

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-)	CASE NO.
AMERICAN WATER COMPANY FOR AN)	2025-00122
ADJUSTMENT OF RATES)	

COMMISSION STAFF'S POST-HEARING 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 no later than October 6, 2025. The Commission directs Kentucky-American to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ 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

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).

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. Provide an update to Kentucky-American's return on equity (ROE) analysis using data as of July 31, 2025, or after.

2. Refer to the hearing testimony of Jennifer Gonzalez which referenced a debt issuance that was executed by American Water Works on August 6, 2025, and provided to Kentucky-American on September 15, 2025. Provide an update to Exhibit 37,

Schedule J to include the debt issuance. In the response, provide the terms of the debt issuance.

3. Explain why Kentucky-American believes an increase in ROE from its previously approved 9.70 percent to the proposed 10.75 percent is reasonable. In addition, explain how the proposed 10.75 percent ROE compares to Kentucky-American's earned ROE since its last base rate proceeding.

4. Refer to the Hearing Testimony of Robert Burton. Provide a list of QIP eligible projects included in the forecasted test year. As part of the response, include the location, the budget, details of the pipe being replaced, including its width, length, and type.

5. Refer to the Application. For each of the following expenses, provide a chart comparing the growth factor that Kentucky-American uses in its annual internal budgeting process and the growth factor applied to the expense in the forecasted test year.

- a. Building Maintenance and Services;
- b. Maintenance Supplies and Services;
- c. Miscellaneous Expense;
- d. Office Supplies and Services;
- e. Telecommunications; and
- f. Rents.

6. Refer to the Supplemental Base Period filing made on September 15, 2025.

- a. Provide the entirety of the filing in Excel spreadsheet format with all formulas, rows, and columns unprotected and fully accessible.

b. Identify utilizing a red line or highlight, each change made from the original Application filing.

c. Provide supporting testimony for any changes if not addressed in the Rebuttal Testimony.

7. Provide the budgeted amount for meter replacement, for each year, for the years 2015 through the forecasted test year.

8. Refer to Application, Exhibit 36, Cost of Service Study (COSS).

a. Provide the sample information used to establish the maximum daily consumption including, but not limited to, the: number of customers; number of months reviewed; whether a time of day was applied, and if so, what time was used; the customer class of all customers included in the calculation; and, if more than one customer class was included in the calculation, the number of customers in each customer class.

b. Provide each monthly meter charge, for each size meter, supported by the COSS.

c. Provide the percent subsidization for each customer class. If a class is not subsidized, then provide the percent of positive recovery.

d. Explain what assets or operations Kentucky-American considers in the account labeled “amortized property loss” as well as a case number if the amount was approved by the Commission.

e. Explain why there is no amortized rate case expense included in the COSS.

f. Confirm that the deferred debits is an increase to rate base as approved in Case No. 2000-00120. If not confirmed, provide the number for the Commission Order approving the deferral.

9. Refer to the 2025 Kentucky-American O&M Growth Factor Workpaper.

a. Explain why the growth factor was not applied to the following expense categories in the forecast test period: support services; contracted services; employee related expense; and customer accounting, other.

b. For the following expense categories, (1) Contracted Services, (2) Maintenance Supplies and Services, and (3) Building Maintenance and Services, describe in detail the causal factors and the amounts of each that drove the increases in spending from 2021 to 2023 and 2024 and explain why the spending is expected to continue at the same velocity. State whether the changes for these expenses are due to systemic changes in operations that will result in the continuation of the 2023 and 2024 spending levels.

10. Explain why contracted services is not forecast to decrease in expense while the number of requested employees increases.

11. Refer to Kentucky-American's response to Commission Staff's First Request for Information, Item 14, schedules 14(a) and 14(b). Identify all specific items that were addressed by the company to reduce spending in excess of original estimates

and to reduce the slippage factor in the time since the Commission's Order issued on May 3, 2024, in Case No. 2023-00191.²

12. Refer to the Direct Testimony of Robert Prendergast, pages 4-5. Confirm whether the collective bargaining agreements for the forecasted test period wages for union employees constitute binding contracts.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
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DATED SEP 29 2025

cc: Parties of Record

² Case No. 2023-00191, *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* (Ky. PSC May 3, 2024), final Order.

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