

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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


NOTICE OF FILING

Notice is given to all parties that the following materials have been filed into the record of this proceeding:

- The digital video recording of the evidentiary hearing conducted on September 23, 2025 in this proceeding;
- Certification of the accuracy and correctness of the digital video recording; and
- A written log listing, *inter alia*, the date and time of where each witness's testimony begins and ends on the digital video recording of the evidentiary hearing conducted on September 23, 2025.

A copy of this Notice, the certification of the digital video record, and the hearing log has been served upon all persons listed at the end of this Notice. Parties may view the digital video recording of the hearing at <https://youtu.be/Up6ApiTvPog>.

Done on this day, December 2, 2025.

  
\_\_\_\_\_  
Linda C. Bridwell, PE  
Executive Director

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

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

CERTIFICATION

I, Candace H. Sacre, hereby certify that:

1. I am responsible for the preparation of the electronic files containing the recording of the Formal Hearing conducted in the above-styled proceeding on September 23, 2025. The Formal Hearing Log is included with the recording on September 23, 2025.
2. The recording accurately and correctly depicts the Formal Hearing of September 23, 2025; and
3. The Formal Hearing Log accurately and correctly states the events that occurred at the Formal Hearing on September 23, 2025, and the time at which each occurred.

Signed this 2<sup>nd</sup> day of December, 2025.



Candace H. Sacre  
Administrative Specialist Senior



Stephanie Schweighardt  
Kentucky State at Large ID# KYNP64180  
Commission Expires: January 14, 2027



# Session Report - Detail

2025-00122 23Sept2025

## Kentucky-American Water Company (Kentucky-American)

Date:	Type:	Location:	Department:
9/23/2025	Public Hearing\Public Comments	Hearing Room 1	Hearing Room 1 (HR 1)

Witness: Michael Adams; Deba Ather; Richard Baudino; Ann Bulkley; Robert Burton; Michi Chao; John Defever; Dominic DeGrazia; Jennifer Gonzalez; William Lewis; John Magner; Max McClellan; Robert Prendergast; Linda Schlessman; Harold Walker

Judge: Angie Hatton; Mary Pat Regan; Andrew Wood

Clerk: Candace H Sacre

Event Time	Log Event
9:03:04 AM	Session Started
9:03:05 AM	Chair Hatton Note: Sacre, Candace
	Preliminary remarks.
9:03:19 AM	Chair Hatton Note: Sacre, Candace
	Introductions.
9:03:31 AM	Chair Hatton Note: Sacre, Candace
	Hearing recommendations.
9:03:54 AM	Chair Hatton Note: Sacre, Candace
	The hearing today is for purpose of taking evidence.
9:03:58 AM	Chair Hatton Note: Sacre, Candace
	Entry of appearance of counsel.
9:04:02 AM	Atty Ingram Kentucky-American Note: Sacre, Candace
	Lindsey Ingram, Monica Braun, Shannon Haney. Molly Lloyd, witness list, 14 witnesses.
9:04:11 AM	Camera Lock PTZ Front Activated
9:04:54 AM	Camera Lock Deactivated
9:05:00 AM	Chair Hatton Note: Sacre, Candace
	No questions of Mustich, excused.
9:05:39 AM	Asst Atty General Goad Note: Sacre, Candace
	Angela Goad and Toland Lacy, with us have John Defever and virtually Mr. Baudino will join us.
9:05:42 AM	Camera Lock PTZ Front Activated
9:06:02 AM	Atty Osterloh LFUCG Note: Sacre, Candace
	Todd Osterloh on behalf of LFUCG, joint witness.
9:06:12 AM	Camera Lock Deactivated
9:06:13 AM	Asst Gen Counsel Tussey PSC Note: Sacre, Candace
	Moriah Tussey, Justin Young, and Jenny Fell for Staff.
9:06:19 AM	Chair Hatton Note: Sacre, Candace
	Outstanding motions.
9:06:28 AM	Chair Hatton Note: Sacre, Candace
	Public comment.
9:07:23 AM	Chair Hatton Note: Sacre, Candace
	Call your first witness, please.
9:07:26 AM	Atty Ingram Kentucky-American Note: Sacre, Candace
	Robert Burton.
9:07:42 AM	Chair Hatton Note: Sacre, Candace
	Witness is sworn.
9:07:48 AM	Chair Hatton - witness Burton Note: Sacre, Candace
	Examination. Name and business address?

9:08:06 AM Camera Lock Witness Activated

9:08:10 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Direct Examination. Business address?

9:08:18 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Cause and arrange be filed direct testimony?

9:08:30 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Updates or corrections?

9:08:37 AM Chair Hatton  
Note: Sacre, Candace Ms. Goad?

9:08:39 AM Camera Lock Deactivated

9:08:42 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace Cross Examination. According to application and testimony, Kentucky-American requesting increase rates by \$26.9 million per year?

9:08:55 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace Not clear whether Kentucky-American continuing to request \$26.9 million or been reduced?

9:09:16 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace In addition, also requesting roll in \$9.95 million QIP rider revenues?

9:09:30 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace Based upon original request, average customer bill increase \$9.06 per month or 19 percent?

9:09:36 AM Video Conference Deactivated

9:09:46 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace Take average residential customer bill from \$47.67 to \$56.73 per month?

9:10:05 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace Also proposing increase customer charge from \$17.55 to \$19.45 per month?

9:10:22 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace Recall Kentucky-American agree with AG customers facing economic issues?

9:10:47 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace One of benefits of pipeline replacement program more time in between rate case filings?

9:11:26 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace Admit in 2023-00191 received rate increase \$10.6 million May 3 2024 then increased to \$17.3 million in Nov 6 2024 Hearing Order?

9:11:45 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace Accurate state if granted increase, represent second in less than two years?

9:12:09 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace Recall asking AG if aware of poverty rates in Kentucky service area with highest poverty rate at 23.9 percent?

9:12:26 AM Asst Atty General Goad - witness Burton  
Note: Sacre, Candace Agree company awarded second rate increase cause hardships on customers especially those in poverty?

9:13:03 AM Chair Hatton  
Note: Sacre, Candace Mr. Osterloh?

9:13:08 AM Atty Osterloh LFUCG - witness Burton  
Note: Sacre, Candace Cross Examination. Believe heard say the notion of reduced scope for QIP, approved recover QIP funding in 2018 rate case?

9:13:25 AM Atty Osterloh LFUCG - witness Burton  
Note: Sacre, Candace Since implemented QIP, not scaled back program?

9:13:37 AM	Atty Osterloh LFUCG - witness Burton Note: Sacre, Candace	When said reduced scope for QIP, related to time period between rate cases?
9:14:07 AM	Atty Osterloh LFUCG - witness Burton Note: Sacre, Candace	Allowed 11 to 13 miles of main implemented?
9:14:25 AM	Atty Osterloh LFUCG - witness Burton Note: Sacre, Candace	In this case, Kentucky-American not proposing scale that back?
9:14:45 AM	Chair Hatton Note: Sacre, Candace	Staff?
9:14:46 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Cross Examination. Main driving factors increase in capital investments, overview types of projects implemented or has planned and necessity of projects?
9:16:45 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Other than projects mentioned, Kentucky-American has pending CPCN for AMI metering?
9:17:06 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Confirm whether any costs related to AMI meters included in forecasted test year?
9:17:25 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Figures provided for meters around \$11 million base period and \$10.5 million forecasted test period, no AMI component included in those figures?
9:18:05 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	As well as scope of capital investment undergoing, also recently granted merger with Water Service Corporation of Kentucky?
9:18:23 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	That issue's Order came out on 9th, issue not part this proceeding, fair to say merger add customers to rate base?
9:19:18 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Broader scope, what is status currently?
9:19:43 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Have any anticipated expectation when could be finalized?
9:20:06 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Any anticipated timeline when Kentucky-American file next rate case?
9:20:17 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Given merger as well as capital investments, estimate be closer to two-year time frame?
9:20:43 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Anticipate being more of an expedited time period than has been in past?
9:21:22 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Testimony and responses, Magner discussed anticipated scope capital investments moving forward, anticipate similar level investment next three years, had discussions towards that already and been included or looking further out?
9:22:38 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Discussion about QIP rider, discussion as to reasoning in support for QIP rider, aware current amount plant additions made were QIP eligible?
9:25:07 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Aware projects included in list of recurring or planned future investments believe QIP eligible?

9:26:00 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Looking at status as whole this rate proceeding, merger with Water Service Kentucky, AMI proposal, no QIP filings so no new pipe replacement, believe QIP rider serving purpose?
9:27:20 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Believe beneficial for company to pursue recovery through more traditional ratemaking mechanisms for projects part of QIP?
9:27:45 AM	Staff Atty Fell PSC - witness Burton Note: Sacre, Candace	Explain current benefit continuing QIP rider to customers?
9:28:28 AM	Chair Hatton Note: Sacre, Candace	Questions?
9:28:36 AM	Commissioner Regan - witness Burton Note: Sacre, Candace	Examination. Know how many are on LIWAT today?
9:29:21 AM	Commissioner Regan - witness Burton Note: Sacre, Candace	Will Kentucky-American be offering customer incentive program?
9:29:50 AM	Commissioner Regan - witness Burton Note: Sacre, Candace	Reaching out to customers needing assistance talk about rate increase?
9:30:33 AM	Commissioner Regan - witness Burton Note: Sacre, Candace	Not proactive outreach or hearings or anything like that, billing starts call in?
9:31:17 AM	Commissioner Regan - witness Burton Note: Sacre, Candace	Be appropriate person for questions on incentives?
9:31:37 AM	Commissioner Regan - witness Burton Note: Sacre, Candace	Looks like, in 2024, 142 employees eligible for incentive compensation, everybody or subset?
9:32:04 AM	Chair Hatton - witness Burton Note: Sacre, Candace	Examination. Every employee applied for incentive compensation receive it?
9:32:31 AM	Chair Hatton - witness Burton Note: Sacre, Candace	All receive it or none?
9:33:08 AM	Chair Hatton - witness Burton Note: Sacre, Candace	AG recommended removing growth factor applied to O&M expenses \$1.389 million, something being applied in other jurisdictions?
9:34:03 AM	Chair Hatton - witness Burton Note: Sacre, Candace	Experienced in other companies where worked being applied in other states?
9:34:28 AM	Chair Hatton - witness Burton Note: Sacre, Candace	Approved by other regulatory bodies?
9:34:42 AM	Chair Hatton - witness Burton Note: Sacre, Candace	Employee incentives, last case removed annual performance plans, anything changed?
9:36:25 AM	Chair Hatton - witness Burton Note: Sacre, Candace	Asked about acquisition, not affecting numbers yet?
9:36:40 AM	Chair Hatton - witness Burton Note: Sacre, Candace	One percent or less of customer base?
9:36:59 AM	Chair Hatton - witness Burton Note: Sacre, Candace	Not know that or could have five or so percent effect on customers?
9:37:20 AM	Chair Hatton - witness Burton Note: Sacre, Candace	Last rate case, two years ago, Final Order November of '24?
9:37:25 AM	Chair Hatton - witness Burton Note: Sacre, Candace	\$17.3 million increase?
9:37:30 AM	Chair Hatton - witness Burton Note: Sacre, Candace	In September '25, ten months later, looking for another \$26.9 million increase?

