COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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	)	CASE NO. 2023-00191

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

Kentucky-American Water Company (Kentucky-American), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on August 18, 2023. The Commission directs Kentucky-American to the Commission's July 22, 2021 Order in Case No. 2020-00085[1] 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

[1] 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).

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 or incomplete when made or, though correct or complete when made, is now incorrect or incomplete 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 and scanned 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 the Application, paragraph 10, which provides the amount and percentage of the proposed revenue increase for all customer classes except industrial, which includes only the amount. Provide the percent of the proposed rate increase that is allocated to the industrial customer class.

2. Refer to the Application, Exhibit 37 and the response to Item 1 of the Commission Staff's First Request for Information.

a. Identify each calculation of operating expense item in the forecasted test year that has used a different methodology for calculating the pro forma adjustment from the previous rate Case No. 2018-00358. Explain the difference in the methodology between the two cases and why the methodology has changed.

b. Identify each calculation of operating expense in the forecasted period of the base year that has used a different methodology from the previous rate Case No. 2018-00358. Explain the difference in the methodology between the two cases and why the methodology has changed.

c. Identify each item of rate base in the forecasted year that has used a different methodology for calculating the forecasted amount from the previous rate Case No. 2018-00358. Explain the difference in the methodology between the two cases and why the methodology has changed.

3. Refer to the Application, paragraph 31. Also refer to the Application, Exhibit 2, Sheet Nos. 48-49, and the Direct Testimony of Ann E. Bulkley (Bulkley Direct Testimony), page 50, lines 8–14.

a. Confirm that the capital tracking mechanism is the Qualified Infrastructure Program Rider (QIP Rider).

b. The tariff states, "The QIP Rider will be updated annually in a filing that includes incudes the (1) projected costs for each QIP period and (2) a balancing adjustment that trues up the projected program costs and revenues with the actuals for the preceding annual QIP period." With the proposed changes to the QIP program and the program's structure generally, taken together, confirm that these factors reduce the risks associated with large capital spending programs. If this cannot be confirmed, explain why the factors do not reduce the risk associated with large capital spending programs.

c. Explain the additional risks faced by Kentucky-American that warrant awarding the same return on equity (ROE) to the QIP rider program as awarded to the Kentucky-American's rate base overall.

4. Refer to Kentucky-American's current tariffs on file with the Commission, First Sheet No. 47 and to the Application, Exhibit 1, First Sheet Nos. 47 and 49. Explain why the QIP Rider is not listed on the Kentucky-American's sample bill.

5. Refer to the Application, Exhibit 2, Original Sheet Nos. 47 and 49. Explain why the QIP Rider is not listed on the Kentucky-American's sample bill.

6. Refer to the Application, Exhibit 2, Sheet Nos. 48–49.

a. Explain the elements of the QIP Rider to which the ROE component is currently applied and how the ROE component is applied, including whether the ROE component is applied to actual capital expenditures only or to actual and forecasted amounts that have not yet been spent.

b. Provide the Kentucky-American's most recent annual filing showing amounts actually spent, forecasted expenditures, true-up amounts and how the ROE component was applied.

c. With the Kentucky-American's proposed changes to the QIP Rider, explain how that will affect the ROE component and its application to expenditures.

d. Explain whether the return as applied inside the mechanism is compounded over time.

7. Refer to the Application, Exhibit A, Metering Infrastructure (AMI) Development Plan, page 4.

a. Provide the current make, model and age of the advanced meter reading (AMR) that Kentucky-American currently has.

b. Provide all costs associated with uninstalling the AMR meters if Kentucky-American is going to uninstall the current AMR meters and then install a new AMI meter.

