

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-	)	
AMERICAN WATER COMPANY FOR A	)	CASE NO.
BALANCING ADJUSTMENT FOR ITS QIP	)	2022-00328
CHARGE	)	

ORDER

On September 28, 2022, Kentucky-American Water Company (Kentucky-American) filed a balancing adjustment and revised tariff with the Commission to true up its Qualified Infrastructure Program (QIP) actual and estimated costs, and to revise the QIP charge in its tariff consistent with the balancing adjustment. Kentucky-American proposed an effective date of December 27, 2022.

Pursuant to KRS 278.180(1), no change in utility rates is permitted except upon 30 days' notice to the Commission. Therefore, since the application was accepted for filing as of September 28, 2022, the earliest date that Kentucky-American's proposed rates can be effective is October 28, 2022. Having reviewed Kentucky-American's application, the Commission finds that an investigation will be necessary to determine the reasonableness of the proposed rates and that an investigation cannot be completed by October 28, 2022. Therefore, pursuant to KRS 278.190(2), the Commission will suspend the effective date of the proposed rates for five months, up to and including March 21, 2023.

The Commission finds that a procedural schedule should be established to review the reasonableness of the proposed tariff revision. The procedural schedule is attached

as Appendix A to this Order and Commission Staff's First Request for Information is attached as Appendix B.

IT IS THEREFORE ORDERED that:

1. Kentucky-American's proposed rates are suspended for five months, up to and including March 21, 2023.

2. The procedural schedule set forth in the Appendix A to this Order shall be followed.

3. On or before the date set forth in the procedural schedule, Kentucky-American shall file its responses to the Commission Staff's First Request for Information, attached to this Order as Appendix B.

4. Any party filing a paper with the Commission shall file an electronic copy in accordance with the electronic filing procedures set forth in 807 KAR 5:001, Section 8. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked. The Commission directs the parties to the Commission's July 22, 2022 Order in Case No. 2020-00085 regarding filings with the Commission.

5. As set forth in 807 KAR 5:001, Section 4(11)(a), a person requesting permissive intervention in a Commission proceeding is required to demonstrate either (1) a special interest in the proceeding, which is not adequately represented in the case, or (2) that the person requesting permissive intervention is likely to present issues or develop facts that will assist the Commission in fully considering the matter without unduly complicating or disrupting the proceedings. Further, KRS 278.040(2) requires that a person seeking intervention must have an interest in the rates or service of a utility, as

those are the only matters that are subject to the Commission's jurisdiction. Therefore, any person requesting to intervene in a Commission proceeding must state with specificity the person's special interest that is not otherwise adequately represented, or the issues and facts that the person will present that will assist the Commission in fully considering the matter. A mere recitation of the quantity of utility service consumed by the movant or a general statement regarding a potential impact of possible modification of rates will not be deemed sufficient to establish a special interest. In addition, any motion to intervene filed after the date established in the procedural schedule attached to this Order, shall also show good cause for being untimely. If the untimely motion is granted, the movant shall accept and abide by the existing procedural schedule.

6. Accordingly, motions for extension of time with respect to the procedural schedule in Appendix A shall be made in writing and will be granted only upon a showing of good cause.

7. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

PUBLIC SERVICE COMMISSION



Chairman

Vice Chairman



Commissioner



ATTEST:



Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2022-00328 DATED OCT 18 2022

- All requests for intervention shall be filed  
no later than..... 10/24/2022
- Kentucky-American shall file responses to Commission  
Staff's First Request for Information, attached to this  
Order as Appendix B no later than..... 11/07/2022
- All requests for information to Kentucky-American  
shall be filed no later than.....11/21/2022
- Kentucky-American shall file responses to requests for  
information no later than..... 12/05/2022
- All supplemental requests for information to Kentucky-American  
shall be filed no later than..... 12/19/2022
- Kentucky-American shall file responses to supplemental  
requests for information no later than.... 01/09/2023
- Kentucky-American or any intervenor shall file either a request for a hearing  
or a statement that this case may be submitted for a decision based on the  
existing record no later than..... 01/12/2023

## APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2022-00328 DATED OCT 18 2022

### COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO KENTUCKY-AMERICAN WATER COMPANY

Kentucky-American Water Company (Kentucky-American), pursuant to 807 KAR 5:001, is to file with the Commission an electronic version of the following information. The information requested is due on November 7, 2022. The Commission directs Kentucky-American to the Commission's July 22, 2021 Order in Case No. 2020-00085<sup>1</sup> regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and shall include the name of the witness responsible for responding to the questions related to the information provided. Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

Kentucky-American shall make timely amendment to any prior response if Kentucky-American obtains information that indicates the response was incorrect when

---

<sup>1</sup> Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

made or, though correct when made, is now incorrect in any material respect. For any request to which Kentucky-American fails or refuses to furnish all or part of the requested information, Kentucky-American shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations. When filing a paper containing personal information, Kentucky-American shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to Case No. 2018-00358,<sup>2</sup> the Direct Testimony of Brent O’Neill (O’Neil Testimony), Exhibit 2, Replacement Program Report 2018 at 4, Table 2, Distribution System Material Types. Provide an update of the information contained in Table 2 in the format provided below.