9:37:43 AM	Chair Hatton - witness Burton Note: Sacre, Candace	Plus \$9.9 million QIP being rolled into base rates?
9:37:52 AM	Chair Hatton - witness Burton Note: Sacre, Candace	If all granted \$44.2 million increase in 13 months plus \$9.9 million QIP, why customers not be alarmed by increase?
9:39:44 AM	Chair Hatton - witness Burton Note: Sacre, Candace	Wonder if ratepayers see it that way, any guarantee not be seeing you again less than a year from now?
9:41:04 AM	Chair Hatton - witness Burton Note: Sacre, Candace	At 17-point-something percent water loss, improvements asking fund through this case help with that?
9:42:10 AM	Chair Hatton Note: Sacre, Candace	Redirect?
9:42:21 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	Redirect Examination. Incentive compensation, remember testimony Mustich filed looked at Kentucky-American compensation?
9:42:46 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	At page 7, concluded total remuneration nine percent below national market averages?
9:43:10 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	Reading testimony when took total remuneration including incentive comp that number seven percent below Midwest regional market averages?
9:43:35 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	If incentive comp excluded, total remuneration fall below comparison to averages?
9:43:58 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	Timing since last rate case, agree rate case filed at end of June 2023?
9:44:19 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	Order could have been Final Order issued in May 2024?
9:44:35 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	Because Commission chose not to roll QIP into base rates?
9:44:42 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	Rehearing process after May 2024, Final Order issued November 2024, dates sound right?
9:44:55 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	If order correct on QIP, would have been issued in May of that year?
9:45:19 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	On AMI, there is in this case projected amount of spend on meters?
9:45:33 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	That spend agnostic what metering equipment put in ground change out meters?
9:45:46 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	Not matter if AMR meter, just what project spend to replace meters?
9:46:00 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	Kentucky-American would not install AMI meter until Commission approves?
9:46:10 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	Osterloh asked about reduction in QIP program, understanding Kentucky-American applied in QIP program in 2018 rate case?
9:46:40 AM	Atty Ingram Kentucky-American - witness Burton Note: Sacre, Candace	QIP proposal approved by Commission as Kentucky-American proposed it?

9:46:51 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Not have mileage limitation?

9:46:54 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Not have spend limitation?

9:47:00 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Scope of program, assets allowed included in QIP both above and below ground assets?

9:47:18 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Below ground include meters?

9:47:25 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace That approved in QIP mechanism in 2018 Order?

9:47:29 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Tariff sheet included everything considered QIP eligible utility plant, included distribution infrastructure?

9:47:42 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Also included water treatment infrastructure?

9:47:46 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Asset classes Commission approved very broad, more than pipeline replacement?

9:48:00 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace After 2018 case finished, Kentucky-American made annual QIP filings?

9:48:19 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Understanding in subsequent QIP cases Commission throttled back asset classes?

9:48:34 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace QIP also put mileage limitations amount of pipe eligible under QIP mechanism?

9:48:42 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Ten to 13 miles of pipe?

9:48:47 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Kentucky-American filed subsequent QIP cases that adhered to limitations Commission put into those cases?

9:49:06 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Also testify going forward still useful tool to KAW?

9:49:23 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Understanding 2023 QIP case Commission approved forward-looking test year sync up with calendar year?

9:49:40 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Cases based on future-looking period July one year to June next year?

9:49:49 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Became inefficient, 2023-00300 allowed Kentucky-American QIP move to calendar year?

9:50:11 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace This rate case is future test year calendar year 2026?

9:50:19 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace If QIP-7 filed in September, been QIP period calendar year 2026?

9:50:30 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Those two future-looking periods match up to the day?

9:50:43 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Ever been understanding QIP exclusive method of recovery?

9:50:54 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Could propose put pipe replacement in regular rate base and seek recovery?



9:51:05 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Exactly what proposed in this case?

9:51:10 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Also propose pipelines replaced and recovered through QIP mechanism?

9:51:19 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Not mutually exclusive recovery methods?

9:51:26 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Put all replacement projects in rate case rather than QIP case?

9:51:41 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Roll in of QIP requested, only amounts proposed rolled in be historical amounts QIP as of Dec 31 2025?

9:52:05 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace Because no future projected QIP pipeline replacements in 2026?

9:52:15 AM Atty Ingram Kentucky-American - witness Burton  
Note: Sacre, Candace All those built in to regular rate base in this case?

9:52:28 AM Chair Hatton  
Note: Sacre, Candace Recross?

9:52:32 AM Chair Hatton  
Note: Sacre, Candace Commissioner Wood?

9:52:34 AM Commissioner Wood - witness Burton  
Note: Sacre, Candace Examination. How decide which pipe replaced and which cost recovery mechanism?

9:53:50 AM Commissioner Wood - witness Burton  
Note: Sacre, Candace See more capital investment coming in future, beginning of wave or midway point replace all pipes?

9:55:00 AM Commissioner Wood - witness Burton  
Note: Sacre, Candace Plan replace all aging pipe or replace a certain percentage every year, how characterize that?

9:56:56 AM Commissioner Wood - witness Burton  
Note: Sacre, Candace When people comment, easy to shoot messenger, really are affordability issues, where saw going with company, where stood, two cents gallon include sewage treatment?

9:58:00 AM Chair Hatton  
Note: Sacre, Candace Counsel?

9:58:02 AM Atty Ingram Kentucky-American  
Note: Sacre, Candace William Lewis.

9:58:29 AM Camera Lock Witness Activated

9:58:32 AM Chair Hatton  
Note: Sacre, Candace Witness is sworn.

9:58:36 AM Chair Hatton - witness Lewis  
Note: Sacre, Candace Examination. Name and business address?

9:58:53 AM Atty Ingram Kentucky-American - witness Lewis  
Note: Sacre, Candace Direct Examination. Cause be filed both direct and rebuttal?

9:59:05 AM Atty Ingram Kentucky-American - witness Lewis  
Note: Sacre, Candace Also identified as witness on data responses?

9:59:17 AM Atty Ingram Kentucky-American - witness Lewis  
Note: Sacre, Candace Any corrections?

9:59:27 AM Chair Hatton  
Note: Sacre, Candace Ms. Goad?

9:59:29 AM Asst Atty General Goad - witness Lewis  
Note: Sacre, Candace Cross Examination. Defever recommends disallow incentive compensation tied to financial goals?

9:59:35 AM Camera Lock Deactivated

9:59:51 AM Asst Atty General Goad - witness Lewis  
Note: Sacre, Candace Aware Commission precedent disallows recovery of incentive comp tied to financial measures?

10:00:07 AM Chair Hatton  
Note: Sacre, Candace Mr. Osterloh?

10:00:08 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Cross Examination. Familiar with PFAs?

10:00:16 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Describe what are and issue water utilities facing regarding them?

10:01:38 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Fair say concern PFAs introduced into drinking water potentially cause health concerns?

10:01:39 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Kentucky-American already began sampling or monitoring?

10:01:49 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Describe what looks like operationally?

10:02:00 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Give idea how sample for PFAs?

10:02:55 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace How frequently samples tested or taken?

10:03:24 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace UCMR 5 regulated by EPA?

10:03:33 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Specifies test taken annually?

10:04:34 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Understanding Kentucky-American sampling not put company in position need treatment addressing PFAs?

10:05:19 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Know how many years tested for these type chemicals?

10:05:34 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Aware MCL levels and whether increasing, decreasing, staying neutral?

10:05:55 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Specific to testing, consistent level MCLs in what seen?

10:06:46 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Test raw water sources as well as finished water, done at treatment plant?

10:06:51 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Where in terms testing finished water that done, at treatment plant?

10:07:26 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace When say throughout distribution system, from consumer's locale, from hydrant?

10:08:38 AM Review of 9/23/2025 9:52:18 AM

10:08:43 AM Review of 9/23/2025 10:08:38 AM

10:09:16 AM Atty Osterloh LFUCG - witness Lewis  
Note: Sacre, Candace Kentucky-American participant in class action settlement regarding PFAs, funds from that, DeGrazia best witness for that?

10:09:32 AM Chair Hatton  
Note: Sacre, Candace Staff?

10:09:38 AM Staff Atty Fell PSC - witness Lewis  
Note: Sacre, Candace Cross Examination. Aware percentages incentive compensation tied to financial performance for annual and long-term performance plan?

10:09:51 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Confirm those for us?
10:10:11 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Aware of any case in which PSC allowed recovery incentive compensation?
10:10:25 AM	Staff Atty Fell PSC Note: Sacre, Candace	Questions company's Response AG Second Request, Item 3, subject to motion for confidentiality.
10:10:49 AM	Chair Hatton Note: Sacre, Candace	Let us know when in confidential.
10:10:55 AM	Private Mode Activated	
10:10:55 AM	Private Recording Activated	
10:13:29 AM	Camera Lock Witness Activated	
10:14:29 AM	Video Conference Activated	
10:16:03 AM	Camera Lock Deactivated	
10:16:37 AM	Camera Lock Witness Activated	
10:17:00 AM	Camera Lock Staff Activated	
10:17:08 AM	Camera Lock Witness Activated	
10:18:45 AM	Camera Lock Deactivated	
10:19:01 AM	Normal Mode Activated	
10:19:01 AM	Public Recording Activated	
10:19:03 AM	Chair Hatton Note: Sacre, Candace	Back on public record.
10:19:07 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Cross Examination (cont'd). Talk about Kentucky-American full-time employee head count, how many full-time employees KAW employ compared to projected total of 168?
10:19:54 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	When last time Kentucky-American reached full-time staffing levels in order provide safe and reliable water service?
10:21:42 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Response to Staff Fourth, No. 2, 16 of those 168 not filled, let us know changed since then?
10:22:17 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Table and actual response, increase driven 20 new positions added since 2023 rate case?
10:23:18 AM	Chair Hatton - witness Lewis Note: Sacre, Candace	Examination. Not 20 new ones if include eight eliminated?
10:23:42 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Cross Examination (cont'd). Chart where that reflected, eight positions eliminated, two eliminated and six transferred?
10:24:09 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	That is how company reached 168?
10:24:36 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Confirm Response to Staff Fourth, No. 1, discusses four positions, included in number already discussed?
10:25:35 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	If Kentucky-American maintain staffing level, how affect payroll expenses, overtime, temporary labor, and contractor expenses?
10:26:18 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	If Kentucky-American not include reductions?
10:26:31 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Doing calculations include 168 employees, also be no reduction to overtime and contract services?