8. Refer to the Application, Exhibit A, Advanced Metering Infrastructure Development Plan. Also refer to the record in Case No. 2016-00394.

a. Does Kentucky-American believe that the deviation from 807 KAR 5:006, Section 26(6)(b), granted by the Commission in Case No. 2016-00394 extends to the Advanced Metering Infrastructure?

b. If so, explain how the AMI will satisfy the deviation requested in Case No. 2016-00394.

c. If not, will Kentucky-American be requesting an additional deviation from 807 KAR 5:006, Section 26(6)(b)?

d. If Kentucky-American will be requesting an additional deviation, when will that occur?

9. Provide all changes to the number of employees expected in the transition from AMR to AMI.

10. Refer to the Application, Exhibit A, Advanced Metering Infrastructure Development Plan, page 5.

a. Explain how Kentucky-American plans to limit the amount of capital costs associated with AMI.

b. Explain whether the cellular AMI is considered to be the most reliable option as compared to the least cost option.

11. Refer to the Application, Exhibit A, Advanced Metering Infrastructure Development Plan, page 13.

a. Provide copies of the request for proposal (RFP) for the AMI system, the bid sheets, the criteria for selection, the bid tabulation sheet, and an explanation why the chosen vendor was selected.

b. Explain in detail how the RFP was publicized and provide copies of notices for the RFP.

c. If an RFP was not issued, explain in specific detail why an RFP was not issued, how potential vendors were notified that Kentucky-American was proposing to install an AMI system, the process Kentucky-American used to identify the vendors that it evaluated, and the names of all vendors that Kentucky-American contacted regarding the proposed AMI system.

12. Refer to the Application, Exhibit A, Advanced Metering Infrastructure Development Plan, page 14. Explain in specific detail how Kentucky-American evaluated each of the proposed alternatives, a copy of all documents Kentucky-American relied upon in its evaluation of the proposed alternatives, and a copy of all written material explaining the reason that Kentucky-American selected the proposed AMI system.

13. Refer to the Application, Exhibit A, Advanced Metering Infrastructure Development Plan, page 17, Figure 9.

a. Explain why Kentucky-American is using the Consumer Price Index (CPI) to calculate inflation and how the CPI changes the cost of meter material.

b. Explain whether Kentucky-American considered using a different depreciation rate when modeling the scenarios for the AMI. If so, then provide the depreciation rate with supporting evidence. If not, then explain why not.

14. Refer to the Application, Exhibit A, page 17, footnote 11. Explain what Kentucky-American means by "undue refinement."

15. Refer to the Application, Exhibit A, Advanced Metering Infrastructure Development Plan, page 17. Explain whether Kentucky-American's labor costs for meter readers will decrease if the Commission grants a Certificate of Public Convenience and Necessity (CPCN) for AMI.

16. Refer to the Application, Exhibit A, Advanced Metering Infrastructure Development Plan, page 18.

a. Explain why Kentucky-American is planning on a ten-year installation phase for the AMI if the useful life of the AMI is ten years.

b. Explain whether Kentucky-American could complete AMI installation by 2027 if the CPCN was granted in this case. If not, explain why not.

17. Refer to the Application, Exhibit A, Advanced Metering Infrastructure Development Plan, page 19.

a. Explain why Kentucky-American used a 20-year net present value (NPV) for the AMI system if the useful life of AMI meters is 10 years.

b. Provide the depreciable life Kentucky-American is using for the AMI meters.

c. Provide a cost-benefit analysis with a ten-year NPV and ten-year useful life.

18. Refer to the Application, paragraph 20. Explain how the $28 opt out fee for AMI meters was calculated. Provide documentary support for the $28 opt out fee in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

19. Refer to the Application, Exhibit 11, Proposed Construction Expenditures. For each project listed, explain whether Kentucky-American expects to request a CPCN for that project or, if there is a pending case or the project was previously approved by the Commission, provide the case number for that project.

20. Refer to the Application, Exhibit 11, Proposed Construction Expenditures. Also refer to Case No. 2018-00358,[2] Exhibit 11, Proposed Construction Expenditures.

a. Identify and provide a breakdown by category and dollars of the components of the Normal Recurring Construction projects that are projected for 2024 through 2026.

b. Identify and provide a breakdown by category and dollars of the components of the Normal Recurring Construction projects that were constructed between 2019 and 2021.

