COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

ATTORNEY GENERAL'S SECOND 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 Second Request for Information to the Kentucky-American Water Company (hereinafter "Kentucky American" or the "Company") to be answered by July 30, 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
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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 July 16, 2026, and there are currently no parties that the Commission has excused from participation by electronic means in this proceeding.

This 16th day of July, 2026,

Angela M. Awad

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Assistant Attorney General

1. Refer to Kentucky American's response to the Attorney General's First Request for Information ("Attorney General's First Request"), Item 1(e). Provide an updated map of Kentucky American's water service area that includes all of the acquired water systems. Provide all updates to this map during the pendency of the case.
2. Refer to Kentucky American's response to the Attorney General's First Request, Item 1(f). Provide an updated map of American Water's service area that includes all of the acquired water systems. Provide all updates to this map during the pendency of the case.
3. Refer to Kentucky American's response to the Attorney General's First Request, Items 2, 3, and 4. For all of the PDFs provided (confidential and non-confidential) provide in excel spreadsheet format, if possible.
4. Refer to Kentucky-American's response to the Attorney General's First Request, Item 2, and the Public Version of Attachment, KAW_R_AGDR1_NUM002_062626, page 3 of 109.
    a. Explain why there was an average $50,000 bonus provided to Kentucky American executive employees in 2022. Also, identify how many executive employees received the bonus, the bonus amount each executive employee received, and the reason for the bonus.
    b. Explain why the Service Company appears to provide bonuses every year to executive staff, ranging from an average bonus of $732 - $7,184. Also, identify how many executive employees received the bonus, the bonus amount each executive employee received, and the reason for the bonus.

c. Explain why the Service Company appears to provide awards every year to executive staff, ranging from average awards of $276 - $5,670. Also, identify how many executive employees received the award, the award amount each executive employee received, and the reason for the award.

d. Provide the name of the State President for each of the years 2021, 2022, 2023, 2024, 2025, and 2026.

e. Provide the current State President's salary information for 2027, if known.

f. Provide the name of the VP, Operations for each of the years 2021, 2022, 2023, 2024, 2025, and 2026.

g. Provide the current VP, Operations salary information for 2027, if known.

h. Provide the name of the Director, Engineering for 2026.

i. Provide the current Director, Engineering salary information for 2027, if known.

j. Explain in detail whether the Director, Engineering position is a newly created position for 2026. If so, explain why this position is necessary. If it is not a new position, provide the salary for this position for 2021 – 2025 as originally requested.

k. Explain why incentive compensation provided to Kentucky American's executive staff has risen from $42,352 in 2021 to $330,691 in 2025 and $260,668 in 2026. Also, identify how many executive staff employees received the incentive compensation and the amount each executive staff employee received.

5. Refer to Kentucky-American's response to the Attorney General's First Request, Item 3.

   a. Explain why there was an average $1,519 - $5,212 bonus provided to Kentucky American salaried employees from 2023 - 2025. Also, identify how many salaried employees received the bonus, the bonus amount each salaried employee received, and the reason for the bonus.

b. Explain why the Service Company appears to provide bonuses every year to salaried staff, ranging from an average bonus of $141 - $237. Also, identify how many salaried employees received the bonus, the bonus amount each salaried employee received, and the reason for the bonus.

c. Explain why Kentucky American appears to provide awards every year to salaried staff, ranging from average awards of $2,000 - $17,000. Also, identify how many salaried employees received the award, the amount each salaried employee received, and the reason for the award.

d. Explain why the Service Company appears to provide awards every year to salaried staff, ranging from average awards of $6,162 - $15,359. Also, identify how many salaried employees received the award, the amount of award each salaried employee received, and the reason for the award.

e. Explain why incentive compensation provided to Kentucky American's salaried staff has risen from $327,037 in 2021 to $551,109 in 2026. Also, identify how many salaried employees received the incentive compensation and the amount each salaried employee received.

6. Refer to Kentucky-American's response to the Attorney General's First Request, Item 4.

a. Explain why Kentucky American appears to provide bonuses every year to non-salaried staff, ranging from an average bonus of $1,426 - $3,376 provided to Kentucky American non-salaried employees from 2021 - 2026. Also, identify how many non-salaried employees received the bonus, the amount of a bonus each non-salaried employee received, and the reason for the bonus.

b. Explain why the Service Company appears to provide bonuses almost every year to non-salaried staff, ranging from an average bonus of $58 - $424. Also, identify how many non-salaried employees received the bonus, the amount of a bonus each non-salaried employee received, and the reason for the bonus.

c. Explain why Kentucky American appears to provide awards every year to non-salaried staff, ranging from average awards of $3,750 - $43,550. Also, identify how many non-salaried employees received the award, the amount each non-salaried employee received, and the reason for the award.

d. Explain why the Service Company appears to provide awards every year to non-salaried staff, ranging from average awards of $53 - $761. Also, identify how many non-salaried employees received the award, the amount of award each non-salaried employee received, and the reason for the award.

e. Explain why incentive compensation provided to Kentucky American's non-salaried staff has risen from $388,900 in 2021 to $707,312 in 2026. Also, identify how many non-salaried employees received the incentive compensation and the amount each non-salaried employee received.