Original Table		QIP 1 Proposed		QIP 1 Actual		QIP 2 Actual		Non-QIP		Total	
Miles of Material	Percentage of System	Miles of Material	Percentage of System	Miles of Material	Percentage of System	Miles of Material	Percentage of System	Miles of Material	Percentage of System	Miles of Material	Percentage of System
By Material											

2. Refer to Case No. 2018-00358, O’Neil Testimony, Exhibit 2, Replacement Program Report 2018 at 4, Table 3, Miles of Existing Material Types Installed by Decade. Provide an update of the information contained in Table 3 in the format provided below.

Original Table		QIP 1 Changes		QIP 2 Changes		Non-QIP Changes		Total	
Miles of Main by Material	Miles of Main by Material	Miles of Main by Material	Miles of Main by Material	Miles of Main by Material	Miles of Main by Material	Miles of Main by Material	Miles of Main by Material	Miles of Main by Material	Miles of Main by Material
By Decade									

<sup>2</sup> Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC June 27, 2019).

3. Regarding the Wickliffe/Corral Project, explain why this project required full curb-to-curb width paving rather than the 4' paving as originally budgeted. Provide a comparison of the original forecasted paving to the actual paving cost incurred.

4. Regarding the Crosskeys Court Project:

a. Given that this project required full curb-to-curb width paving rather than the 4' paving as originally budgeted, explain why there is a negative variance of (\$10,149).

b. Provide a comparison of the original forecasted paving to the actual paving cost incurred.

5. Regarding the Croyden Court Project, explain why this project required full curb-to-curb width paving rather than the 4' paving as originally budgeted. Provide a comparison of the original forecasted paving to the actual paving cost incurred.

6. Regarding the Fairway – Phase I Project:

a. Explain why this project required additional cold patch - temporary asphalt.

b. Explain why the additional feet of main installation was necessary.

7. Regarding the Bluegrass/Highlawn Project, provide an estimate of the impact the paving cost sharing with Lexington-Fayette Urban County Government (LFUCG) had on the completed project cost.

8. Regarding the Codell Drive Project, explain why additional feet of main installation was necessary.

9. Regarding the N Ashland/Aurora Project:



a. Given that Kentucky-American filed its application for its QIP 2 balancing adjustment on September 28, 2022, explain why the post-in-service work is not included in the total project cost.

b. Provide the estimated date the post-in-service work will be completed and the date Kentucky-American will be able to quantify the completed project cost.

c. Explain how Kentucky-American intends to recover the completed cost of the work on this project that are not included in its QIP 2 balancing adjustment.

d. Explain why the additional feet of main installation was necessary.

10. Regarding the Whitney/Ash Project:

a. Explain why this project required additional cold patch - temporary asphalt.

b. Explain why the additional feet of main installation was necessary.

11. Regarding the Clays Mill Road - Phase II Project:

a. Explain why the additional costs incurred to uncover the valve boxes were not recovered from either LFUCG or its roadway contractor.

b. Identify the costs incurred by Kentucky-American to uncover the valve boxes.

c. Provide an estimate of the impact the paving cost sharing with LFUCG had on the completed project cost.

12. Regarding the Montclair Drive Project, provide an estimate of the impact the paving cost sharing with LFUCG had on the completed project cost.

13. Regarding the Valley Farm Project:

- a. Explain why the paving for this project required a full lane width (~8').
- b. Provide a comparison of the original forecasted paving to the actual

paving cost incurred.

14. Regarding the Colchester/Barksdale Project:

- a. Explain why the paving for this project required a full lane width (~8').
- b. Provide a comparison of the original forecasted paving to the actual

paving cost incurred.

15. Regarding the QIP 2 projects listed below. Given that Kentucky-American filed its application for its QIP 2 balancing adjustment on September 28, 2022, explain why the post-June 30 paving costs for each listed project is not reflected in the total project cost included in the balancing adjustment.

- a. Bluegrass/Highlawn Project.
- b. National Avenue Project.
- c. Montclair Drive Project.
- d. Summit Drive Project.
- e. Colchester/Barksdale Project.
- f. Westgate/Hamilton Park.
- g. Lancelot Project.
- h. Kilrush/Caywood Project.
- i. Merrimac/Fogo/Crewe Project.
- j. Tisdale/Fraserdale Project.
- k. Montavesta Road Project.

16. Regarding the QIP 2 projects listed in Item 15 above. Provide the estimated date the paving for each listed project will be completed and the date Kentucky-American will be able to quantify the completed project cost.

17. Regarding the QIP 2 projects listed in Item 15 above. When the final paving and restoration work is completed for each listed project, explain if Kentucky-American expects that the actual completed project cost will be less than it originally projected.

18. Regarding the QIP 2 projects listed in Item 15 above. Explain how Kentucky-American intends to recover the completed restoration costs that are not included in its QIP 2 balancing adjustment.

19. Regarding the Tisdale/Fraserdale Project:

a. Explain why paving and restoration extents were greater than planned.

b. Since the Post-June 30 paving restoration work is not reflected in the total project cost, explain how the increased paving (from ~20,000 square feet to ~27,700 square feet) impacted the total completed project cost as of June 30, 2022.

\*Kentucky-American Water Company  
2300 Richmond Road  
Lexington, KY 40502

\*Honorable Lindsey W Ingram, III  
Attorney at Law  
STOLL KEENON OGDEN PLLC  
300 West Vine Street  
Suite 2100  
Lexington, KENTUCKY 40507-1801

\*Molly Van Over  
Kentucky-American Water Company  
2300 Richmond Road  
Lexington, KY 40502