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[2] Case. No. 2018-000358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (filed on Nov. 28, 2018),KAW_APP)EX1_THRU_EX36_112818.pdf at 218.

c. Explain any increases by category for the period 2024 through 2026 compared to the period 2019 through 2021 and state whether any of the increases are due to a change in project component definition.

21. Refer to the Application, Exhibit 11, Proposed Construction Expenditures, and Application, Exhibit 37, Schedule B-1. Provide a schedule that reconciles the change in Utility Plant in Service plus Construction Work in Progress totaling $954,105,317 in the Base Period to Utility Plant in Service plus Construction Work in Progress totaling $1,050,288,710 in Exhibit 37 compared to the Capital Budget in Exhibit 11.

22. Refer to the Application, Exhibit 37, Schedule B-1, Deferred Maintenance and Taxes W/P-1-10. Provide the case numbers where Kentucky-American was authorized to defer maintenance expense.

23. Refer to the Application, Exhibit 37, Schedule B-4. Explain why allowance for funds used during construction (AFUDC) is included in the construction work in progress (CWIP) balance.

24. Refer to the Application, Exhibit 37, Schedule C-1, line 18, support services expense. Provide a copy of the contract of the schedule used to determine the adjustment for forecasted at present Rates of $660,295.

25. Refer to the Application, Exhibit 37, Schedule D-2, lines 45, 46, and 49.

a. Explain why Kentucky-American is using the CPI as an inflation factor for expenses. Include in the explanation whether Kentucky-American considers the Headline CPI a more reliable figure for ratemaking purposes than the Core CPI.

b. Explain whether Kentucky-American considered using the Producer Pricing Index (PPI) or the Personal Consumption Expenditures (PCE) price index to calculate inflation. If not, explain why not.

c. Provide a list of every expense category in this case for which Kentucky-American is using an inflation factor.

26. Refer to the Application, Exhibit 37, Schedule F-6, page 9. Provide the exhibit in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

27. Refer to the Application, Exhibit 37, Schedule F-6, page 9.

a. Provide cost justification for a forecasted $850,000 in legal expenses.

b. Provide cost justification and an explanation for $0 in accounting expenses.

28. Refer to the Application, Exhibit 37, Schedule F-6, page 9. Refer also to the Direct Testimony of Jeffrey Newcomb (Newcomb Direct Testimony), page 12, lines 13–17.

a. Explain whether Kentucky-American is requesting authorization to establish a regulatory asset or liability for any of the rate case expenses related to this case.

b. Reconcile the discrepancy that Kentucky-American is recovering the forecasted rate case expenses in this case or whether Kentucky-American is deferring them to their next base rate case.

c. Reconcile the discrepancy whether Kentucky-American is using a 3-year or 2-year amortization period for rate case expenses.

29. Refer to the Bulkley Direct Testimony, page 7.

a. Provide a copy of the Moody's Investors Service (Moody's) industry outlook referenced in the second bullet.

b. Explain how high natural gas prices affect rating agency outlooks for the regulated water utility industry.

30. Refer to the Bulkley Direct Testimony, generally. Provide an electronic copy of the ROE workpapers in Excel spreadsheet format with all formulas, columns, and rows intact and fully accessible.

31. Refer to the Bulkley Direct Testimony, page 7, line 4. Provide a rating agency report explaining that regulated water utility stock prices are expected to decline.

32. Refer to the Bulkley Direct Testimony, page 7, lines 23–26. Also refer to the Bulkley Direct Testimony, page 13, lines 6–19.

a. Explain what Kentucky-American means by Kentucky-American's "relative risk."

b. Explain the impact of market conditions, including increased inflation and high interest rates, on financing capital projects or going to the market for debt.

c. State how often Kentucky-American goes to the market for debt or issues equity.