7. Refer to Kentucky American's response to the Attorney General's First Request, Items 2, 3, and 4. The Company states that Kentucky American did not provide awards or vehicle allowances "during the time period specified." Explain what time period Kentucky American did provide awards or vehicle allowances. For example, are awards and vehicle

allowances proposed to be provided for 2027? Explain the answer in detail and provide all pertinent information regarding the same.

8. Refer to Kentucky American's response to the Attorney General's First Request, Item 5.
   a. Provide an update as to all prior vacant positions and all new vacant positions. Ensure to differentiate between positions that have actually been filled versus a future planned hiring date. Consider this an ongoing request throughout the pendency of this case.
   b. Provide an update to the KAW_R_AGDR1_NUM005_062626 attachment. Ensure to differentiate between positions that have actually been filled versus a future planned hiring date. Consider this an ongoing request throughout the pendency of this case.
9. Refer to Kentucky American's response to the Attorney General's First Request, Items 11 – 12.
   a. Confirm that the cost of living in Kentucky is different than the cost of living in other states such as California, New York, Illinois, etc. If not confirmed, explain why not.
   b. Explain in detail why Kentucky American does not review local Kentucky specific wage and benefit information data when setting its Kentucky employees' wages, salaries, raises, benefits, etc.
10. Refer to Kentucky American's response to the Attorney General's First Request, Item 15. As originally requested, provide a copy of the J.D. Power Satisfaction Study for 2025 and 2026, which pertains to American Water/Kentucky American Water.

11. Refer to Kentucky American's response to the Attorney General's First Request, Item 17. Explain whether it is correct for six expense accounts listed in the response to have $0 under the column titled "Amount Removed." If so, explain in detail why it should have $0 removed. If not, provide an updated chart with the correct amounts removed.

12. Refer to Kentucky American's response to the Attorney General's First Request, Items 26(i) and (m). The Company is proposing to reduce the monthly rate for the Public Fire Hydrant rate class from $75 to $11.53. According to Kentucky American, the basis for the reduction is that fire protection provides benefits that extend to the entire communities, not solely the municipality in which the hydrant is located. However, per Kentucky American's response, the public hydrants are located in Georgetown, Lexington, North Middletown, Paris, Sadieville, Versailles, and Winchester.

    a. Explain whether any of the public fire hydrants are in the counties outside of the above-referenced cities.

    b. Explain whether Kentucky American has customers who live outside of the above-referenced city limits.

    c. If so, how will the Company's customers who live outside of the city limits benefit by paying more in rates in order for the cities to pay less for the public fire hydrants, even though they do not have access to the public fire hydrants? Explain the response in detail.

13. Refer to Kentucky American's response to the Attorney General's First Request, Item 26(n). Confirm that Kentucky American is proposing to unify rates for all acquired water systems in the pending case. If this is not confirmed, explain in detail why not.

14. Refer to Kentucky American's response to the Attorney General's First Request, Item 28(b). Kentucky American admits that the median household incomes for 2026 and 2027 were $70,482 and $73,512, respectively.
    a. Provide the affordability study using this data instead of inflating the median household incomes to approximately $100,000 for present rates, and $110,000 for proposed rates.
    b. Explain in detail why when determining whether Kentucky American's water rates are affordable to its customers, the study would inflate the median household incomes by over $30,000?
    c. Confirm that by inflating the median household income by over $30,000, the study is not an accurate representation of whether or not the Company's rates are affordable to its customers.
15. Refer to Kentucky American's response to the Attorney General's First Request, Item 32.
    a. Provide an updated chart reflecting the Help to Others Program ("H2O") account balances for each month for 2025 and 2026. Consider this an ongoing request throughout the pendency of the case.
    b. Explain why there have been high account balances of the H2O customer assistance program funds throughout 2025 and 2026.
    c. Explain how Kentucky American notifies its customers of the H2O customer assistance program.
16. Refer to Kentucky American's response to the Attorney General's First Request, Item 35. Explain whether Kentucky American's proposed inclusion of acquisition costs in the

pending case complies with Commission precedent on allowable acquisition costs. If not, explain the proposed acquisition costs that fall outside of Commission precedent. Explain the response in detail and provide all applicable case number references.

17. Refer to Kentucky American's response to the Attorney General's First Request, Items 36(a) and (b). No substantive answer was provided.

    a. As originally requested, 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. 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, rollbacks, 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 by Kentucky American/American Water/affiliated utilities against the same. Consider this an ongoing request during the pendency of this case.

    c. Since the filing of Mr. Lewis' testimony, explain whether he, or any other employee, has determined that a specific rule/regulation and/or law that he discussed in his testimony is affected by a Presidential Executive Order, modification, withdrawal, etc. Consider this to be an ongoing request throughout the pendency of the case.

d. If no substantive answer is provided to (a), (b), or (c), explain why Mr. Lewis filed testimony concerning new and emerging environmental standards requiring enhancements and improvements to water treatment facilities and distribution systems, but is not reviewing and determining whether said environmental standards have been modified, withdrawn, has pending litigation, etc.