10:27:03 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Unaccounted for water loss, Kentucky-American decreased amount, explain what attribute reduction to?
10:32:10 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Measures wanting discuss, leak detection, meter replacements, any other measures feel been most helpful?
10:32:40 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Any adjustment made account for unaccounted for water loss in excess of 15 percent?
10:33:02 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Able cite to any example Commission previously authorized deviation from 807 KAR 5:066 Section 63 for expenses associated with water loss?
10:33:27 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Does Kentucky-American forecasting methodology for system flushing, fire department use, and use in water treatment process?
10:33:56 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Back to unaccounted for water percentage, provided forecasted number based on nine-year average, explain reasoning using nine-year average?
10:35:28 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Any other reason other than using same nine-year span company not use percentage for base period or forecasted test period?
10:35:50 AM	Staff Atty Fell PSC - witness Lewis Note: Sacre, Candace	Base on same amount of time, testimony presented prior to Defever, how you came up with nine-year average?
10:36:58 AM	Chair Hatton Note: Sacre, Candace	Commissioner Wood?
10:37:00 AM	Commissioner Wood - witness Lewis Note: Sacre, Candace	Examination. When replacing pipes, any technology detect losses of water underground?
10:38:20 AM	Chair Hatton - witness Lewis Note: Sacre, Candace	Examination. In rebuttal, talking about Defever calculation mistaken using nonrevenue water instead of unaccounted for water loss, explain difference?
10:39:33 AM	Chair Hatton - witness Lewis Note: Sacre, Candace	Not unaccounted for, wasn't something got paid for?
10:40:52 AM	Chair Hatton - witness Lewis Note: Sacre, Candace	Flushing?
10:41:22 AM	Chair Hatton - witness Lewis Note: Sacre, Candace	Not charge for that?
10:41:24 AM	Chair Hatton - witness Lewis Note: Sacre, Candace	Fire departments supposed to file water use to us?
10:42:07 AM	Chair Hatton - witness Lewis Note: Sacre, Candace	Not charge for that water?
10:42:16 AM	Chair Hatton - witness Lewis Note: Sacre, Candace	Moving to incentive compensation, performance pay only recovered at target level and shareholders above that level, explain?
10:44:32 AM	Chair Hatton - witness Lewis Note: Sacre, Candace	Defever felt some financial matrix achieve bonuses tied to shareholder compensation not benefit customers, benefit shareholders, designed minimize concern Defever expressed?
10:50:55 AM	Chair Hatton Note: Sacre, Candace	Redirect?

10:51:14 AM	Chair Hatton Note: Sacre, Candace	Break, back at seven minutes past the hour.
10:51:36 AM	Session Paused	
11:14:38 AM	Session Resumed	
11:14:48 AM	Chair Hatton Note: Sacre, Candace	Back on the record.
11:14:51 AM	Chair Hatton Note: Sacre, Candace	Call next witness.
11:14:55 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Dominic DeGrazia.
11:15:07 AM	Camera Lock Witness Activated	
11:15:12 AM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
11:15:16 AM	Video Conference Activated	
11:15:18 AM	Chair Hatton - witness DeGrazia Note: Sacre, Candace	Examination. Name and business address?
11:15:38 AM	Atty Ingram Kentucky-American - witness DeGrazia Note: Sacre, Candace	Direct Examination. Arrange be filed direct and rebuttal?
11:15:45 AM	Atty Ingram Kentucky-American - witness DeGrazia Note: Sacre, Candace	Sponsor responses filed in record?
11:15:53 AM	Atty Ingram Kentucky-American - witness DeGrazia Note: Sacre, Candace	Updates or corrections?
11:16:10 AM	Chair Hatton Note: Sacre, Candace	Ms. Goad?
11:16:12 AM	Camera Lock Deactivated	
11:16:16 AM	Asst Atty General Goad - witness DeGrazia Note: Sacre, Candace	Cross Examination. Correct Kentucky-American requesting include \$332,246 prior rate case expense 2024 rate case?
11:16:41 AM	Asst Atty General Goad - witness DeGrazia Note: Sacre, Candace	Agree if company collects that every year in rates, company may overcollect amount owed?
11:17:07 AM	Asst Atty General Goad - witness DeGrazia Note: Sacre, Candace	Have updated amount in prior rate case expense currently owed?
11:17:16 AM	Asst Atty General Goad - witness DeGrazia Note: Sacre, Candace	Will issue post-hearing request for updated amount.
11:17:17 AM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST ATTY GENERAL GOAD - WITNESS DeGRAZIA UPDATED AMOUNT IN PRIOR RATE CASE EXPENSE OWED TODAY
11:17:26 AM	Asst Atty General Goad - witness DeGrazia Note: Sacre, Candace	Requesting roll in QIP amounts into base rates, reset QIP surcharge to zero?
11:17:35 AM	Asst Atty General Goad - witness DeGrazia Note: Sacre, Candace	Based on rebuttal, Kentucky-American included all QIP eligible projects 2026 into base rates?
11:17:52 AM	Asst Atty General Goad - witness DeGrazia Note: Sacre, Candace	Aware Commission denied request roll in QIP amounts in 2023 rate case?
11:18:01 AM	Asst Atty General Goad - witness DeGrazia Note: Sacre, Candace	Rebuttal disagreed with AG and LFUCG expert Baudino recommendation for ten basis point reduction to allowed ROE for Kentucky-American QIP?
11:18:18 AM	Asst Atty General Goad - witness DeGrazia Note: Sacre, Candace	Aware Commission precedent order lower ROE for rider to true-up mechanisms?

11:18:27 AM Asst Atty General Goad - witness DeGrazia  
Note: Sacre, Candace Addressed 2025-00171 Water Service of Kentucky merger into Kentucky-American case?

11:18:45 AM Asst Atty General Goad - witness DeGrazia  
Note: Sacre, Candace Accurate state Defever recommended required track all merger related savings reviewed in next rate case?

11:18:58 AM Asst Atty General Goad - witness DeGrazia  
Note: Sacre, Candace Will Kentucky-American realize savings?

11:19:22 AM Asst Atty General Goad - witness DeGrazia  
Note: Sacre, Candace Did participate in merger case?

11:19:28 AM Asst Atty General Goad - witness DeGrazia  
Note: Sacre, Candace Filed responses to discovery?

11:19:41 AM Asst Atty General Goad - witness DeGrazia  
Note: Sacre, Candace Did file responses to discovery?

11:19:46 AM Asst Atty General Goad - witness DeGrazia  
Note: Sacre, Candace If are savings, not be fair savings flow to customers?

11:20:10 AM Asst Atty General Goad - witness DeGrazia  
Note: Sacre, Candace Kentucky-American receives invoices from service company month service rendered?

11:20:33 AM Asst Atty General Goad - witness DeGrazia  
Note: Sacre, Candace Not feel comfortable answering any invoice questions, refer to Prendergast?

11:20:56 AM Asst Atty General Goad - witness DeGrazia  
Note: Sacre, Candace You said Prendergast?

11:21:00 AM Chair Hatton  
Note: Sacre, Candace Mr. Osterloh?

11:21:03 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace Cross Examination. Kentucky-American participating in class action settlement, 3M and Dupont, familiar?

11:21:19 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace Agreement and amounts paid approved by court system?

11:21:31 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace According to responses to Lexington Second Set data requests, Kentucky-American anticipates receiving \$450,000 from Dupont settlement?

11:21:52 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace For Dupont, one lump sum or spread out over period of years?

11:22:02 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace 3M settlement, Kentucky-American anticipates receiving \$4.5 million?

11:22:11 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace Spread out over period of years?

11:22:18 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace Kentucky-American already received 20 percent of that amount?

11:22:25 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace Roughly \$900,000?

11:22:35 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace In Response, likely in second or third quarter, another payment be made 45 percent that amount?

11:22:45 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace Roughly another \$2 million?

11:22:52 AM Atty Osterloh LFUCG - witness DeGrazia  
Note: Sacre, Candace Know if Kentucky-American received that payment?

11:23:17 AM	Atty Osterloh LFUCG - witness DeGrazia Note: Sacre, Candace	\$2.9 close to \$3 million anticipate receiving this calendar year?
11:23:34 AM	Atty Osterloh LFUCG - witness DeGrazia Note: Sacre, Candace	Over next eight years, Kentucky-American receive remaining 35 percent of settlement from 3M case?
11:24:00 AM	Atty Osterloh LFUCG - witness DeGrazia Note: Sacre, Candace	Amount anticipates receiving calendar year, what is plan for that funding?
11:24:36 AM	Atty Osterloh LFUCG - witness DeGrazia Note: Sacre, Candace	Company determined mechanism be for refund?
11:25:01 AM	Atty Osterloh LFUCG - witness DeGrazia Note: Sacre, Candace	Mention done in near future?
11:25:06 AM	Atty Osterloh LFUCG - witness DeGrazia Note: Sacre, Candace	Anticipated timeline when filing made with Commission?
11:25:17 AM	Chair Hatton Note: Sacre, Candace	Staff?
11:25:28 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Cross Examination. Exhibit 37 in application, Schedule A, filed update to base period on Sept 15?
11:25:43 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Post-hearing ask be provided in Excel format with cells unlocked?
11:25:55 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Upon review of initial page of adjustments, actual revenue requirement would decrease?
11:26:40 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Several adjustments made to expenses, fifth category insurance other than group, growth factor applied initially?
11:27:08 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Submitted decrease adjustment, revise calculation of growth factor or believe growth factor accurate?
11:27:42 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Several categories applied growth factor to had downward adjustments, say growth factor still accurate?
11:28:02 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Particular principle evidence that response being yes?
11:28:48 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Setting growth factor, compare to CPI?
11:29:08 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Goat hit on some of questions, aware of any other commission ordered authorized amortization period of three years?
11:29:36 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Aware of final order issued by Commission approve two-year amortization of rate case expense?
11:29:55 AM	Asst Gen Counsel Tussey PSC - witness DeGrazia Note: Sacre, Candace	Explain about what effect ending QIP rider program have on rate base and any future capital investments?
11:31:06 AM	Chair Hatton Note: Sacre, Candace	Commissioner Wood? Commissioner Regan?
11:31:11 AM	Chair Hatton Note: Sacre, Candace	Redirect?
11:31:21 AM	Chair Hatton Note: Sacre, Candace	Next witness?
11:31:25 AM	Atty Ingram Kentucky-American Note: Sacre, Candace	Next witness remote, Michael Adams.