33. Refer to the Bulkley Direct Testimony, page 13, lines 6–8. Explain what recent changes from the Federal Reserve's monetary policy have increased market risk to Kentucky-American specifically.

34. Refer to the Bulkley Direct Testimony, page 26, lines 5–20. Explain why natural gas utilities are included in the proxy group instead of just water utilities.

35. Refer to the Bulkley Direct Testimony, page 27, Figure 6. Provide the most recent awarded ROEs for each utility in the proxy group.

36. Refer to the Bulkley Direct Testimony, page 28, generally. For both the natural gas companies and the electric companies in the proxy group, explain how the operational risk, business risk, and the current and future environmental requirements specifically compare to the regulated water industry.

37. Refer to the Bulkley Direct Testimony, page 40, lines 12–17.

a. Explain why the Bloomberg beta values are based on ten years of weekly S&P data as opposed to the five years of data used to calculate the Value Line beta values.

b. Provide the number of companies included in the Value Line beta calculations.

c. Explain why Kentucky-American did not use Value Lines' broader market (New York Stock Exchange Composite Index) proxy for the beta calculation that using, and instead used the S&P 500 index as the market proxy.

38. Refer to the Bulkley Direct Testimony, page 41, lines 1–3. Explain how the average of the Value Line beta coefficients for the proxy group companies from 2013-2022 were calculated. Include in the response a description of the data.

39. Refer to the Bulkley Direct Testimony, Exhibit AEB-2, page 1.

a. Provide each of the Value Line Investment Survey company profile sheets supporting the return on equity analyses.

b. Explain whether any of the natural gas utilities have water operations.

c. Confirm that there were no other regulated electric utilities that satisfied the proxy group selection criteria. Include in the response the importance of Eversource Energy having a water operation subsidiary.

40. Refer to the Direct Testimony of Nicolas Furia (Furia Direct Testimony), page 4, lines 15–17.

a. Explain why Kentucky-American does not include preferred stock in their total debt.

b. Explain how Kentucky-American issues its preferred stock.

c. Explain a scenario when Kentucky-American would issue preferred stock over debt, either long-term or short-term.

41. Refer to the Furia Direct Testimony, page 4. Explain what major changes, regarding the capital structure, have occurred since Kentucky-American's 2018 rate case.[3]

42. Refer to the Furia Direct Testimony, page 4, lines 20–21. Explain what debt requirements, long-term and short-term, Kentucky-American currently has. Include in the response if Kentucky-American has fulfilled these requirements.

43. Refer to the Furia Direct Testimony, page 6. Explain whether when Kentucky-American issues debt, either long-term or short-term, that it also issues equity.

[3] Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Nov. 28, 2018).

44. Refer to the Furia Direct Testimony, page 6, line 21. Refer also to the Bulkley Direct Testimony, page 38, lines 6–8. Explain whether the 4.95 percent and 5.56 percent debt interest rates are forecasted to show the current market conditions or Kentucky-American is anticipating a decline in interest rates.

45. Refer to the Furia Direct Testimony, page 7, lines 1–2. Provide support for the projected 1 percent issuance costs for new bonds.

46. Refer to the Direct Testimony of Larry E. Kennedy (Kennedy Direct Testimony), pages 3–4.

a. Explain why Kentucky-American changed the depreciation method from the Retirement Rate Analysis to the Straight-Line Method.

b. Explain the major differences between the two methods and include in the explanation which method is more commonly used by public service commissions across the United States.

47. Refer to the Kennedy Direct Testimony, pages 7–8. Provide the impact on depreciation expense for each account that's average service life was changed.

48. Refer to the Kennedy Direct Testimony, page 14. Considering the difference of the remaining life between the Retirement Rate Analysis and the Straight-Line Method, explain why Kentucky-American changed depreciation methods.

49. Refer to the Kennedy Direct Testimony, 2022 Depreciation Study. Confirm that the Qualified Infrastructure Project (QIP) is not included in any part of the depreciation study.