18. Refer to Kentucky American's response to the Attorney General's First Request, Items 37 (a) and (b).

a. Provide an updated monthly unaccounted-for water loss percentage for 2026. Consider this an ongoing request during the pendency of this case.

b. Explain in detail how Kentucky American has reduced its overall annual water loss percentage from 21.59% in 2022 down to 17.56% in 2025.

c. Explain in detail why there are large swings in water loss percentages from month to month. For example, in 2025 the water loss percentage was 21.35% in January, which then dropped to 8% in February, back up to 24.65% in March, and then up to 30.35% in April. But, there have been more steady water loss percentages in 2026 thus far ranging between 19.86% and 24.55%.

d. Explain in detail whether Kentucky American is projecting a higher water loss percentage for 2026 as compared to 2025 (annual 17.56% water loss) since the data thus far for 2026 is an average of 22.25% water loss.

e. In Case No. 2023-00191, Kentucky American stated that it had 270 special connection customers with over 90 miles of private mains connected to the Company's distribution system that were significant contributors to unaccounted-for water loss. In Case No. 2023-00191, Kentucky American further asserted that due to the special connections not having a water meter at the connection to the private main, the water loss was not the financial responsibility of the special connection customer, but instead was reflected as Kentucky American's water loss. In Case Nos. 2023-00191 and 2025-00122, Kentucky American did not appear to have a formal plan to address the water loss associated with the special connections. Explain whether Kentucky American now has a formal plan to address the water loss associated with special connection customers. If so, provide a copy of the same and a detailed description of the plan. If not, explain why not in detail.

f. Explain what steps Kentucky American has taken since Case Nos. 2023-00191 and 2025-00122 to address the water loss associated with the special connection customers. If no steps have been taken, explain in detail why not.

19. Refer to Kentucky American's response to the Attorney General's First Request, Item 38 and Exhibit KAW_R_AGDR1_NUM038_062626. 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.

a. In the Company's 2025 rate case, the Commission approved an authorized level of O&M expense based on a headcount of 168 full-time employees. Per Exhibit KAW_R_AGDR1_NUM038_062626, the headcount for 2025 as of December 31st was 154. Further, the 2025 headcount ranged from 138 – 154. Confirm that customers paid for additional employees (between 14 – 30 additional employees) that were not actually employed by the Company for 2025. If not confirmed, explain why not.

b. Mr. Lewis asserts that the Company is proposing rates in the pending case based upon 206 employees; however, per Exhibit KAW_R_AGDR1_NUM038_062626, the highest number of employees thus far is 169. Explain why the customers should be required to pay rates that include revenues associated with 37 additional employees that are not actually employed by the Company, and thus providing no benefit to the customers.

20. Refer to Kentucky American's response to the Attorney General's First Request, Item 39(a). Provide an updated chart indicating the status of the proposed new positions at Kentucky American. Consider this a continuous request during the pendency of the case.

21. Refer to Kentucky American's response to the Attorney General's First Request, Item 42(b).

    a. No substantive response was provided. As originally requested, explain whether any direct charges or 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. Whether a detailed list is maintained or not, an answer to this question should be known.

    b. If no direct charges or allocated costs have been rejected by Kentucky American in the last five years admit the same. If not admitted, explain in detail why not.

c. Explain in detail why Kentucky American does not maintain a list of all rejected expenses.

22. Refer to Kentucky American's response to the Attorney General's First Request, Item 45(c). No substantive response was provided.

    a. Provide the annual revenue requirement impact of the prior QIP for each year since its inception to the termination of the QIP. This information should be in the pending case record, instead of being referred to a multitude of outside records. Provide the information in the same format as the SIP estimated annual revenue requirement impact was provided in Kentucky American's response to the Attorney General's First Request, Item 46(b).

    b. Provide the total monetary amount that flowed through the prior QIP from the inception to the termination of the QIP.

23. Refer to Kentucky American's response to the Attorney General's First Request, Item 46.

    a. Confirm that Kentucky American is not proposing the SIP to have the same restrictions that the Commission previously had placed on the QIP such as the following: limitation on how many miles of pipeline could be replaced annually, the type of pipeline that could be replaced, only allowing the Company to flow projects through that were reasonably related or incidental to replacing again mains, not allowing a roll-in of the QIP rate base and corresponding O&M revenue and expense components into the revenue requirement, etc. If not confirmed, explain in detail why not.

b. Explain why the Commission should approve the Company's proposed SIP without any of the consumer protections that had been placed on the prior QIP.