11:31:36 AM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
11:31:53 AM	Atty Ingram Kentucky-American - witness Adams Note: Sacre, Candace	Direct Examination. Cause be filed testimony?
11:32:08 AM	Atty Ingram Kentucky-American - witness Adams Note: Sacre, Candace	Updates or corrections?
11:32:16 AM	Chair Hatton Note: Sacre, Candace	Questions?
11:32:29 AM	Chair Hatton - witness Adams Note: Sacre, Candace	Examination. Consultant hired to do reasonableness of charges of Kentucky-American asking for?
11:32:54 AM	Chair Hatton - witness Adams Note: Sacre, Candace	Responses all positive, per-customer cost \$25.03, what based on, amount costs to serve a customer?
11:33:25 AM	Chair Hatton - witness Adams Note: Sacre, Candace	And peer average same amount of services about \$28.09?
11:33:52 AM	Chair Hatton - witness Adams Note: Sacre, Candace	Except the ANG per customer?
11:33:56 AM	Chair Hatton - witness Adams Note: Sacre, Candace	And that's slightly above average?
11:34:06 AM	Chair Hatton - witness Adams Note: Sacre, Candace	Know reasons, look into specifics?
11:34:40 AM	Chair Hatton Note: Sacre, Candace	Next witness?
11:34:43 AM	Video Conference Deactivated	
11:34:45 AM	Atty Braun Kentucky-American Note: Sacre, Candace	Michi Chao.
11:35:01 AM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
11:35:01 AM	Camera Lock Witness Activated	
11:35:07 AM	Chair Hatton - witness Chao Note: Sacre, Candace	Examination. Name and business address?
11:35:26 AM	Atty Braun Kentucky-American - witness Chao Note: Sacre, Candace	Direct Examination. File direct and rebuttal?
11:35:32 AM	Atty Braun Kentucky-American - witness Chao Note: Sacre, Candace	Listed as witness or co-witness certain responses?
11:35:42 AM	Atty Braun Kentucky-American - witness Chao Note: Sacre, Candace	Updates to testimony?
11:35:46 AM	Atty Braun Kentucky-American - witness Chao Note: Sacre, Candace	Updates to data responses?
11:35:52 AM	Chair Hatton Note: Sacre, Candace	Ms. Goad?
11:35:57 AM	Camera Lock Deactivated	
11:36:00 AM	Asst Atty General Goad - witness Chao Note: Sacre, Candace	Cross Examination. True that
11:36:12 AM	Asst Atty General Goad - witness Chao Note: Sacre, Candace	Aware Commission precedent disallow dues include lobbying costs?
11:36:23 AM	Chair Hatton Note: Sacre, Candace	Staff?
11:36:28 AM	Asst Gen Counsel Tussey PSC - witness Chao Note: Sacre, Candace	Cross Examination. What steps company take to educate public on this rate increase?
11:36:45 AM	Asst Gen Counsel Tussey PSC - witness Chao Note: Sacre, Candace	Which one?



11:37:17 AM	Asst Gen Counsel Tussey PSC - witness Chao Note: Sacre, Candace	Any steps company taken to address 12 percent affordability gap?
11:37:50 AM	Commissioner Regan - witness Chao Note: Sacre, Candace	Examination. Get everything ready for filing?
11:37:58 AM	Commissioner Regan - witness Chao Note: Sacre, Candace	Do all research or get everything together and file it?
11:38:21 AM	Chair Hatton Note: Sacre, Candace	Redirect?
11:38:32 AM	Chair Hatton Note: Sacre, Candace	Call next witness.
11:38:36 AM	Atty Braun Kentucky-American Note: Sacre, Candace	Deba Ather.
11:38:53 AM	Camera Lock Witness Activated	
11:38:56 AM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
11:39:00 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Examination. Name and business address?
11:39:12 AM	Atty Braun Kentucky-American - witness Ather Note: Sacre, Candace	Direct Examination. File direct testimony?
11:39:17 AM	Atty Braun Kentucky-American - witness Ather Note: Sacre, Candace	Witness for certain data responses?
11:39:21 AM	Atty Braun Kentucky-American - witness Ather Note: Sacre, Candace	Have updates to testimony?
11:39:24 AM	Atty Braun Kentucky-American - witness Ather Note: Sacre, Candace	Have updates or correction to responses?
11:39:30 AM	Chair Hatton Note: Sacre, Candace	Staff?
11:39:32 AM	Camera Lock Deactivated	
11:39:38 AM	Staff Atty Fell PSC - witness Ather Note: Sacre, Candace	Cross Examination. Page 6, direct, EPA used 4.5 percent threshold combined water and wastewater bills, explain why Kentucky-American used two percent threshold?
11:40:28 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Examination. What use if wastewater included?
11:41:00 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Noticed BTI ratio stayed steady over past few years, explain why perception not being demonstrated in calculation?
11:42:21 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Your territory, there is population growth, difference in urban areas and rural income, median income rising or overall?
11:42:50 AM	Chair Hatton - witness Ather Note: Sacre, Candace	What think see if broke down into different areas, urban and rural?
11:43:04 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Something be difficult to do?
11:43:16 AM	Chair Hatton - witness Ather Note: Sacre, Candace	See any benefit doing that sort of breakdown?
11:43:42 AM	Commissioner Regan - witness Ather Note: Sacre, Candace	Examination. When referring to service territory, just talking about Kentucky?
11:43:48 AM	Commissioner Regan - witness Ather Note: Sacre, Candace	Doesn't include anything else?
11:44:03 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Examination. Eighty-eight percent of customers pay less than two percent of income for water service?

11:44:16 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Conservative figure chosen for only water service, that means 12 percent paying more, 14,000 households?
11:44:17 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Total number of customers, do you remember?
11:44:47 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Still substantial, 14,000 households?
11:44:53 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Are some assistance programs tied to ownership of house or apply equally to renters?
11:45:16 AM	Chair Hatton - witness Ather Note: Sacre, Candace	Which witness?
11:45:36 AM	Chair Hatton Note: Sacre, Candace	Redirect?
11:45:52 AM	Chair Hatton Note: Sacre, Candace	Call your next witness.
11:45:55 AM	Atty Braun Kentucky-American Note: Sacre, Candace	Ann Bulkley.
11:46:14 AM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
11:46:16 AM	Camera Lock Witness Activated	
11:46:20 AM	Chair Hatton - witness Bulkley Note: Sacre, Candace	Examination. Name and business address?
11:46:32 AM	Atty Braun Kentucky-American - witness Bulkley Note: Sacre, Candace	Direct Examination. File direct testimony?
11:46:38 AM	Atty Braun Kentucky-American - witness Bulkley Note: Sacre, Candace	File rebuttal testimony?
11:46:41 AM	Atty Braun Kentucky-American - witness Bulkley Note: Sacre, Candace	Have updates to direct or rebuttal testimony?
11:46:45 AM	Atty Braun Kentucky-American - witness Bulkley Note: Sacre, Candace	Also witness for certain data responses?
11:46:52 AM	Atty Braun Kentucky-American - witness Bulkley Note: Sacre, Candace	Corrections or updates to responses?
11:46:57 AM	Chair Hatton Note: Sacre, Candace	Questions?
11:47:06 AM	Staff Atty Fell PSC - witness Bulkley Note: Sacre, Candace	Cross Examination. Post-hearing provide update to ROE analysis with updated market data?
11:47:14 AM	Camera Lock Deactivated	
11:47:29 AM	Staff Atty Fell PSC - witness Bulkley Note: Sacre, Candace	Analysis as a whole, your study, updates since data used, since July 31 2025?
11:47:49 AM	Staff Atty Fell PSC - witness Bulkley Note: Sacre, Candace	If you have any updates based on changes that occurred in market?
11:47:58 AM	Chair Hatton Note: Sacre, Candace	Commissioner Wood?
11:48:38 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	Examination. New to Commission, every case different, explain ROE and how plays into rate request?
11:49:34 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	What is importance of that measure of percentage?
11:49:46 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	Which capital?

11:49:49 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	What is ROE that company asking, what allow return on equity be?
11:50:13 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	And how did you arrive at that as ideal number for company?
11:51:01 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	Which exhibit is that?
11:51:15 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	Last exhibit?
11:51:45 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	AG witness talks about 9.5 ROE, guidance as how arrive at that number, explanation can give?
11:53:24 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	Cart before the horse, as review testimony big difference, tell me about proxy companies used?
11:54:47 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	What is percentage now?
11:55:01 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	Asking for increase to 10.75?
11:55:18 AM	Commissioner Wood - witness Bulkley Note: Sacre, Candace	Company had difficulty attracting capital up to now?
11:56:07 AM	Commissioner Regan - witness Bulkley Note: Sacre, Candace	Examination. Walk through proxy group and how risks comparable to water company, how gas companies risk comparable to water company?
11:56:22 AM	Camera Lock Witness Activated	
11:56:27 AM	Camera Lock Deactivated	
11:57:31 AM	Commissioner Regan - witness Bulkley Note: Sacre, Candace	Look at whether or not looking at water-only proxy group company better reflect risks?
11:58:31 AM	Chair Hatton Note: Sacre, Candace	Redirect?
11:58:47 AM	Chair Hatton Note: Sacre, Candace	Back at 1.
11:59:10 AM	Session Paused	
1:01:17 PM	Session Resumed	
1:01:34 PM	Chair Hatton Note: Sacre, Candace	Back on the record.
1:01:42 PM	Chair Hatton Note: Sacre, Candace	Next witness?
1:01:45 PM	Atty Braun Kentucky-American Note: Sacre, Candace	Harold Walker.
1:02:00 PM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
1:02:04 PM	Camera Lock Witness Activated	
1:02:05 PM	Chair Hatton - witness Walker Note: Sacre, Candace	Examination. Name and business address?
1:02:23 PM	Atty Braun Kentucky-American - witness Walker Note: Sacre, Candace	Direct Examination. File direct testimony?
1:02:24 PM	Camera Lock Deactivated	
1:02:29 PM	Atty Braun Kentucky-American - witness Walker Note: Sacre, Candace	Also file rebuttal?
1:02:32 PM	Atty Braun Kentucky-American - witness Walker Note: Sacre, Candace	Have any changes?

1:02:37 PM	Atty Braun Kentucky-American - witness Walker Note: Sacre, Candace	Also witness for data responses?
1:02:43 PM	Atty Braun Kentucky-American - witness Walker Note: Sacre, Candace	Corrections or updates to responses?
1:02:50 PM	Chair Hatton Note: Sacre, Candace	Ms. Goad?
1:02:53 PM	Asst Atty General Goad - witness Walker Note: Sacre, Candace	Cross Examination. Cash working capital recommendation based on lead-lag study performed?
1:03:02 PM	Asst Atty General Goad - witness Walker Note: Sacre, Candace	In lead-lag study included noncash items?
1:03:10 PM	Asst Atty General Goad - witness Walker Note: Sacre, Candace	Aware Commission precedent disallow noncash items?
1:03:22 PM	Asst Atty General Goad - witness Walker Note: Sacre, Candace	Cash working capital witness in '23 rate case?
1:03:27 PM	Asst Atty General Goad - witness Walker Note: Sacre, Candace	Aware Commission disallowed inclusion of noncash items in that case?
1:03:38 PM	Chair Hatton Note: Sacre, Candace	Mr. Osterloh?
1:03:42 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	Cross Examination. Prepared lead-lag study in this case?
1:03:49 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	Describe what importance of lead-lag study is?
1:04:02 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	How impact utility rates?
1:04:28 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	Mentioned measures time between service provided and revenue for service?
1:04:44 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	All else being equal, longer time between expense incurred and collections received mean higher rates?
1:05:12 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	Larger number of days would result in higher proposed rates?
1:05:31 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	One of components is billing lag?
1:05:38 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	Describe what billing lag is?
1:05:52 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	Aware Kentucky-American requested approval deploy advanced metering infrastructure
1:06:04 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	Agree AMI could reduce billing lag?
1:06:11 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	Performed any studies quantify what billing impact would be?
1:06:23 PM	Atty Osterloh LFUCG - witness Walker Note: Sacre, Candace	Not factor AMI into your study in this case?
1:06:31 PM	Chair Hatton Note: Sacre, Candace	Staff?
1:06:35 PM	Staff Atty Fell PSC Note: Sacre, Candace	No questions, reminder post-hearing data request Excel file updated version cash working capital calculation.
1:07:04 PM	Chair Hatton Note: Sacre, Candace	Commissioner Wood?