50. Refer to the Kennedy Direct Testimony, 2022 Depreciation Study, Section 3.1.2, page 3-3. Concentric recommends changing the minimum remaining life to three

years of each vintage with each account to avoid any over recovery in the oldest vintages. Provide the impact this methodology change has on the depreciation rate. Include in the response any other impacts this methodology has on the depreciation study generally.

51. Refer to the Kennedy Direct Testimony, Exhibit LEK-1, 2022 Depreciation Study, Section 5, pages 5-2 and 5-3. The previous depreciation rate was 2.61 percent as approved in Kentucky-American's 2018 rate case.[4]

a. Explain whether major changes occurred between the issuance of the June 27, 2019 final Order in Case No. 2018-00358 and the application tendered in this case that impacted in the deprecation rate increase proposed in this case.

b. Provide the depreciation rates approved in Case No. 2018-00358 in a similar format to the tables on pages 5-2 and 5-3. Include in the response the total depreciable plant from the previous depreciation study.

c. Explain whether any capital projects have been added to this depreciation study.

52. Refer to the Newcomb Direct Testimony, page 6, lines 6–9.

a. Explain why Kentucky-American is proposing a theoretical 10.57 percent qualified infrastructure program (QIP) rider charge in this case, as opposed to proposing 8.27 percent in Case No. 2023-00030.[5]

b. Provide the base revenue at present water rates for July 1, 2024, to January 31, 2025, with the QIP rider charge at 8.27 percent.

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[4] Case No. 2018-00358, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates* (Ky. PSC Nov. 28, 2018).

[5] Case No. 2023-00030, *Electronic Application of Kentucky-American Water Company to Amend Tariff to Revise Qualified Infrastructure Charge* (Ky. PSC Mar. 1, 2023).

53. Refer to the Newcomb Direct Testimony, page 24, generally. Explain whether any Kentucky-American affiliates have received approval for regulatory accounting deferral treatment in other jurisdictions. If so, provide the amount, the purpose of the deferral treatment, the type of deferral treatment (regulatory asset or liability), and a link to the order approving the regulatory asset or liability.

54. Refer to the Newcomb Direct Testimony, page 27, lines 8–14.

a. Explain how production costs are considered volatile and extraordinary expenses that should be granted accounting deferral treatment. Include in the response how production costs are outside of Kentucky-American's control.

b. Explain why Kentucky-American has not requested a regulatory asset or liability previously for production expenses.

c. Identify any American Water affiliate that has received approval for regulatory asset or liability accounting treatment for production expenses. Provide a copy of the Order or document authorizing that treatment for those affiliates.

55. Refer to the Newcomb Direct Testimony, page 29, line 13. Explain the $1,727,200 difference between actual production expenses and authorized production expenses in 2022.

56. Refer to the Newcomb Direct Testimony, page 30, lines 9–21.

a. Explain how pension and other post-employment benefits (OPEB) expenses would qualify for a deferral treatment under KRS 278.220.

b. Explain how pension and OPEB expenses are considered volatile and should be granted accounting deferral treatment. Include in the response how pension and OPEB expenses are outside of Kentucky-American's control.

57. Refer to the Newcomb Direct Testimony, page 30, lines 13–15.

a. Explain whether Kentucky-American calculates the pension and OPEB differently year to year, and if so, explain why.

b. Explain whether Kentucky-American could create amendments within the pension and OPEB expenses to make them less volatile. If so, explain what amendments could be made. If not, explain why not.

58. Refer to the Newcomb Direct Testimony, page 32, line 8. Explain the difference in the amounts between OPEB actual and authorized expenses.

59. Refer to the Newcomb Direct Testimony, page 35, line 12. Explain whether Kentucky-American is aware of any current proposed changes in the federal or state income tax rates. If so, provide a link to the proposal.