24. Refer to Kentucky American's response to the Attorney General's First Request, Item 46(i).

    a. Kentucky American's proposed average residential bill in the pending case is $59.82 per month. If the SIP is approved, and by 2032 has a 28.91% surcharge, and the Company does not increase base rates any further, then confirm that an average customer would pay approximately $17.29 per month in a SIP charge. If not confirmed, explain why not and provide what the average customer would pay in a SIP charge by 2032.

    b. Confirm that the proposed SIP surcharge amount is not included in the proposed average residential bill amount of $59.82.

25. Refer to Kentucky American's response to the Attorney General's First Request, Items 46(a) and 47(l). Explain whether Kentucky American is proposing to roll-in the SIP amounts relating to rate base and corresponding O&M revenue and expense components into the revenue requirement or not. Explain the response in detail.

26. Customer Deposits. Refer to the Application generally.

    a. Did Livingston and Water Service transfer the customer deposit balances that they held to Kentucky American? If so, provide the balances transferred to Kentucky American at the close of each transaction. If not, explain why not.

    b. If the answer to subpart (a) is yes, will the Company retain the Livingston and Water Service customer deposit balances or return them to the customers? Explain in detail.

c. Will Black Mountain transfer the customer deposit balances that it held to Kentucky American? If so, provide the latest known customer deposit balance held by Black Mountain. If not, explain why not.

d. If the answer to subpart (c) is yes, will the Company retain the Black Mountain customer deposit balances or return them to the customers? Explain in detail.

27. Employee Awards. Refer to Kentucky American's responses to the Attorney General's First Request, Items 3(d), 4(d) and 97.

   a. Explain the difference between the amounts shown on the responses to 3(d) and 4(d) for 2025 and the amount on the response to 97 for 2025. (i.e., why don't the amounts in Item 3(d) + 4 (d) equal the amount on Item 97 for 2025.)

   b. Provide the total awards expense requested for recovery in the forecast test period.

28. Vacant Positions. Refer to Kentucky American's response to the Attorney General's First Request, Item 5. The response refers to Kentucky American's response to AG 2-38 which appears to be an incorrect reference because as of the filing of that response, the Attorney General had only issued one set of discovery. Provide the correct reference and a substantive answer to the original question.

29. Vacant Positions. Refer to Kentucky American's response to the Attorney General's First Request, Item 5 Confidential Attachment. Identify which of the positions listed have been filled.

30. Heath Care Expense. Refer to Kentucky American's response to the Attorney General's First Request, Item 41. Provide the dollar amount reduction applicable to the forecasted test period healthcare expense originally requested by using the Bureau of Labor Statistics

average of 80% for single coverage and 69% for family coverage employee insurance premiums, broken out by union and non-union.

31. Insurance Expense. Refer to Kentucky American's response to the Attorney General's First Request, Item 122. Update the Confidential Attachment, Part A to include 2026 year-to-date amounts for each policy.

32. Insurance Expense. Refer to the Prendergast Testimony, page 20, line 14.
    a. When was the reassessment of factors conducted?
    b. How long was general liability, excess liability, and pollution insurance allocated by payroll cost prior to the allocation change in 2026?
    c. Did American Water change the allocation of general liability from payroll to the number of customers for all American Water utilities or just Kentucky American? Explain in detail.

33. Insurance Expense. Refer to the Prendergast Testimony, page 20, line 16. The testimony states that, "beginning with the premium renewals in 2026, the cost of exposure for General Liability, Excess Liability, and Pollution have, or will be changed, from payroll cost based to be based upon the number of customers served." Have all the changes been made to these policies? If so, when were the changes made? If not, explain why not and provide the dates the changes are expected to be made for each policy.

34. Insurance Expense. Refer to the Excel file titled KAWC 2026 Rate Case – IOTG Exhibit, tabs titled "Link In" and "Link Out" provided in Kentucky American's response to the Commission Staff's First Request for Information ("Staff's First Request"), Item 1.

a. The 2025 amount of General Liability Insurance in Account No. 55710000 was $935,947 in 2025 and the forecast test period amount is $1,930,835. Provide a breakdown of the approximately $1 million increase by the change in allocation methodology and other increases.

b. Explain what factors the Company's insurance company bases the general liability policy, excess liability, and pollution policies on (number of customers, number of employees, etc.).

c. Explain why the change in the allocation methodology was necessary as this results in a substantial increase to this expense which will be borne by ratepayers.

35. Insurance Expense. Refer to the Excel file titled KAWC 2026 Rate Case – IOTG Exhibit, tab titled "Workpaper 2" provided in Kentucky American's response to Staff's First Request, Item 1. For each of the policies listed, state whether they are directly charged or allocated (if allocated, identify the methodology, e.g., based on employee count, number of customers, etc.) to Kentucky American in 2025 and the forecast test period.

36. Incentive Compensation Expense. Refer to Kentucky American's response to the Attorney General's First Request, Item 108. Update the chart to show how many employees received an award by each category that the Company uses to evaluate employees receiving an award each year (e.g., exceptional, average, below average, etc.)