1:07:09 PM Commissioner Wood - witness Walker  
Note: Sacre, Candace Examination. Operations of Kentucky, charge deposit for customers who apply for service?

1:07:36 PM Commissioner Wood - witness Walker  
Note: Sacre, Candace Know what deposit is?

1:07:48 PM Commissioner Wood - witness Walker  
Note: Sacre, Candace Neighborhood of \$100, \$50?

1:07:56 PM Commissioner Wood - witness Walker  
Note: Sacre, Candace Have 140,000 customers?

1:08:02 PM Commissioner Wood - witness Walker  
Note: Sacre, Candace How company use deposit money, have effect on working capital requirement?

1:08:55 PM Commissioner Wood - witness Walker  
Note: Sacre, Candace 142,000 pay deposit, allowed use that for working capital?

1:09:29 PM Commissioner Wood - witness Walker  
Note: Sacre, Candace Has to be kept segregated?

1:09:39 PM Chair Hatton  
Note: Sacre, Candace Redirect?

1:09:46 PM Atty Braun Kentucky-American - witness Walker  
Note: Sacre, Candace Redirect Examination. Accurate Kentucky-American not require deposits for new customers?

1:10:01 PM Atty Braun Kentucky-American - witness Walker  
Note: Sacre, Candace Surprise you to learn Kentucky-American not charge a deposit?

1:10:19 PM Chair Hatton  
Note: Sacre, Candace Recross?

1:10:34 PM Chair Hatton  
Note: Sacre, Candace Next witness?

1:10:48 PM Atty Ingram Kentucky-American  
Note: Sacre, Candace Linda Schlessman.

1:10:53 PM Camera Lock Witness Activated

1:10:56 PM Chair Hatton  
Note: Sacre, Candace Witness is sworn.

1:11:04 PM Chair Hatton - witness Schlessman  
Note: Sacre, Candace Examination. Name and business address?

1:11:28 PM Atty Ingram Kentucky-American - witness Schlessman  
Note: Sacre, Candace Direct Examination. Cause be filed direct testimony?

1:11:38 PM Atty Ingram Kentucky-American - witness Schlessman  
Note: Sacre, Candace Also responsible witness on data responses?

1:11:44 PM Atty Ingram Kentucky-American - witness Schlessman  
Note: Sacre, Candace Have any updates or corrections?

1:11:49 PM Camera Lock Deactivated

1:11:53 PM Chair Hatton  
Note: Sacre, Candace Staff?

1:11:56 PM Asst Gen Counsel Tussey PSC - witness Schlessman  
Note: Sacre, Candace Cross Examination. Income tax expense calculated on stand-alone basis, explain how calculation reconciles actual tax liability?

1:12:47 PM Asst Gen Counsel Tussey PSC - witness Schlessman  
Note: Sacre, Candace Actually use a bit of different information?

1:12:58 PM Chair Hatton - witness Schlessman  
Note: Sacre, Candace Examination. Corporate alternative income tax, have to have over billion in revenue?

1:13:21 PM Chair Hatton - witness Schlessman  
Note: Sacre, Candace Pretty new?

1:13:24 PM	Chair Hatton - witness Schlessman Note: Sacre, Candace	Not apply Kentucky-American, applies to parent company?
1:13:40 PM	Chair Hatton - witness Schlessman Note: Sacre, Candace	Not included this filing?
1:13:48 PM	Chair Hatton - witness Schlessman Note: Sacre, Candace	Being applied at parent company level?
1:14:07 PM	Chair Hatton - witness Schlessman Note: Sacre, Candace	Discussed here because being told will be in next filing?
1:14:33 PM	Chair Hatton - witness Schlessman Note: Sacre, Candace	Understand effect on ratepayers applying to case filings and wrapping into books, explain what effect have on ratepayers?
1:16:45 PM	Chair Hatton - witness Schlessman Note: Sacre, Candace	Something feel required to do under new law?
1:17:03 PM	Chair Hatton - witness Schlessman Note: Sacre, Candace	At all affiliates with American Water as far as you know?
1:17:15 PM	Chair Hatton - witness Schlessman Note: Sacre, Candace	If required, why not in this filing?
1:18:16 PM	Chair Hatton - witness Schlessman Note: Sacre, Candace	But was seen as optional this year?
1:18:38 PM	Commissioner Regan - witness Schlessman Note: Sacre, Candace	Examination. Overall gives American Water a bigger tax break?
1:19:39 PM	Commissioner Regan - witness Schlessman Note: Sacre, Candace	Kept this tax from Inflation Reduction Act and carry through to new bill?
1:20:02 PM	Chairman Hatton Note: Sacre, Candace	Redirect?
1:20:25 PM	Chair Hatton Note: Sacre, Candace	Call next witness?
1:20:28 PM	Atty Ingram Kentucky-American Note: Sacre, Candace	Jennifer Gonzalez.
1:20:45 PM	Camera Lock Witness Activated	
1:20:45 PM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
1:20:51 PM	Chair Hatton - witness Gonzalez Note: Sacre, Candace	Examination. Name and business address?
1:21:02 PM	Atty Ingram Kentucky-American - witness Gonzalez Note: Sacre, Candace	Direct Examination. Cause be filed direct testimony?
1:21:08 PM	Camera Lock Deactivated	
1:21:13 PM	Camera Lock Witness Activated	
1:21:15 PM	Atty Ingram Kentucky-American - witness Gonzalez Note: Sacre, Candace	Also sponsor data responses?
1:21:23 PM	Atty Ingram Kentucky-American - witness Gonzalez Note: Sacre, Candace	Updates or corrections?
1:21:42 PM	Atty Ingram Kentucky-American - witness Gonzalez Note: Sacre, Candace	What are dates of that issuance?
1:22:00 PM	Chair Hatton Note: Sacre, Candace	Questions?
1:22:04 PM	Camera Lock Deactivated	
1:22:08 PM	Commissioner Wood - witness Gonzalez Note: Sacre, Candace	Examination. Return on equity deferred to you?
1:22:26 PM	Commissioner Wood - witness Gonzalez Note: Sacre, Candace	Ask about ROE and how played role, tell me about that as relates to company?

1:23:31 PM	Commissioner Wood - witness Gonzalez Note: Sacre, Candace	Appears Kentucky-American requesting increase to 10.75?
1:24:01 PM	Commissioner Wood - witness Gonzalez Note: Sacre, Candace	Give reason why request for increase ten percent reason why PSC should consider that or approve that?
1:25:36 PM	Chair Hatton Note: Sacre, Candace	Redirect?
1:26:03 PM	Chair Hatton Note: Sacre, Candace	Call next witness.
1:26:06 PM	Atty Braun Kentucky-American Note: Sacre, Candace	Max McClellan.
1:26:18 PM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
1:26:24 PM	Camera Lock Witness Activated	
1:26:28 PM	Chair Hatton - witness McClellan Note: Sacre, Candace	Examination. Name and business address?
1:26:36 PM	Camera Lock Deactivated	
1:26:37 PM	Atty Braun Kentucky-American - witness McClellan Note: Sacre, Candace	Direct Examination. File direct testimony?
1:26:40 PM	Atty Braun Kentucky-American - witness McClellan Note: Sacre, Candace	Updates or corrections?
1:26:42 PM	Camera Lock Witness Activated	
1:26:44 PM	Atty Braun Kentucky-American - witness McClellan Note: Sacre, Candace	Also witness for several data responses?
1:26:52 PM	Atty Braun Kentucky-American - witness McClellan Note: Sacre, Candace	Updates or corrections to those responses?
1:27:04 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Cross Examination. Cost of service study, review one prepared in 2023-00191 case?
1:27:10 PM	Camera Lock Deactivated	
1:27:31 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Firefighting water usage resumed, 12,000 per minute in six hours, in COSS 14,000 per ten hours?
1:28:00 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Explain why selected a different matrix for that?
1:30:17 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Mentioned for municipalities with populations in excess of 200,000, counties not get near that?
1:30:44 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Any surrounding areas population taken into consideration in calculation?
1:31:08 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Other place seemed to vary in calculation related to base and extra usage and special usage, maximum average usage calculation, used sample population out of Missouri?
1:32:26 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Agree St Louis County Missouri relatively urban?
1:32:40 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Kentucky-American has several counties rural?
1:32:48 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Mentioned sample, how many customers' meter information sampled from Missouri?
1:33:00 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Able get that information if asked post-hearing data response?

1:33:14 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Any reason this COSS used AMI data from another state?
1:33:55 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Regard page 16 of Direct, lines 20 through 23, mentioned because of last order regarding fire related not increase or recommend fire service related to recommendation, how concluded 125 percent appropriate?
1:35:38 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	What does gradualism mean?
1:36:39 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	In post-hearing data request, ask for charges related to COSS, just heads up.
1:36:53 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Think one of questions related to deferred debit, give citation, Exhibit 36, page 9 of 11, Account Detail, PDF 428 of 582, confirm actually related to amount in 2000-00120?
1:38:24 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Other one latest amortized property loss, page 6 of same exhibit, explain where that came from?
1:39:16 PM	Asst Gen Counsel Tussey PSC - witness McClellan Note: Sacre, Candace	Rate case expense, not amortization listed there in section of COSS, not know why would not be?
1:40:12 PM	Chair Hatton Note: Sacre, Candace	Redirect?
1:40:32 PM	Chair Hatton Note: Sacre, Candace	Next witness?
1:40:34 PM	Atty Braun Kentucky-American Note: Sacre, Candace	John Magner.
1:40:51 PM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
1:40:54 PM	Camera Lock Witness Activated	
1:40:56 PM	Chair Hatton - witness Magner Note: Sacre, Candace	Examination. Name and business address?
1:41:11 PM	Atty Braun Kentucky-American - witness Magner Note: Sacre, Candace	Direct Examination. File direct testimony?
1:41:14 PM	Atty Braun Kentucky-American - witness Magner Note: Sacre, Candace	Corrections or updates?
1:41:15 PM	Camera Lock Deactivated	
1:41:18 PM	Camera Lock Witness Activated	
1:41:26 PM	Atty Braun Kentucky-American - witness Magner Note: Sacre, Candace	Also witness for several data responses?
1:41:35 PM	Atty Braun Kentucky-American - witness Magner Note: Sacre, Candace	Any updates or corrections to those?
1:41:40 PM	Chair Hatton Note: Sacre, Candace	Ms. Goad?
1:41:41 PM	Camera Lock Deactivated	
1:41:42 PM	Asst Atty General Goad - witness Magner Note: Sacre, Candace	Cross Examination. Refer to Response, AG First, Question 69, see July 1 2024 through December 31 2024?
1:42:20 PM	Asst Atty General Goad - witness Magner Note: Sacre, Candace	Know why zero actual there?
1:43:03 PM	Staff Atty Fell PSC - witness Magner Note: Sacre, Candace	Cross Examination. Response filed in response to Staff First, Request, No. 14, company not seeking slippage factor?



