciary estimates relied upon by institutional investors to manage actual retirement assets?
- c. If the answer is yes, identify the specific EROA recommendations Ms. Bulkley has provided in a fiduciary capacity over the last three years and explain any variance between those figures and the 10.75% ROE she recommends in this case.

197. In preparing her recommendation, did Ms. Bulkley review the Expected Return on Equity assumptions disclosed in the most recent Form 10-Ks of the companies included in her Proxy Group?

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- a. Please confirm whether the average expected return on equity assets reported by these Proxy Group companies for pension accounting purposes is generally lower than the Cost of Equity results produced by Ms. Bulkley's DCF and CAPM models.
 - b. If Ms. Bulkley's calculated Cost of Equity (e.g., 10.75%) is significantly higher than the return these same companies expect to earn on their own equity portfolios (often 7.0%–8.5%), please explain why a regulated utility requires a higher return than the professional asset managers at these utility companies expect to earn from the stock market.
198. Reference is made to the earnings growth rates utilized in Ms. Bulkley's DCF analysis of the S&P 500 for purposes of her CAPM and ECAPM market return estimate.
- a. Did Ms. Bulkley calculate the specific weighted contribution to the 11.65% aggregate S&P 500 growth rate derived from the so-called "Magnificent Seven" companies (Apple, Microsoft, Alphabet, Amazon, Nvidia, Meta, and Tesla)?
 - b. If yes, please state what percentage of the total weighted average growth rate is attributable to just these seven companies.
 - c. If no, does Ms. Bulkley agree that her Total Market proxy is heavily skewed by the growth prospects of a small number of mega-cap technology firms?
199. Reference is made to Ms. Bulkley's testimony regarding the regulatory guidelines and principles relevant to cost of capital estimation, including the *Hope and Bluefield* standards.
- a. Should an authorized ROE of a utility company always be set equal to a utility company's market-required return on its invested capital? Explain in detail.

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- b. Do regulatory principles allow a Commission to authorize an ROE that is higher than a utility company's market-required return on its invested capital? Explain in detail.
 - c. Explain what other criteria the Commission should consider when determining the appropriate authorized ROE for Kentucky American other than its market-required return on its invested capital.
200. Did Ms. Bulkley do an analysis to determine if the Company's requested regulatory capital structure of 52.29% common equity and 46.97% long-term debt will lead to the lowest possible rates for consumers? For example, did Ms. Bulkley conduct a cost-benefit analysis to determine if Kentucky American's rates would be higher or lower if its regulated capital structure had a common equity ratio of 50% (or any other common equity ratio instead of the proposed 52.29% common equity ratio)? If yes, please explain. If not, please provide said analysis.
201. In her direct testimony, Ms. Bulkley states that she considers the current and prospective capital market and the results of multiple financial models.
- a. Did Ms. Bulkley use the long-term U.S. GDP growth rate (approximately 4.00%) as a control variable or limit when assessing the reasonableness of the 11.65% market-cap-weighted S&P 500 earnings growth rate used in her market-return estimate?
 - b. Ms. Bulkley's S&P 500 growth rate of 11.65% exceeds GDP growth by nearly triple, what specific test did she apply to determine that this divergence was reasonable and sustainable?

Electronic Application of Kentucky-American Water Company for an Adjustment of Rates,
Approval of System Improvement Program, and Tariff Changes
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202. On page 45 of the Bulkley Testimony, she concluded that Kentucky American has “slightly greater than average regulatory risk when compared to the proxy group” because it currently lacks timely cost recovery mechanisms between rate cases. On page 39, she states that 75.00% of the operating utilities in her proxy group currently benefit from infrastructure replacement recovery mechanisms. She further acknowledges that if the Commission approves Kentucky American’s proposed SIP in this proceeding, Kentucky American will have a capital tracking mechanism similar to her proxy group. If the Commission grants Kentucky American’s request and approves the SIP mechanism, Kentucky American’s regulatory risk profile regarding capital cost recovery will align with the 75% of her proxy group companies that already possess such mechanisms.

- a. Provide the exact basis point reduction to her 10.75% recommended ROE that would be warranted to reflect this explicitly mitigated regulatory risk.
- b. If Ms. Bulkley contends that no downward adjustment to her 10.75% ROE recommendation is warranted upon approval of the SIP, provide mathematical justification for why Kentucky American requires a premium return to compensate for “greater than average regulatory risk” while simultaneously operating under the exact same risk-reducing cost-recovery mechanisms as its peers.