37. Incentive Compensation. Refer to the Application generally. Did the Company reduce incentive compensation payments in any of the last five calendar years to conserve cash to fund other necessary expenditures such as capital expenditures, etc.

38. Severance Expense. Refer to Kentucky American's response to the Attorney General's First Request, Item 158. Explain in detail what the expected going forward severance expenses relate to in the pending case. As part of the explanation, state whether the severance relates to termination of any employees related to the three acquisitions (Black Mountain, Livingston and Water Services) included in the pending case.

39. Dues. Refer to Kentucky American's response to the Attorney General's First Request, Item 24. The response states that the allocated dues included in this application are $41,331 and can be found in KAWC 2026 Rate Case – Support Services Exhibit.

    a. Identify the tab and line numbers where the $41,331 can be found in KAWC 2026 Rate Case – Support Services Exhibit. If this reference was not correct, provide the correct reference and a substantive response to the original question.

    b. Provide a breakdown by organization of the amount included in the forecast test period.

40. Acquisition – Black Mountain. Refer to page 18, Figure 1, Line C of the Watkins Testimony. Will the CIAC balances held by Black Mountain be transferred to Kentucky American at the close of the transaction? If not, explain in detail why not.

41. Acquisition. Refer to page 9 of the Order in Case No. 2026-00097, which states that Kentucky American proposes to spend $20.9 million for capital and labor over five years. Explain how the $20.9 million will be funded and whether it will be offset by Black Mountain's CIAC balances.

42. Acquisition – Black Mountain. Refer to the Application generally.

a. Provide all quantifiable benefits associated with the Black Mountain acquisition to ratepayers and when they will receive them.

b. Identify the monetary amount of benefits reflected in the forecast test period. If the benefits can't be quantified explain why not.

43. Acquisition – Black Mountain. Refer to Figure 1 of Watkins Testimony on page 18 and Figure 3 on page 25. Explain the reason for the large differences in the Accumulated Amortization of CIAC and UPAA between the two documents. Provide all supporting calculations.

44. Acquisition – Black Mountain. Refer to page 4 of the Final Order in Case No. 2026-00097, which states that Black Mountain's wastewater assets are not part of the proposed transaction and will be purchased by Kentucky American in a separate purchase agreement.

    a. Explain why the wastewater assets were not part of that transaction.

    b. State when the wastewater transaction is expected to occur.

    c. Provide the date when Kentucky American began considering acquiring Black Mountain's water assets.

    d. Provide the date when Kentucky American began considering acquiring Black Mountain's wastewater assets.

45. Acquisition – Livingston. Refer to the Application generally. Did Livingston transfer its CIAC balances held to Kentucky American at the close of the transaction? If not, explain in detail why not and provide the balance at the close of the transaction. If so, provide the amount transferred to Kentucky American.

46. Acquisition –Water Service. Refer to the Application generally. Did Water Service transfer its CIAC balances held to Kentucky American at the close of the transaction? If not, explain in detail why not and provide the balance at the close of the transaction. If so, provide the amount transferred to Kentucky American.

47. Acquisition – Black Mountain. Refer to page 16 of the Final Order in Case No. 2026-00097, which states that the transaction shall be recorded in accordance with the Uniform System of Accounts. State whether the Company will withdraw its request to use the net accounting method for the acquisition in the pending case. If so, provide the amount of the change to the forecast test period including all supporting calculations. If not, explain why not.

48. Acquisition. Refer to page 5 of the Final Order in Case No. 2026-00097, which states that the Company agreed to offer employment to all active union and non-union personnel who are employed by Black Mountain District, subject to Kentucky-American's existing standard hiring policies and procedures appliable to fifteen prospective new employees.

    a. Did the Company commit to a length of time to not terminate those employees following the closing of the proposed transaction? If not, explain why not.

    b. Are there any Black Mountain employee positions that could be eliminated due to overlap with Kentucky-American's existing workforce? If so, provide the amount of overlapping positions.

    c. Explain in detail what is meant by "subject to Kentucky-American's existing standard hiring policies and procedures."

49. Acquisitions. Refer to the Application generally.

a. Provide the journal entries for the Livingston transaction that the Company recorded on its books at the close of the transaction.

b. Provide the journal entry the Company expects to record for the Black Mountain acquisition upon close.

50. Acquisition. Refer to the Company's response to the Staff's Second Request, Item 35 Attachment. Provide the number of employees comprising the payroll amounts shown for each entity.

51. Acquisition – Black Mountain. Refer to Watkins Testimony, page 25, Figure 3, Column A. Did the Company pay more than the book value for Black Mountain? If so, explain why.