60. Refer to the Direct Testimony of Charles B. Rea (Rea Direct Testimony), page 5, lines 18–19.

a. Is the MHI for the Company's service territory as presented in the exhibits based solely on owner-occupied and single-unit renter occupied homes?

b. Please define a single-unit renter occupied home.

c. If the response to part (a) is yes, how much of the population percentage in the Company's service territory live in those specific households?

61. Refer to the Direct Testimony of Charles B. Rea (Rea Direct Testimony), page 6, Chart 1. The Chart states that the current median household income (MHI) is approximately $80,000. The United States Census Bureau has the MHI in Lexington, Kentucky, in 2021 at $61,526.[6]

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[6] United States Census, Quick Facts, Lexington-Fayette Urban County, Kentucky, https://www.census.gov/quickfacts/fact/table/lexingtonfayetteurbancountykentucky,KY/PST045222

a. Explain the basis for an increase in MHI shown in Chart 1.

b. Explain whether the entire Kentucky-American service territory is included in this study, and if not, provide an updated Chart 1 with data for Kentucky-American's entire service territory.

c. Provide all assumptions used in calculating the previous years' MHI and modeling the forecasted MHI.

62. Refer to the Rea Direct Testimony, page 7, Chart 2. Provide a BTI Ratio Chart that includes 2025 and 2026.

63. Refer to the Rea Direct Testimony, page 7, lines 3-4. Explain whether the benchmark for affordability expressed as a total bill's percentage of MHI is Kentucky-American's own policy decision or is a standard that is nationally recognized. If this is based on a nationally recognized standard, provide a copy of that standard.

64. Refer to the Rea Direct Testimony, page 10, lines 10–12. Provide the supporting documentation for the Federal Poverty Level (FPL) guidelines.

65. Refer to the Rea Direct Testimony, page 13, Table 1. Provide supporting documentation for the Affordability Index by AHI and include in the explanation a complete assumptions list that was used.

66. Refer to the Rea Direct Testimony, Exhibit CBR-1, Exhibit CBR-2, Exhibit CBR-3. Provide these exhibits in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible. Identify any source material used to develop these exhibits and provide copies of any studies or documents that provided data or assumptions relied on to prepare these exhibits.

67. Refer to Rea Direct Testimony, Table 10, page 29.

a. Please identify the zip code areas in Kentucky-American's service area that are in each income group.

b. Reconcile the number of customers listed in Table 10 with the number of customers listed in the Application, Exhibit I.

68. Refer to Rea Direct Testimony, page 8. Please provide all source material used to determine the Basic Water Service as 40 gallons of water per household member per day. Provide any studies or documents used as the basis for that value.

69. Refer to Rea Direct Testimony, Universal Affordability. Explain how the proposed Universal Affordability Tariff is consistent with KRS 278.170.

70. Refer to the Direct Testimony of William A. Lewis (Lewis Direct Testimony), page 26, line 16. Provide the name of the third-party vendor Kentucky-American entered a contract with on April 24, 2023.

71. Explain how Kentucky-American will meet its obligations under the Kentucky Underground Facilities Damage Prevention Act with the third-party vendor.

72. Provide the number of location requests under the Kentucky Underground Facilities Damage Prevention Act that Kentucky-American has received in the last 12 months, and the number of these requests that remained unmarked after two business days in the last 12 months.

73. Explain the current process Kentucky-American and its third-party vendor uses for untonable lines.

74. Provide the number of locate requests under the Kentucky Underground Facilities Damage Prevention Act that have been deemed to involve untonable since the start of the third-party contract on April 24, 2023.

75. Provide the number of locate requests under the Kentucky Underground Facilities Damage Prevention Act that were deemed unmarkable due to extreme conditions since the start of the third-party contract on April 24, 2023.

76. Provide the number of inactive accounts that still have an active billing ID.

a. Explain why the inactive accounts have not been shut off.

b. Explain the effect on water loss the inactive account has.

77. Provide the number of employees that currently read meters.

a. Explain how many would be needed to physically read all active meters.

b. Provide the projected salaries needed to pay for the employees to physically read all active meters.

