

**From:** Melnykovych, Andrew (PSC)  
**To:** [REDACTED]  
**Subject:** RE: Kentucky American Qualified Infrastructure Program 2017-00313  
**Date:** Tuesday, August 22, 2017 12:20:00 PM

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Dear Mr. Bastian:

Thank you for your comments on the application of Kentucky-American Water Co. for a rate rider to fund a Qualified Infrastructure Program.

Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration.

As you noted, the case number in this matter is 2017-00313. It would be helpful if you would please refer to it in any further correspondence.

The application and other documents in this case are available at [http://psc.ky.gov/PSC\\_WebNet/ViewCaseFilings.aspx?case=2017-00313](http://psc.ky.gov/PSC_WebNet/ViewCaseFilings.aspx?case=2017-00313)

Thank you for your interest in this matter.

Andrew Melnykovych  
Director of Communications  
Kentucky Public Service Commission  
502-782-2564 (direct) or 502-564-3940 (switchboard)  
502-330-5981 (cell)  
Andrew.Melnykovych@ky.gov

**RECEIVED**  
*By Kentucky PSC at 12:27 pm, Aug 22, 2017*

-----Original Message-----

**From:** [REDACTED]  
**Sent:** Tuesday, August 08, 2017 11:39 AM  
**To:** PSC - Public Information Officer <PSC.Info@ky.gov>  
**Subject:** Kentucky American Qualified Infrastructure Program 2017-00313

To the PSC:

I am not an accountant, but I did study economics and business. I also have over a decade of experience in the business world. And this Kentucky-American Water Company request for a Qualified Infrastructure Programs strikes me as quite odd.

The QIP sounds like it is designed to replace infrastructure items, what most businesses consider "capital goods." Form 2.0 in the application exhibits seems to confirm this, as the qualifying infrastructure is such items as hydrants and water mains. If this is to finance capital, that raises the very serious question about "double-dipping." KAWC and its parent company's capital expenditures qualify for an offsetting depreciation expenses to account for items that need to be replaced. As of June 30, 2016, the parent company claimed depreciation and amortization that amounted to \$250 million (<http://pr.amwater.com/PressReleases/releasedetail.cfm?ReleaseID=1035784>). Not only does this \$250 million corporate-wide expense reduce the company's taxable income, but this amount is added to its cash flow. Why? So that the company is encouraged to use this money to replace capital goods as they reach the end of their lives.

Now KAWC wants to add another fee to help it rebuild its infrastructure. If you award this fee, KAWC and its parent will pay less taxes and generate more cash...but never have to answer to what they are already doing with the half-BILLION annually they are getting from depreciation expenses. That money is supposed to be replacing capital goods, or "qualified infrastructure."

Sometimes companies have to make hard decisions; don't let KAWC avoid difficult choices and just plant another fee on the backs of helpless users.

Thank you.

Jonathan Bastian  
Lexington, KY

**From:** Melnykovych, Andrew (PSC)  
**To:** [REDACTED]  
**Subject:** your comments in case number 2017-00313 - Kentucky-American Water infrastructure rider case  
**Date:** Tuesday, August 22, 2017 12:21:00 PM

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Dear Ms. Davis:

Thank you for your comments on the application of Kentucky-American Water Co. for a rate rider to fund a Qualified Infrastructure Program.

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-----Original Message-----

From: PSC - Consumer Web Inquiry  
Sent: Monday, August 14, 2017 7:48 AM  
To: Melnykovych, Andrew (PSC) <Andrew.Melnykovych@ky.gov>  
Subject: FW: KY American Water "QIP" Surcharge 2017

-----Original Message-----

From: Della Davis [REDACTED]  
Sent: Friday, August 11, 2017 7:23 PM  
To: PSC - Consumer Web Inquiry <PSC.Consumer.Inquiry@ky.gov>  
Subject: KY American Water "QIP" Surcharge 2017

I have received notification that the KY American Water Company has applied to your Commission for the above Surcharge.

Please note that I am against any increase in my monthly bill. I, like many others, am on a Fixed Income.

Please consider this when making your decision.

Thanks for your understanding.

Della S. Davis  
1068 Heather Gate Court  
Lexington, Ky 40511-2304

Sent from my iPhone

**From:** Melnykovych, Andrew (PSC)  
**To:** [REDACTED]  
**Subject:** your comments in case number 2017-00313 - Kentucky-American Water infrastructure rider case  
**Date:** Tuesday, August 22, 2017 12:19:00 PM

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Dear Mr. Shanks:

Thank you for your comments on the application of Kentucky-American Water Co. for a rate rider to fund a Qualified Infrastructure Program.