52. Acquisitions. Refer to KAWC Rate Case – Exhibits (25, 26, 37) Revenue WP Support, tabs Livingston Revenue, Black Mountain Revenue, and Clinton_Middlesboro Revenue. Confirm that the following amounts are the total revenues included in the forecast test period for each of the three entities. If not, provide the amount of revenues included in the forecast test period for each.

a. Livingston: $151,645

b. Clinton Middlesboro: $3,708,785

c. Black Mountain, $1,829,301

53. Acquisitions. Refer to the Company's response to Staff's Second Request, Item 35 Attachment. Confirm that the Company included the following total expenses in the forecast test period for each of the three entities. If not, provide the total expenses included in the forecast test period for each.

a. Livingston: $120,000

b. Clinton Middlesboro: $2,385,400

c. Black Mountain, $2,890,849

54. Acquisitions. Refer to the Company's response to the Attorney General's First Request, Item 58. State which entity the South Region Management Function pertains to in this response.

55. Acquisition. Refer to Kentucky American's response to the Attorney General's First Request, Item 55. If the Black Mountain transaction is ultimately not completed subsequent to the Commission's Final Order in this case, explain how and when the expenses, revenue, and capital would be removed from the forecasted test period and refunded to ratepayers?

56. Acquisition. Refer to the Application generally.

    a. Provide the amount of Livingston's annual revenues and expenses for each of the last five calendar years prior to executing the purchase agreement. If the Company does not have this information, explain how it determined the purchase was a good investment.

    b. Provide the amount of Water Service's annual revenues and expenses for each of the last five calendar years prior to executing the purchase agreement. If the Company does not have this information, explain how it determined the purchase was a good investment.

    c. Provide the amount of Black Mountain's annual revenues and expenses for each of the last five calendar years prior to executing the purchase agreement. If the

Company does not have this information, explain how it determined the purchase was a good investment.

57. Acquisition. Refer to Kentucky American's response to the Attorney General's First Request, Item 59. Identify all prospective and/or unsigned acquisitions or mergers that have the potential to occur in 2026 or 2027.

58. Water Service Acquisition. Refer to pages 7 – 8 of the Final Order in Case No. 2025-00171, which states that the Company committed to not terminating Water Service employees for twelve months following the closing of the proposed transaction.

    a. How many Water Service employees accepted an offer of employment?

    b. Are there any Water Service positions that could be eliminated due to overlap with Kentucky-American's existing workforce? If so, provide the amount of overlapping positions.

59. 401(k). Refer to Kentucky American's response to the Attorney General's First Request, Items 51(b) and Item 96(a). Explain the difference between the forecast test period amounts shown on these responses.

60. Business Development Expenses. Refer to Kentucky American's response to the Attorney General's First Request, Item 63.

    a. Provide a detailed explanation of the types of activities that are included in both the direct and allocated expenses in the forecast test period.

    b. Explain how these costs benefit ratepayers.

    c. Explain how these costs are necessary for the provision of utility service.

d. Confirm that the amounts in subpart b are reflected in the amounts in subpart a. If not confirmed, explain why not.

61. Customer Accounting. Refer to KAWC 2026 Rate Case – Customer Accounting Exhibit, tabs titled "Link In" and "Link Out." Explain the reason for the large increase in bank service charges in the forecast test period over the prior years. Provide documentation supporting the requested increase.

62. Capital and Expense Labor Percentages. Refer to Kentucky American's response to the Attorney General's First Request, Item 69.

    a. Does the forecast test period reflect a reduction to outside contractor expenses as more of the Company's employees are performing the work? If not, explain why not and provide the corresponding reduction to the forecast test period. If this cannot be quantified explain why not. If so, provide the amount of the reduction and where it is reflected in the revenue requirement schedules.

    b. Provide the calculations showing how the annual percentages on the Attachment were derived.

    c. Provide the annual payroll broken out by expense and capital for each of the years 2021, 2022, 2023, 2024, 2025, and included in the base and forecast test period.

    d. Provide the annual contractor expense for each of the years 2021, 2022, 2023, 2024, 2025, and included in the base and forecast test period.

63. Company/Corporate Events Expense. Refer to Kentucky American's response to the Attorney General's First Request, Item 82. Provide the amount of Company/Corporate events expense (direct and allocated) that was incurred in 2025. If it was removed from the

forecast test period, state the amount and where it was removed in the revenue requirement schedules.

64. CIAC. Refer to Kentucky American's response to the Attorney General's First Request, Item 84. Provide the monthly amounts of CIAC for the remainder of 2025 and year to date 2026 as originally requested.

65. Employee Related Expense. Refer to Kentucky American's response to the Attorney General's First Request, Item 90. Explain the nature of employee travel and whether this directly relates to and benefits Kentucky ratepayers.

66. Spot Bonus. Refer to Kentucky American's response to the Attorney General's First Request, Item 98.

    a. Provide a detailed explanation of the spot bonus program, including which categories of employees are eligible for this benefit.

    b. Update the chart to include the amount of spot bonuses paid in each year 2021 and 2022.

67. Entertainment/Sponsorships. Refer to Kentucky American's response to the Attorney General's First Request, Item 100. Provide the total amount of the expense in 2025 as originally requested. If it was removed from the forecast test period, state the amount and schedule where it was removed.