1:43:18 PM Staff Atty Fell PSC - witness Magner  
Note: Sacre, Candace Provided two different tables, pinpoint or explain what Kentucky-American done to improve slippage factor?

1:45:18 PM Staff Atty Fell PSC - witness Magner  
Note: Sacre, Candace Explain company specific criteria or matrix used to select projects for QIP, if so how aligns PSC guidance replacing mains?

1:46:56 PM Staff Atty Fell PSC - witness Magner  
Note: Sacre, Candace Company have data as to impact of QIP projects reducing water loss?

1:47:37 PM Chair Hatton  
Note: Sacre, Candace Commissioner Wood?

1:47:45 PM Commissioner Wood - witness Magner  
Note: Sacre, Candace Examination. Read about CPS study, tell me what that is?

1:48:58 PM Commissioner Wood - witness Magner  
Note: Sacre, Candace Sounds like an ongoing process even if only completed every five years?

1:49:32 PM Commissioner Wood - witness Magner  
Note: Sacre, Candace How characterize condition of infrastructure underground, how describe, needs in future?

1:50:34 PM Commissioner Wood - witness Magner  
Note: Sacre, Candace Work being planned emergency work or part of plan replace assets every so often or how describe request?

1:51:34 PM Commissioner Wood - witness Magner  
Note: Sacre, Candace SpaceX term, when talking unplanned replacement, characterize underground assets good shape, average shape, poor shape?

1:52:51 PM Chair Hatton  
Note: Sacre, Candace Commissioner Regan?

1:52:59 PM Commissioner Regan - witness Magner  
Note: Sacre, Candace Examination. On capital investment program, weather issues play into that, reserve keep for weather-related outages?

1:53:49 PM Commissioner Regan - witness Magner  
Note: Sacre, Candace Anything keeps you up at night about investment planning program?

1:54:23 PM Chair Hatton  
Note: Sacre, Candace Redirect?

1:54:33 PM Chair Hatton  
Note: Sacre, Candace Call next witness?

1:54:40 PM Atty Braun Kentucky-American  
Note: Sacre, Candace Robert Prendergast.

1:55:06 PM Camera Lock Witness Activated

1:55:08 PM Chair Hatton  
Note: Sacre, Candace Witness is sworn.

1:55:13 PM Chair Hatton  
Note: Sacre, Candace Examination. Name and business address?

1:55:26 PM Atty Braun Kentucky-American - witness Prendergast  
Note: Sacre, Candace Direct Examination. File direct and rebuttal testimony?

1:55:31 PM Atty Braun Kentucky-American - witness Prendergast  
Note: Sacre, Candace Have any corrections to direct or rebuttal testimony?

1:55:33 PM Camera Lock Deactivated

1:55:35 PM Atty Braun Kentucky-American - witness Prendergast  
Note: Sacre, Candace Witness for certain data responses?

1:55:39 PM Camera Lock Witness Activated

1:55:42 PM Atty Braun Kentucky-American - witness Prendergast  
Note: Sacre, Candace Updates or corrections to those responses?

1:55:52 PM Camera Lock Deactivated

1:56:25 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Work for Kentucky-American or American Water Service Company?

1:56:49 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Trying to get at a witness works with Kentucky-American receives Service Company invoices deferred to you, can always as post-hearing?

1:57:56 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Saying bill for services rendered in January, not come to Kentucky-American pay until February?

1:58:18 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Conflicts what Walker stated, issue post-hearing discovery?

1:58:49 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Discovery responses to AG stated Kentucky-American not say with certainty ever refused allocated cost or expense in last five years?

2:00:06 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace State in responses Kentucky-American not maintain list rejected ore refused allocated costs or expenses?

2:00:19 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Willing make recommendation to keep list for Commission to review as well as intervenors?

2:00:52 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Contracted employees, total number direct and allocated and expense for years 2020-2024 as well as forecasted test period in record?

2:01:35 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Asking for just contractors?

2:01:42 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Saying is in the record?

2:01:46 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Know where in record?

2:01:54 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Confer with experts cannot find it issue post-hearing discovery request?

2:02:04 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Response, Staff First, Question 28, know whether contract employees included in amounts in this response?

2:02:38 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Refer to Response, AG First Request, Question 170, provided temporary help information?

2:03:20 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Difference between contract labor and temporary help?

2:03:55 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Going back to contract labor, expense or capitalize contract labor or a bit of both?

2:04:12 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Better witness or post-hearing request on that?

2:04:26 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Two different responses, Response, AG First, Question 145, also look at Response, AG Second, Question 37, explain difference amounts payroll expense forecasted test period between two responses?

2:06:56 PM Asst Atty General Goad - witness Prendergast  
Note: Sacre, Candace Issue post-hearing discovery request.

2:07:02 PM	Asst Atty General Goad - witness Prendergast Note: Sacre, Candace	AG and LFUCG expert Defever recommends disallow stock purchase plan discounts from revenue requirement?
2:07:50 PM	Asst Atty General Goad - witness Prendergast Note: Sacre, Candace	Aware Commission disallowed employee stock purchase plan discount expense from prior rate case?
2:08:00 PM	Asst Atty General Goad - witness Prendergast Note: Sacre, Candace	Refer to public redacted response, AG First, Question 56, subpart (a), issue post-hearing discovery request breakdown provided expenses business development, government affairs, and regulatory policy?
2:08:45 PM	Asst Atty General Goad - witness Prendergast Note: Sacre, Candace	Refer to Response, AG First, Question 96, for employees both pension and 401(k), what is amount included in forecasted test year?
2:09:12 PM	Asst Atty General Goad - witness Prendergast Note: Sacre, Candace	Rebuttal, page 7, lines 4-6, appears state \$30,815, know what difference is and which is right?
2:10:27 PM	Asst Atty General Goad - witness Prendergast Note: Sacre, Candace	Aware Commission precedent more than one plan disallow least expensive plan from revenue requirement?
2:11:10 PM	Asst Atty General Goad - witness Prendergast Note: Sacre, Candace	On 2018 Kentucky-American rate case?
2:11:15 PM	Asst Atty General Goad - witness Prendergast Note: Sacre, Candace	Reviewed Order?
2:11:30 PM	Asst Atty General Goad - witness Prendergast Note: Sacre, Candace	In 2018 rate case, Commission stated permitting employees participate in multiple pension plans while many ratepayers have no plan at all, how respond to that?
2:12:08 PM	Chair Hatton Note: Sacre, Candace	Staff?
2:12:12 PM	Asst Gen Counsel Tussey PSC - witness Prendergast Note: Sacre, Candace	Cross Examination. Public outreach, what been done communicate with public about rate increase and financial help?
2:13:11 PM	Asst Gen Counsel Tussey PSC - witness Prendergast Note: Sacre, Candace	When say published required notice, bills inserts, information in bills, go above and beyond required notice?
2:13:41 PM	Asst Gen Counsel Tussey PSC - witness Prendergast Note: Sacre, Candace	Referred to you involved preferred debits, expense permitted in 2000-00120?
2:14:18 PM	Asst Gen Counsel Tussey PSC - witness Prendergast Note: Sacre, Candace	Other questions related to amortization expenses, what amortized property loss was?
2:14:40 PM	Asst Gen Counsel Tussey PSC - witness Prendergast Note: Sacre, Candace	Will put ones related to amortization expenses in post-hearing data request?
2:14:41 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	ASST GEN COUNSEL TUSSEY PSC - WITNESS PRENDERGAST AMORTIZATION EXPENSES, AMORTIZED PROPERTY LOSS
2:14:51 PM	Asst Gen Counsel Tussey PSC - witness Prendergast Note: Sacre, Candace	What goes into budget planning process for Kentucky-American each year?
2:16:50 PM	Asst Gen Counsel Tussey PSC - witness Prendergast Note: Sacre, Candace	Biggest expense always labor?

2:16:58 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace More than currently have, when look at application, expense for contracted services increases 91 percent from 2022 to 2023, if Kentucky-American asking for more employees why item stay with increase?

2:19:15 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace Agree in 2024 Kentucky-American undertook variety of projects related to QIP?

2:19:34 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace In addition to any capital investments in normal rate base planning period?

2:19:51 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace QIP projects in addition to other capital investments 2024?

2:20:39 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace Back to O&M growth factor work paper, is amount increase expected going forward for building maintenance and services?

2:21:18 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace Increase from 2022 to 2023 fairly large increase, considered new norm, what or those expenses result in ongoing higher level of expenditure?

2:23:37 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace Not make question clear, hoping tell me about what might have changed with that particular expense resulted in large increase?

2:24:06 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace Hinted in response uses growth factor in budgeting process, that calculation same as one presented in this application?

2:25:01 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace Kentucky-American growth factor closer to CPI or more similar to application?

2:25:19 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace The internal one?

2:25:58 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace List of expenses had growth factor but not included in forecasted test period, reason for that?

2:26:44 PM Asst Gen Counsel Tussey PSC - witness Prendergast  
Note: Sacre, Candace Will put in post-hearing data request, another set a bit different, also not have growth factor applied similiarly.

2:27:12 PM Chair Hatton  
Note: Sacre, Candace Commissioner Wood?

2:27:15 PM Commissioner Wood - witness Prendergast  
Note: Sacre, Candace Examination. Witnesses identified you as appropriate person discuss return on equity?

2:27:43 PM Commissioner Wood - witness Prendergast  
Note: Sacre, Candace Bulkley, not know answer to my question, concern about utility willingness to cut costs, new equipment or service, system not enough incentivize multiple bids on equipment, what company does to cut costs?

2:30:35 PM Commissioner Wood - witness Prendergast  
Note: Sacre, Candace Tell me about Service Company what it is and what it does?

2:31:15 PM Commissioner Wood - witness Prendergast  
Note: Sacre, Candace Company you work for?

2:31:19 PM Commissioner Wood - witness Prendergast  
Note: Sacre, Candace Wholly-owned subsidiary American Water Works, who owns Service Company?