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Thank you for your interest in this matter.

*Andrew Melnykovych*

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**From:** PSC - Consumer Web Inquiry  
**Sent:** Monday, August 07, 2017 9:00 AM  
**To:** Melnykovych, Andrew (PSC) <Andrew.Melnykovych@ky.gov>  
**Subject:** FW: Surcharge request response

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**From:** Charles R. (Charlie) Shanks [REDACTED]  
**Sent:** Saturday, August 05, 2017 8:43 PM  
**To:** PSC - Consumer Web Inquiry <[PSC.Consumer.Inquiry@ky.gov](mailto:PSC.Consumer.Inquiry@ky.gov)>  
**Subject:** Surcharge request response

As a long-time Kentucky American Water Company residential water user in Lexington, Kentucky, I oppose the surcharge being requested by Kentucky American. This foreign owned investment company is attempting to boost it's profits by having the customers pay for improvements to the company's assets. The customers should not be required pay for the company's short sightedness. The company knew it would

eventually need to maintain the delivery system. It should have been reserving funds for this purpose all along. Please reject the request. .

Charles R. Shanks

**From:** Melnykovych, Andrew (PSC)  
**To:** [REDACTED]  
**Subject:** your comments in case number 2017-00313 - Kentucky-American Water infrastructure rider case  
**Date:** Tuesday, August 22, 2017 12:19:00 PM

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Dear Mr. Moore:

Thank you for your comments on the application of Kentucky-American Water Co. for a rate rider to fund a Qualified Infrastructure Program.

Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration.

For your future reference, the case number in this matter is 2017-00313. It would be helpful if you would please refer to it in any further correspondence.

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Thank you for your interest in this matter.

*Andrew Melnykovych*

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**From:** PSC - Consumer Web Inquiry  
**Sent:** Monday, August 07, 2017 8:59 AM  
**To:** Melnykovych, Andrew (PSC) <Andrew.Melnykovych@ky.gov>  
**Subject:** FW: KY PSC Utility Inquiry

**From:** KY Public Service Commission [<mailto:pscfilings@ky.gov>]  
**Sent:** Saturday, August 05, 2017 4:10 PM  
**To:** PSC - Consumer Web Inquiry <[PSC.Consumer.Inquiry@ky.gov](mailto:PSC.Consumer.Inquiry@ky.gov)>  
**Subject:** KY PSC Utility Inquiry

Below is the result of your feedback form. It was submitted by ([REDACTED]) on Saturday, August 05, 2017 at 4:10 PM

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Name: Scott Moore  
Address: 986 MAYWICK DR  
City: LEXINGTON

State: Kentucky

Zip Code: 40504

Phone number where you can be reached: [REDACTED]

Home phone:

Utility Name: Kentucky American Water

State the nature of your concern: I am writing you to let you know that I am opposed to the Proposed Qualified Infrastructure Program Surcharge requested by Kentucky American Water. The City of Lexington has already created a nightmare for us in raising our sewer rates to pay for a lawsuit by the EPA over it's drain system. I don't have anything else to give. My money goes to feed my family and what bills I have. Thank you for listening to me. Scott Moore

Have you contacted the utility about the problem: No

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**From:** Melnykovych, Andrew (PSC)  
**To:** ["Denise O'Meara"](#)  
**Subject:** your comments in case number 2017-00313 - Kentucky-American Water infrastructure rider case  
**Date:** Tuesday, August 22, 2017 12:21:00 PM

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Dear Ms. O'Meara:

Thank you for your comments on the application of Kentucky-American Water Co. for a rate rider to fund a Qualified Infrastructure Program.

Your comments in the above-referenced matter have been received and will be placed into the case file for the Commission's consideration.

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Thank you for your interest in this matter.

*Andrew Melnykovych*

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**From:** Denise O'Meara [REDACTED]  
**Sent:** Monday, August 14, 2017 2:24 PM  
**To:** PSC - Public Information Officer <PSC.Info@ky.gov>  
**Subject:** Kentucky American Water Company applicatin for additions to tariff QIP

Hello,

I received a notice of application for the above tariff. I understand that upgrades to water supply infrastructure are needed as old infrastructure wears out and new areas are added to the utility service. I also see how the expected increase in revenue/surcharges are to be divided by customer classification. I do not understand exactly what upgrades are required and what this money will be used for. Can you explain this to the lay person? Thank you.

Denise Y. O'Meara  
3168 Arrowhead Drive  
Lexington, KY 40503  
[REDACTED]

\*Andrea C Brown  
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