68. Overtime Pay. Refer to Kentucky American's response to the Attorney General's First Request, Item 142 Attachment.

    a. Explain and provide the calculations showing how the Forecast Test Period amount of overtime expense was calculated.

b. Explain the reason for the increase in overtime in 2025 versus 2024.

c. Explain the reason for the increase in overtime in the base period over the 2025 level.

d. Explain the reason for the decrease of overtime in the forecast test period over the base period level.

69. Payroll. Refer to Kentucky American's response to the Attorney General's First Request, Item 143. Provide an update to the response to include 2025 information.

70. Payroll. Refer to Kentucky American's response to the Staff's First Request, Item 24 Attachment. Update the Attachment to contain information for 2018, 2019, and 2020.

71. Plant. Refer to Kentucky American's response to the Attorney General's First Request, Item 149 Attachment. Provide an update to the chart to include 2020 information.

72. Property Taxes. Refer to Kentucky American's response to the Attorney General's First Request, Item 153.

a. Confirm no refunds were received in 2021, 2022, and 2024. If refunds were received, provide the amount received for each year.

b. Explain why no refunds/settlements were reflected in the base year and forecast test period.

73. Property Taxes. Refer to page 62 of the Final Order in Case No. 2023-00191. The Order states, "Kentucky American also explained that it appeals its property tax assessments to lower its property tax bill on a regular basis and that its customers should benefit from appeals that are successful." Explain how customers receive the benefit of the appeals each year.

74. Property Tax. Refer to the Company's response to the Attorney General's First Request Item 150 and the response to Staff Second Request, Item 40.

    a. Provide the calculations and documentation supporting the 3%.

    b. State whether the same methodology was used in prior rate cases.

75. Georgetown Municipal Water and Sewer Service ("GMWSS"). Refer to Kentucky American's response to GMWSS's Motion to Intervene, pages 2 – 3, Kentucky American's Notice of Retraction filed on June 12, 2026, and the Application generally.

    a. Provide the monthly number of gallons of water that GMWSS purchased from Kentucky American for each of the years 2021, 2022, 2023, 2024, 2025, year-to-date 2026, and included in the base period and the forecast test period.

    b. Explain the reason for increases in GMWSS monthly purchases over 10% in each of the years.

    c. Provide a detailed explanation of how the GMWSS purchases are reflected in the test year, base period, and forecast test period.

    d. Provide the total monthly revenues billed to GMWSS by Kentucky American in each of the years 2021, 2022, 2023, 2024, 2025, year-to-date 2026, and included in the base period and the forecast test period.

    e. Provide the total revenues received from GMWSS in each of the years 2021, 2022, 2023, 2024, 2025, year-to-date 2026, and included in the base period and forecast test period.

f. Provide a detailed explanation of how the revenues received from GMWSS are reflected in the test year, base period, and forecast test period revenue requirement.

g. Identify the specific schedules and workpaper where the GMWSS amounts are reflected in 2025, base period, and forecast test period in the revenue requirement schedules.

76. Georgetown Municipal Water and Sewer Service. Refer to Kentucky-American's Notice of Retraction filed on June 12, 2026 and the Application generally. If the amounts in the Application are incorrect, does the Company plan to update its revenue requirement? If so, quantify the change to the forecast test period and provide the corrected revenue requirement schedules and workpapers highlighting where the information was corrected. If not, explain why not.

77. Georgetown Municipal Water and Sewer Service. Refer to Kentucky-American's Notice of Retraction filed on June 12, 2026. Provide the reasons why Kentucky American reflected incorrect revenues pertaining to GMWSS in the base period and forecast test period in this case.

78. GMWSS. Refer to Kentucky-American's response to GMWSS's Motion to Intervene, and the Application generally

a. Provide Kentucky American's monthly costs to provide water to GMWSS in each of the years 2021, 2022, 2023, 2024, 2025, year-to-date 2026, and forecasted for the base period and the forecast test period.

b. Provide a detailed explanation of how and where the costs to provide service to GMWSS are reflected in the test year, base period, and forecast test period revenue requirement.

79. GMWSS. Refer to Kentucky-American's response to GMWSS's Motion to Intervene, and the Application generally. Provide Kentucky American's monthly profit margin from providing water to GMWSS in each of the years 2021, 2022, 2023, 2024, 2025, year-to-date 2026, and forecasted for the base period and the forecast test period.

80. Support Services-Office Supplies Expense. Refer to Kentucky American's response to the Attorney General's First Request, Item 157.

   a. Explain the reason for the large increase to Account 53401500 Office Supplies expense in 2025 over the prior year.

   b. Explain the reason for the large increase to Account 53401500 Office Supplies expense in the base year over the 2025 level, and explain why this level is expected to continue in the forecast test period.

   c. Provide supporting documentation for the forecast test period level. (quotes, invoices, contracts.)