2:31:35 PM	Commissioner Wood - witness Prendergast Note: Sacre, Candace	Subsidiaries of same company?
2:31:53 PM	Chair Hatton Note: Sacre, Candace	Commissioner Regan?
2:32:00 PM	Commissioner Regan - witness Prendergast Note: Sacre, Candace	Examination. Services pooled across footprint of American Water?
2:32:08 PM	Commissioner Regan - witness Prendergast Note: Sacre, Candace	If perform service for Colorado, gets charged back?
2:32:56 PM	Commissioner Regan - witness Prendergast Note: Sacre, Candace	Looking at page 4 and 5 on Direct, forecasted 3.95 increase to union employees' wages in 2026?
2:33:43 PM	Commissioner Regan - witness Prendergast Note: Sacre, Candace	Is three percent binding contract or estimate for ongoing negotiation?
2:34:01 PM	Commissioner Regan - witness Prendergast Note: Sacre, Candace	If ask in a follow up?
2:34:02 PM	POST-HEARING DATA REQUEST Note: Sacre, Candace Note: Sacre, Candace	COMMISSIONER REGAN - WITNESS PRENDERGAST THREE PERCENT UNION WAGE INCREASE BINDING CONTRACT OR ESTIMATE FOR NEGOTIATION
2:34:08 PM	Chair Hatton Note: Sacre, Candace	Anything further?
2:34:11 PM	Chair Hatton Note: Sacre, Candace	Redirect?
2:34:16 PM	Atty Braun Kentucky-American - witness Prendergast Note: Sacre, Candace	Redirect Examination. Growth factor, questions deferred related to base period update in growth factor, recall those?
2:34:34 PM	Atty Braun Kentucky-American - witness Prendergast Note: Sacre, Candace	Look at base period update cover sheet that lists adjustments?
2:34:43 PM	Atty Braun Kentucky-American - witness Prendergast Note: Sacre, Candace	Expenses column, whether updates provided accounts rendered growth factor incorrect or unreliable, respond?
2:35:37 PM	Atty Braun Kentucky-American - witness Prendergast Note: Sacre, Candace	If look at fuel and power, look at explanation given, explains double accounting, have to do with only growth factor?
2:36:54 PM	Atty Braun Kentucky-American - witness Prendergast Note: Sacre, Candace	Goat asked question whether in record amount of contract services?
2:37:03 PM	Atty Braun Kentucky-American - witness Prendergast Note: Sacre, Candace	In application, subject to check, Exhibit 37-C, Jurisdictional Operating Summary, contain line item for contract services?
2:37:20 PM	Atty Braun Kentucky-American - witness Prendergast Note: Sacre, Candace	Commissioner Wood asking about Service Company, does Service Company perform charges at cost or for profit?
2:37:41 PM	Chair Hatton Note: Sacre, Candace	Recross?
2:37:48 PM	Atty Ingram Kentucky-American Note: Sacre, Candace	Last witness, figure out which questions for which witness.
2:40:13 PM	Chair Hatton Note: Sacre, Candace	That's your case?
2:40:15 PM	Chair Hatton Note: Sacre, Candace	Take a quick break.
2:40:31 PM	Session Paused	
3:01:35 PM	Session Resumed	

3:01:57 PM	Chair Hatton Note: Sacre, Candace	Back on record.
3:02:04 PM	Asst Atty General Goad Note: Sacre, Candace	AG's Office and LFUCG John Defever.
3:02:08 PM	Asst Atty General Goad Note: Sacre, Candace	John Defever.
3:02:08 PM	Chair Hatton Note: Sacre, Candace	Ready for AG's Office and Intervenor call witnesses.
3:02:31 PM	Camera Lock Witness Activated	
3:02:32 PM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
3:02:38 PM	Chair Hatton - witness Defever Note: Sacre, Candace	Examination. Name and business address?
3:02:54 PM	Asst Atty General Goad - witness Defever Note: Sacre, Candace	Direct Examination. What is your occupation?
3:03:01 PM	Asst Atty General Goad - witness Defever Note: Sacre, Candace	Cause to be filed direct testimony?
3:03:05 PM	Asst Atty General Goad - witness Defever Note: Sacre, Candace	Have any additions or corrections?
3:03:11 PM	Asst Atty General Goad - witness Defever Note: Sacre, Candace	Walk through one change?
3:03:31 PM	Asst Atty General Goad - witness Defever Note: Sacre, Candace	Correction filed with Commission?
3:03:40 PM	Asst Atty General Goad - witness Defever Note: Sacre, Candace	Sponsor responses to discovery requests?
3:03:46 PM	Asst Atty General Goad - witness Defever Note: Sacre, Candace	Asked same questions answers be same?
3:03:50 PM	Asst Atty General Goad - witness Defever Note: Sacre, Candace	Intention adopt direct written testimony as testimony?
3:04:00 PM	Chair Hatton Note: Sacre, Candace	For the applicant?
3:04:02 PM	Camera Lock Deactivated	
3:04:05 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Cross Examination. In room when Burton testified about Kentucky-American's QIP program?
3:04:15 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Remember testimony when and how QIP program initially approved in 2018 rate case?
3:04:26 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Remember Burton testified to my questions one method recovery use QIP mechanism, remember?
3:04:46 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Agree one mechanism Kentucky-American has recover pipeline replacement efforts?
3:05:00 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Also hear Burton testify another way recover investments in pipeline through base rate case?
3:05:18 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Agree with that?
3:05:42 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Watch video record of '23 rate case?
3:05:52 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Agree Commission critical of Kentucky-American not including pipeline replacement projects in base rate?

3:06:05 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Subject to check would agree with that?

3:06:11 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Hear Burton testify future test period for QIP 7 case exact same future test period for this base rate case?

3:06:31 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Any reason disagree calendar '26 is future test year for this base rate case?

3:06:39 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Any reason disagree, if Kentucky-American filed QIP 7 case in September, future test year would have been 2026?

3:06:57 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Understanding Kentucky-American proposal roll QIP into base rates only apply to QIP investments on or before Dec 31 2025?

3:07:23 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Base rates set on next calendar year?

3:07:33 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Aware of separate yearly QIP cases in which Commission approved historical investments?

3:07:43 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Are aware of those?

3:07:47 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Aware Kentucky-American itemized out pipeline replacement projects in those QIP dockets?

3:07:59 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Take it subject to check what Kentucky-American done?

3:08:10 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace All of those dockets all that information customer can see what pipeline replacement jobs been rolled into base rates?

3:08:32 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace How would it change how bill looks?

3:08:38 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace It would, yes.

3:08:49 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Understand history of Commission rolling mechanism prices and rate base into regular base rates?

3:09:05 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Your proposal historical QIP not rolled into base rates?

3:09:15 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace If Commission agrees with proposal and is it your opinion Kentucky-American continue charge some line item amount on bills January 1 2026?

3:09:42 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace If historical QIP rolled into base rates, starting with bills January 1 2026, QIP amount be zero?

3:09:56 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Under your proposal, QIP not rolled into base rates, have to be some line item charge to recover QIP investment?

3:10:10 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Know what that would be?

3:10:12 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Reason disagree according to DeGrazia responses somewhere in neighborhood of 8.14 percent?

3:10:32 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Still have direct testimony?

3:10:35 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Turn to page 38, line 19, say, reading, not saying, are you, Kentucky-American be double recovery?

3:11:22 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Agree of pipeline replacement programs be done through QIP or regular base rate case and options not mutually exclusive?

3:11:42 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Disagree with that but is correct?

3:11:51 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Also proposed elimination of noncash expenses in cash working capital amount in rate base?

3:12:08 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace One of reasons is that consistent with Commission precedent to remove noncash items from cash working capital?

3:12:24 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Have familiarity with historical PSC treatment of issue in rate cases?

3:12:44 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Agree with me in 1992 case issue litigated and Commission allowed noncash item expenses?

3:12:54 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Same for 1995 case, same for '97 case, same for 2004 case, same for 2012 case, and same for 2018 case, in all cases issue litigated and Commission said noncash items properly included in cash working capital?

3:13:20 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Familiar with Mustich testimony?

3:13:34 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Familiar study he performed that supports his testimony?

3:13:45 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Familiar with his testimony?

3:13:55 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Outside consultant, provided testimony how total compensation relates to industry average?

3:14:22 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Remember that Mustich conclusion total compensation nine percent below national average and seven percent below Midwest average?

3:14:40 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Reason disagree with that?

3:14:43 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Not refute that at all?

3:14:46 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Mustich name not even mentioned in testimony?

3:15:00 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Also proposed disallowance cost recovery for health insurance expense Kentucky-American pays?

3:15:15 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Page 27, direct testimony, take position, page 28, Commission disallow \$315,000 because health care expense greater than BLS ???

3:15:59 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Know what amount Kentucky-American does pay for healthcare insurance?

3:16:09 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Requires employees contribute 14 percent, subject to check?



3:16:20 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Aware Commission precedent, as long as employees contribute 12 percent, not alter rate recovery for healthcare expense?

3:16:39 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Familiar with 2019 Jackson Energy decision on issue?

3:16:46 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Familiar with 2023 Northern Kentucky Water District case on issue?

3:16:49 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Familiar with 2023 Oldham Water District case on issue?

3:16:55 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Any reason disagree in those three decisions Commission said as long as employee required contribute 12 percent not apply BLS factor?

3:17:21 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Vacancy adjustment, surprise learn what said by Lewis going to have some number of vacancies in workforce?

3:17:52 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Think typical of business?

3:17:58 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Think typical of water utility?

3:18:05 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace My law firm probably has vacancies today?

3:18:11 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Commission Staff probably has vacancies that are not filled?

3:18:16 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Agree any entity like that have vacancies employees get fired, employees quit, employees get transferred, make vacancies occur and not filled net minute?

3:18:55 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Pick any point in time, amount of work during time period that Kentucky-American have to get done to get water to taps?

3:19:18 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Kentucky-American believes need 168 employees get work done, level of workforce needed get that work done?

3:19:35 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Assuming take 168 employees get work done in 2026 but only has 150 employees, certain amount of work not finished unless?

3:20:42 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Under adjustment, disallowance for vacant positions but no increase for overtime or contractor expense?

3:20:57 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Should be no offsetting amount, saying not 168 employees necessary to do work in 2026?

3:23:30 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Back to amount of work needs performed, familiar with Lewis testimony amount of work 2026 greater than in 2025?

3:23:53 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace Happen for variety of factors, one is compliance alike and comparable, remember that from his testimony?

3:24:00 PM Atty Ingram Kentucky-American - witness Defever  
Note: Sacre, Candace More work, what Lewis has testified?