78. Refer to Lewis Direct Testimony, page 35.

a. Identify the number of employees, by year dedicated to identifying and reducing unaccounted-for water for the last ten years. Provide detail on their job title and specific job duties.

b. Identify the amount of operating expenses, by year spent on identifying and reducing unaccounted-for water in the last ten years. Provide detail regarding what the expenses were.

c. Identify amount of any capital expenditures, by year, spent on identifying and reducing unaccounted-for water in the last ten years. Provide detail regarding the projects or expenditures and how they contributed to reducing unaccounted-for water.

79. Refer to Lewis Direct Testimony, page 38 line 13. Provide the volume of water lost in each month for the last 10 years. Also, provide the 12-month rolling average of unaccounted-for water loss for each month for the last 10 years.

80. Refer to Lewis Direct Testimony, page 35, lines 4, and Lewis Direct Testimony, Exhibit WAL-1. Explain what Kentucky-American would need to construct or install to allow or permit Kentucky-American to ascertain what percentage of unaccounted water loss is attributable to water loss occurring in the following special connections:

a. Kentucky Horse Park

b. Bluegrass Airport

c. University of Kentucky

81. State whether Kentucky-American has any plans for the construction or installation referred to in Item 73. If so, state when Kentucky-American expects the construction or installation to be completed for each of the following:

a. Kentucky Horse Park

b. Bluegrass Airport

c. University of Kentucky

82. Explain what Kentucky-American would need to construct or install to isolate the cause of water loss within the special connections distribution system.

83. Provide the total number of special connections for each of the last 20 years.

84. Provide the nature of each special connection that currently exist for Kentucky-American.

85. Explain what Kentucky-American does to identify water loss on a special connection and work with the owner of the special connection for reduction of water loss.

86. Refer to Application, page 14, paragraph 34. Provide the length of time Kentucky-American is requesting the deviation for an alternative level of unaccounted-for water loss of 20 percent.

87. Refer to the Direct Testimony of Shelley W. Porter (Porter Direct Testimony), page 23. Provide a copy of the Solids Handling Mater plan.

88. Refer to the Direct Testimony of Harold Walker, III (Walker Direct Testimony).

a. Identify all of the noncash items that have been included in the calculation of Working Capital.

b. Identify the amount of Working Capital that is included for each item.

c. Identify each American Water affiliate that has been authorized to include non-cash items in Working Capital for rate purposes. For each affiliate, identify which specific noncash items have been authorized.

89. Refer to the Direct Testimony of John M. Watkins (Watkins Direct Testimony), page 4, lines 10–16.

a. What are the forecasted test period wage increases for the union employees?

b. Have CBAs been executed that cover the wages for the entire forecasted test period? If not, when does the Company expect for those CBAs to be executed?

c. What are the average base pay increases for non-union employees for the last five years?

90. Refer to Watkins Direct Testimony, page 6, line 8. Identify the changes in the Annual Performance Plan and Long-Term Performance Plan since the last rate case.

91. Refer to Watkins Direct Testimony, page 11, line 11.

a. Provide the purchased power expense by power provider in the actual base period, the projected base period, and the forecasted test period.

b. Have any purchased power providers indicated to Kentucky-American that they are seeking to increase rates within the forecasted test period?

92. Provide the annual salaries for the past five years for executives for Kentucky-American Water.

93. Provide a list of all proposed new employee positions, and proposed salaries.

94. Refer to Case No. 2018-00358.[7] Provide the number of part- and full-time positions Kentucky-American currently considers appropriate for staffing needs.

a. Provide the current number of active employees.

b. Provide a list of all vacant authorized positions and the length of time they have been vacant.

[7] Case No. 2018-00358, *Electronic Application of Kentucky American Water Company for an Adjustment of Rates* (Ky. PSC June 27, 2019), Order at 37–40, Employee Vacancies/Labor Expenses discussion.

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DATED AUG 04 2023

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