81. Temporary Help. Refer to Kentucky American's response to the Attorney General's First Request, Item 170.

   a. Explain the reason for the large increase to temporary help in 2025 over the prior years.

b. Explain why the Company expects this level to continue in the forecast test period despite the additional full-time equivalents ("FTEs") it is requesting recovery of in the forecast test period.

c. Explain how the forecast test period amount was calculated and include all supporting calculations

82. Uncollectibles. Refer to Kentucky American's response to the Attorney General's First Request, Item 174.

a. Update the chart to contain information for the years 2018, 2019, and 2020.

b. Explain the reason for the large increase in write-offs in 2021 over the other years shown. State whether the increased level was due to impacts of the COVID-19 pandemic.

83. Lobbying, Government Affairs, Regulatory Policy Expenses and Political Advocacy Response. Refer to Kentucky American's response to the Attorney General's First Request, Item 126 Attachment. State whether the amounts included in subpart (b) are also included in the amounts in subpart (a).

84. Unaccounted for Water. Refer to Kentucky American's response to the Attorney General's First Request, Item 176. Do the unaccounted for water loss percentages contain Water Service of Kentucky and Livingston's unaccounted for water loss percentages for the months since they were acquired? If not, explain why not and update the Attachment to include water loss percentages for Water Service and Livingston's water losses as well as Black Mountain.

85. Unaccounted for Water. Refer to page 18 of the Final Order in Case No. 2025-00364. Did the Company provide the required monthly water loss reports for Livington in this case per the Final Order? If so, state where they can be found in the pending case record. If not, provide the monthly reports for 2025 through the most recent date.

86. Unaccounted for Water. Provide the water loss percentages for each of the last five years for each of the entities: Livingston, Water Service and Black Mountain.

87. Community Outreach Expenses. Refer to the Company's response to the Attorney General's First Request, Item 62 Attachment, page 12 of 15. Provide the total amount of expense incurred in 2025 for supporting community outreach events and organizations, and included in the base period and forecast test period.

88. Lead Lag Study. Refer to the Company's response to the Staff's Second Request, Item 28. Provide the total cost of preparing the lead-lag study in each of the prior two rate cases.

89. Contingencies. Refer to the Company's response to the Attorney General's First Request, Item 67. Provide an explanation of what the term "actual anticipated" means in the response.

90. Refer to Kentucky American's response to the Attorney General's First Request, Item 194.

    a. Given Ms. Bulkley's admission in this response that she, "does not have access to the data necessary" to view the macroeconomic assumptions embedded in the analyst EPS growth projections, explain exactly how Ms. Bulkley was able to determine if the analysts' assumptions regarding inflation and interest rates were "objectively valid," as she states is required on page 28 of her testimony.

b. If Ms. Bulkley cannot verify the macroeconomic assumptions (such as inflation and interest rates) utilized by the analysts, how did she satisfy her own requirement (found on page 26 of her testimony) to "ensure that the methodologies employed reasonably reflect" the specific view of the financial markets she presents in her testimony (IV. Capital Market Conditions)?

91. Refer to Kentucky American's response to the Attorney General's First Request, Item 202.

a. If Ms. Bulkley's 10.75% ROE recommendation explicitly, "assumes the Company's proposed System Improvement Program ("SIP") mechanism is approved," why did her ultimate conclusion on page 45 of her Direct Testimony cite the lack of, "timely cost recovery between rate proceedings" as the primary justification for assigning Kentucky American a "slightly greater than average regulatory risk"?

b. Does Ms. Bulkley agree that if the Commission approves the SIP mechanism, Kentucky American will effectively possess the "timely cost recovery between rate proceedings" that she claims they currently lack in her testimony on page 44, lines 3–10? If not agreed to, explain why not.

c. Does Ms. Bulkley agree with the Direct Testimony of Company witness Jeffrey Newcomb, page 11, that the proposed SIP mechanism "reduces regulatory lag" and enables Kentucky American to "recover more concurrently the costs of capital, depreciation, and taxes"? If not agreed to, explain why not.

d. If the SIP is approved, Ms. Bulkley's response to AG DR 1-202(b) indicates that the remaining justification for her 10.75% ROE rests on Kentucky American's test year conventions and lack of revenue decoupling mechanisms. Quantify the basis point premium embedded in her 10.75% ROE recommendation that is specifically attributable to:

i. The lack of revenue decoupling/volumetric risk mechanisms.

ii. Differences in test year conventions.

e. If Ms. Bulkley is unable to quantify the specific basis point premiums requested in (d), explain how the Commission can determine whether a 10.75% ROE is a just and reasonable compensation for the lack of revenue decoupling, assuming the capital recovery risk is not an issue due to the SIP.

92. Reference the article linked in the footnote below.[1] In the event the referenced "Water Resources Development Act" becomes law, explain whether the Company will consider applying for funds to finance all or a portion of any water projects. Explain the response in detail.

[1] https://www.smartcitiesdive.com/news/wrda26-local-water-infrastructure-bill/825296/?utm_source=Sailthru&utm_medium=email&utm_campaign=Issue:%202026-07-15%20Smart%20Cities%20Dive%20Newsletter%20%5Bissue:87046%5D&utm_term=Smart%20Cities%20Dive.