

KENTUCKY-AMERICAN WATER COMPANY
CASE NO. 2026-00213
COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Witness: William A. Lewis

1. Refer to Application, page 3, Item 6. State whether Kentucky-American would charge the residents a fee for the operation cost of the septic tank if the Commission declares the Closplint cluster sewer system a non-jurisdictional sewer system. If yes, provide the fee amount.

Response:

As indicated in the Joint Petition in the referenced paragraph, if the Commission decides this is a non-jurisdictional sewer system, Kentucky American will not charge the wastewater customers a fee for service.

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2. Describe the following:

- a. Kentucky-American's technical ability and resources to manage and operate the Closplint cluster sewer system.
- b. Kentucky-American's financial ability and resources to manage and operate the Closplint cluster sewer system, including but not limited to, available funds, lines of credit, loans, grants, or other financial support.
- c. Kentucky-American's managerial ability and resources to manage and operate the Closplint cluster sewer system.

Response:

(a-c). In Case No. 2026-00097, on July 10, 2026, the Commission approved the Company's acquisition of BMUD's water assets pursuant to an April 10, 2026, Asset Purchase Agreement submitted in that case. In that case, the Commission evaluated and approved the Company's technical, financial, and managerial ability to own and operate Black Mountain Utility District's water system. The Company provides the following regarding its ability to own and operate the 7,000 gallon septic tank, which is only permitted by the Harlan County Board of Health to serve 6 total customers.

In addition to its approximate 150,000 water customers, the Company currently serves 1,365 wastewater customers. Black Mountain recently made improvements to the system and added a new 7,000 gallon septic tank, which will require infrequent pumping to maintain. The Company has the requisite technical skills and abilities to manage the system. With the sale of its water system and transfer of its employees to Kentucky American, Black Mountain needs to transfer its wastewater system as it will not have employees or resources to appropriately operate and manage the wastewater system. Black Mountain tried to have local municipal entities assume responsibility for the system without success; Kentucky American is willing and able to provide these services to those customers.

Black Mountain's wastewater customers will have access to the Company's full workforce employees and the knowledge and expertise of employees within its parent company, American Water, and the service company which is American Water Works Service Company. The Company will bring industry expertise that ensures Black Mountain wastewater customers are

provided with sustainable wastewater services and necessary infrastructure investments today and in the future.

The Company will continue to leverage its existing state-wide operations, engineering, legal, government affairs, and finance teams to support Black Mountain wastewater operations thereby providing efficiencies. Black Mountain wastewater customers will benefit from American Water Works Service Company resources such as information technology, customer service, supply chain, and other national resources that existing KAWC customers already benefit from.

The Company has a variety of customer service conveniences for our customers including a toll-free line that is staffed 24 hours a day and can dispatch local crews for emergency calls. Thus, if the Commission decides this is regulated sewer service, Black Mountain customers may log into MyWater online to report an emergency, and if they are charged a service fee, make payments, or review billing history, and enroll in budget billing, auto-pay, or paperless billing. In addition, we have our Customer Advocacy department available to provide an elevated level of customer care. The Company has a well-equipped fleet of construction and maintenance equipment that can support the Black Mountain utility system, in addition to fleet and equipment that can be leveraged from nearby operations in Middlesboro that the Company recently acquired, as well as in its forthcoming Black Mountain water service area upon closing.

After joining KAWC, Black Mountain customers can benefit from the purchasing power and capital access of a much larger organization. American Water Works Service Company's national vendor contracts yield favorable pricing on meters, pipe, hydrants, valves, equipment, and other supplies. This may not be directly applicable to the Company's operation of a 6-user septic system. However, to the extent it matters, the Company can get favorable pricing. Likewise, the Company's customers benefit from capital market access at favorable costs facilitated by American Water Capital Corporation.

The Company has the technical, financial and managerial expertise needed to operate the system and sustain operation of the system without any detriment to KAW's existing customers.