3:24:14 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	What Kentucky-American historically done, want full recovery of compensation expense, recognize vacancies natural attrition, or not propose increase and seek recover full amount of fully staffed workforce, agree historical
3:25:26 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Aware AG's Office made same headcount argument five cases over last 20 years?
3:25:55 PM	Asst Atty General Goad Note: Sacre, Candace	Objection, Defever be able finish response.
3:26:18 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Cross Examination. Question was has Kentucky-American presented that argument in five cases submitted to you?
3:26:34 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Read Commission's Order in those five cases?
3:26:39 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Agree Commission followed Kentucky-American argument and said, yes, what proposed right way to do it?
3:27:01 PM	Atty Ingram Kentucky-American - witness Defever Note: Sacre, Candace	Agree overtime have pay hourly employee costs more than base compensation?
3:27:16 PM	Chair Hatton Note: Sacre, Candace	Staff?
3:27:19 PM	Staff Atty Young PSC - witness Defever Note: Sacre, Candace	Cross Examination. Recommended amortizing remaining rate base expense from previous rate case for additional three years?
3:28:00 PM	Staff Atty Young PSC - witness Defever Note: Sacre, Candace	What be total period for amortization of previous rate case expense?
3:28:19 PM	Staff Atty Young PSC - witness Defever Note: Sacre, Candace	Additional to that prior case?
3:28:25 PM	Staff Atty Young PSC - witness Defever Note: Sacre, Candace	Aware cases before Commission granted amortization rate case expense beyond three years or other than three years?
3:28:55 PM	Chair Hatton Note: Sacre, Candace	Commissioner Wood?
3:28:59 PM	Commissioner Wood - witness Defever Note: Sacre, Candace	Examination. Ask about recommendation employees stock purchase plan, expand on that and ask why think be disallowed?
3:29:25 PM	Commissioner Wood - witness Defever Note: Sacre, Candace	Are bonuses disallowed?
3:29:29 PM	Commissioner Wood - witness Defever Note: Sacre, Candace	Are bonuses allowed current under rate structure?
3:29:39 PM	Commissioner Wood - witness Defever Note: Sacre, Candace	Stock purchase similar to bonus?
3:30:04 PM	Commissioner Wood - witness Defever Note: Sacre, Candace	Discuss opinions about removing money for vacancies, don't most organizations have vacancies?
3:30:43 PM	Commissioner Wood - witness Defever Note: Sacre, Candace	Seems said, reading, historical shows amount of payroll overbudgeting '23 and '24, those numbers take into account overtime referred to earlier?
3:31:11 PM	Commissioner Wood - witness Defever Note: Sacre, Candace	Think does include overtime?
3:32:03 PM	Chair Hatton Note: Sacre, Candace	Commissioner Regan?

3:32:10 PM	Chair Hatton Note: Sacre, Candace	Redirect?
3:32:15 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Prendergast Redirect Examination. Recall Ingram asking whether aware of Commission precedent roll in QIP into base rates?
3:32:26 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Prendergast Reviewed Final Order 2023 rate case?
3:32:33 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Prendergast Commission deny request roll QIP into base rates in 2023 rate case?
3:32:41 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Prendergast Asked if aware prior 2023 rate case noncash items included in cash working capital?
3:32:52 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Prendergast Commission exclude noncash items from cash working capital in Final Order of 2023 rate case?
3:33:06 PM	Chair Hatton Note: Sacre, Candace	Redirect?
3:33:17 PM	Chair Hatton Note: Sacre, Candace	Believe next witness virtual.
3:33:21 PM	Asst Atty General Goad Note: Sacre, Candace	Richard Baudino, last witness.
3:33:36 PM	Chair Hatton Note: Sacre, Candace	Witness is sworn.
3:33:50 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Baudino Direct Examination. What is occupation?
3:33:58 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Baudino Cause filed direct testimony?
3:34:13 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Baudino Have additions or corrections?
3:34:20 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Baudino Sponsor responses?
3:34:26 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Baudino Asked same questions, answers be same?
3:34:31 PM	Asst Atty General Goad - witness Note: Sacre, Candace	Baudino Adopt direct written testimony as testimony?
3:34:42 PM	Chair Hatton Note: Sacre, Candace	Applicant?
3:34:48 PM	Atty Braun Kentucky-American - witness Note: Sacre, Candace	Baudino Cross Examination. Areas of agreement with company, agree proposed capital structure reasonable?
3:35:23 PM	Atty Braun Kentucky-American - witness Note: Sacre, Candace	Baudino Agree cost of debt reasonable?
3:35:32 PM	Atty Braun Kentucky-American - witness Note: Sacre, Candace	Baudino Proxy group, you and Kentucky-American Bulkley utilized proxy group for cash flow analysis?
3:35:58 PM	Atty Braun Kentucky-American - witness Note: Sacre, Candace	Baudino Bulkley utilized combination water and gas proxy group, and you performed analysis based on same group?
3:36:14 PM	Atty Braun Kentucky-American - witness Note: Sacre, Candace	Baudino In addition, utilized second proxy group, water proxy group, your words, reading, accurate?
3:36:47 PM	Atty Braun Kentucky-American - witness Note: Sacre, Candace	Baudino Six utilities in water proxy group?

3:36:57 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Why include Essential Utilities in proxy group?

3:37:35 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Believe Essential Utilities is water utility only?

3:37:44 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Also gas utility?

3:37:49 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace When you included description of water proxy group strictly comprised of water utilities, inaccurate?

3:38:11 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Subject to check, Essential Utilities have 750,000 gas customers and a million water customers?

3:38:22 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace If look at water proxy group, only change addition of American Waterworks?

3:38:37 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace American Waterworks is Kentucky-American parent company?

3:38:43 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Noticing other testimonies filed not practice include parent company in proxy group?

3:39:27 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Recently filed testimony LG&E/KU rate case, accurate?

3:39:36 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Not believe proxy group included PPL?

3:39:52 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Subject to check, agree not in group?

3:40:04 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Can issue post-hearing data request on that?

3:40:07 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Delta Natural Gas 2024-00346. proxy group not include Essential Utilities, their parent company?

3:40:52 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Six utilities water only, have American States Water Company, California Water Service Group, Middlesex Water Company, and H2O America, only four strictly water utilities and not parent?

3:41:22 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace First four listed in group of water only?

3:41:47 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Proxy group of four utilities, pretty small size of group?

3:42:22 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Ask about one of footnotes in direct, turning page 12, referencing footnote 9, looking at correctly, link takes me to investor water presentation?

3:43:11 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace In testimony to which is footnote describe regulatory information and ROEs for American Water subsidiaries?

3:43:28 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Display one of slides from presentation, see that?

3:43:41 PM Wireless Presentation Activated

3:43:42 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Are familiar, looking at information provides authorized for top ten subsidiaries, four states rate changes this year, first Illinois, ROE awarded in January?

3:44:17 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Missouri recent rate increase, what that ROE?

3:44:28 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Tennessee, what was that?

3:44:40 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Last Virginia February this year, what that ROE?

3:44:51 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Kentucky-American presently at 9.7 percent?

3:44:57 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Recommended reduce to 9.5 percent?

3:45:06 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace If average four states, comes out 9.75 percent?

3:46:21 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace If Commission adopted proposed ROE, Kentucky-American have second lowest ROE of all subsidiaries?

3:47:00 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Also agree if accepted Kentucky-American lowest ROE of any state received rate increase this year?

3:47:59 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Ask about ROEs approved by Commission, in each of cases, August 2025 Atmos rate case, filed testimony that case?

3:48:09 PM Wireless Presentation Deactivated

3:48:48 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Commission awarded 9.75 percent ROE?

3:48:56 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace The month prior, July this year, Delta Natural Gas case, also a 9.75 percent?

3:49:14 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace December 2024, Columbia Natural Gas rate case, 9.75 percent in settlement?

3:49:36 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Question about how calculated DCF, Exhibit 3 to your testimony, second chart, numbers hover around ten percent?

3:50:26 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Aware Commission order awarding ROE in seven percent range?

3:51:53 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace When look at percentages, those are outliers?

3:52:23 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Reason why did not screen out low results that you did in last rate case?

3:53:55 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace In 2023 rate case excluded result DCF group 8.7 unreasonably low but this case included 7.75 percent and 7.98 percent to form basis of recommendation?

3:57:04 PM Atty Braun Kentucky-American - witness Baudino  
Note: Sacre, Candace Said average excluding low results is 9.73 percent?

3:57:35 PM Chair Hatton  
Note: Sacre, Candace Commissioner Wood?

3:57:43 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Examination. Reading through submission, Figure 2 Jan '21 through June '25, what urban designation was on CPI?

3:58:11 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Reason used urban index instead of something without urban in it?

3:59:05 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace ROE amount of return necessary attract capital to business?

3:59:17 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Think current ROE sufficient to attract capital?

3:59:32 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Enough for company to attract capital need?

3:59:44 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Other companies in proxy group give testimony what ROE was?

3:59:56 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Know what those are of other proxy companies?

4:00:26 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Say if ROE stays constant, decreasing interest rate environment easier or tougher to attract capital?

4:00:50 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Think in a decreasing interest rate environment or increasing rate environment or staying same?

4:02:32 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Say market priced in interest rate reductions, opinion on that?

4:02:55 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace How about bond market priced in future decreases in interest rate?

4:03:05 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Page 24 refer to CAPM, explain what CAPM is?

4:05:23 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Explain what MRP is?

4:05:32 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Just what talking about, right?

4:06:32 PM Commissioner Wood - witness Baudino  
Note: Sacre, Candace Seem to connect growth rate with MRP, line 16, page 25, explain that again?

4:08:22 PM Chair Hatton  
Note: Sacre, Candace Redirect?

4:08:27 PM Asst Atty General Goad - witness Baudino  
Note: Sacre, Candace Redirect Examination. Remember counsel asking about proxy groups utilized in pending case?

4:08:38 PM Asst Atty General Goad - witness Baudino  
Note: Sacre, Candace Why include water proxy group in analysis in pending case?

4:11:03 PM Asst Atty General Goad - witness Baudino  
Note: Sacre, Candace Kentucky-American counsel reviewed other subsidiaries awarded ROEs?

4:11:14 PM Asst Atty General Goad - witness Baudino  
Note: Sacre, Candace Correct average ROE subsidiaries 9.75 percent?

4:11:30 PM Asst Atty General Goad - witness Baudino  
Note: Sacre, Candace Your 9.5 percent recommendation or Bulkley 10.75 recommendation closer to average 9.75 ROE for subsidiaries?

4:12:19 PM Asst Atty General Goad - witness Baudino  
Note: Sacre, Candace Also discussed average commission authorized ROEs across country?

4:12:32 PM Asst Atty General Goad - witness Baudino  
Note: Sacre, Candace Recall average authorized awarded ROE was for 2024 and 2025?

4:12:43 PM Asst Atty General Goad - witness Baudino  
Note: Sacre, Candace Reference direct testimony, pages 12 through 13?

4:13:27 PM Asst Atty General Goad - witness Baudino  
Note: Sacre, Candace Recommended ROE or Bulkley closer to average authorized ROEs for '24 and '25?

4:13:50 PM Chair Hatton  
Note: Sacre, Candace Conclude case?

4:14:03 PM Chair Hatton  
Note: Sacre, Candace Motions.

4:14:10 PM	Chair Hatton Note: Sacre, Candace	Not have exhibits deal with.
4:14:20 PM	Chair Hatton Note: Sacre, Candace	Post-hearing DRs September 29.
4:14:32 PM	Chair Hatton Note: Sacre, Candace	Responses October 6.
4:14:59 PM	Chair Hatton Note: Sacre, Candace	Second round DRs October 14
4:15:01 PM	Chair Hatton Note: Sacre, Candace	Responses by October 21.
4:15:15 PM	Chair Hatton Note: Sacre, Candace	Briefs October 27.
4:18:27 PM	Chair Hatton Note: Sacre, Candace	Anything further?
4:18:33 PM	Chair Hatton Note: Sacre, Candace	Hearing adjourned.
4:18:49 PM	Session Ended	

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