

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-)	
AMERICAN WATER COMPANY FOR A)	CASE NO.
CERTIFICATE OF PUBLIC CONVENIENCE AND)	2025-00240
NECESSITY FOR INSTALLATION OF ADVANCED)	
METERING INFRASTRUCTURE)	

ORDER

On July 11, 2025, Kentucky-American Water Company (Kentucky-American) filed an application, pursuant to KRS 278.020, requesting a Certificate of Public Convenience and Necessity (CPCN) for the deployment of Advanced Metering Infrastructure (AMI). On July 29, 2025, the Attorney General of the Commonwealth of Kentucky, by and through the Office of Rate Intervention (Attorney General), submitted a motion to intervene, which was granted on August 4, 2025.¹

The Commission entered a procedural schedule on August 6, 2025. Kentucky-American has responded to requests for information from Commission Staff and the Attorney General.² The Attorney General filed direct testimony³ and responded to one

¹ Order (Ky. PSC Aug. 4, 2025)

² Kentucky-American's Response to Commission Staff's First Request for Information (Staff's First Request) (filed Aug. 29, 2025); Kentucky-American's Response to the Attorney General's First Request for Information (filed Aug. 29, 2025); Kentucky-American's Response to Commission Staff's Second Request for Information (filed Sep. 24, 2025); Kentucky-American's Response to the Attorney General's Second Request for Information (filed Sep. 24, 2025).

³ Direct Testimony of Larry Holloway (Holloway Direct Testimony) (filed Oct. 1, 2025); Corrected Direct Testimony of Larry Holloway (Holloway Corrected Direct Testimony) (filed Oct. 14, 2025).

request for information from Kentucky-American.⁴ Kentucky-American filed rebuttal testimony.⁵ Neither Kentucky-American nor the Attorney General requested a hearing in this case.⁶ This matter stands submitted for decision.

BACKGROUND

Kentucky-American, a wholly owned subsidiary of American Water Works Company, Inc. (American Water), is a jurisdictional utility that distributes and sells water across three divisions, including its Central Division, which consists of Bourbon, Clark, Fayette, Harrison, Jessamine, Nicholas, Scott, and Woodford counties, Kentucky; its Northern Division, which consists of Gallatin, Owen, and Grant counties, Kentucky; and its Southern District, which consists of Rockcastle and Jackson counties, Kentucky.⁷ It currently owns, operates, and maintains potable water production, treatment, storage, transmission and distribution systems for the purpose of furnishing potable water for residential, commercial, industrial, and governmental users in its service territory. Kentucky-American is also engaged in the collection and treatment of wastewater in Bourbon, Clark, Owen, and Franklin counties, Kentucky.

LEGAL STANDARD

The Commission's standard of review regarding a CPCN is well settled. Under KRS 278.020(1), no utility may construct or acquire any facility to be used in providing utility service to the public until it has obtained a CPCN from this Commission. To obtain

⁴ Attorney General's responses to Kentucky-American's First Request for Information (Kentucky-American's First Request) (filed Oct. 20, 2025).

⁵ Rebuttal Testimony of Krista Citron (Citron Rebuttal Testimony) (filed Oct. 29, 2025).

⁶ Attorney General's Recommendation That the case be Submitted on the Record (filed Oct. 31, 2025); Kentucky-American's Statement Regarding a Hearing (filed Oct. 30, 2025).

⁷ Application at 1.

a CPCN, the utility must demonstrate a need for such facilities and an absence of wasteful duplication.⁸

“Need” requires:

[A] showing of a substantial inadequacy of existing service, involving a consumer market sufficiently large to make it economically feasible for the new system or facility to be constructed or operated.

[T]he inadequacy must be due either to a substantial deficiency of service facilities, beyond what could be supplied by normal improvements in the ordinary course of business; or to indifference, poor management or disregard of the rights of consumers, persisting over such a period of time as to establish an inability or unwillingness to render adequate service.⁹

“Wasteful duplication” is defined as “an excess of capacity over need” and “an excessive investment in relation to productivity or efficiency, and an unnecessary multiplicity of physical properties.”¹⁰ To demonstrate that a proposed facility does not result in wasteful duplication, the Commission has held that the applicant must demonstrate that a thorough review of all reasonable alternatives has been performed.¹¹

⁸ *Kentucky Utilities Co. v. Pub. Serv. Comm’n*, 252 S.W.2d 885 (Ky. 1952).

⁹ *Kentucky Utilities Co. v. Pub. Serv. Comm’n*, 252 S.W.2d 885, 890.

¹⁰ *Kentucky Utilities Co. v. Pub. Serv. Comm’n*, 252 S.W.2d 885, 890.

¹¹ Case No. 2005-00142, *Joint Application of Louisville Gas and Electric Company and Kentucky Utilities Company for the Construction of Transmission Facilities in Jefferson, Bullitt, Meade, and Hardin Counties, Kentucky* (Ky. PSC Sept. 8, 2005).

Selection of a proposal that ultimately costs more than an alternative does not necessarily result in wasteful duplication.¹² All relevant factors must be balanced.¹³

PROJECT DESCRIPTION

In its application, Kentucky-American requested a CPCN for cellular AMI meters.¹⁴ At the time of filing this application, Kentucky-American explained that its current system consisted of approximately 143,720 meters as of March 2025, almost all of which were equipped with AMR endpoints, with the exception of 257 meters that were equipped with Badger cellular AMI endpoints.¹⁵ Kentucky-American explained that it follows a periodic meter replacement program, as part of its normal course of business, to renew aging meters and endpoints, and is proposing to do the same with the roll-out of AMI meters.¹⁶ Kentucky-American stated that it plans to fund the AMI project in the ordinary course of business, using the same mix of debt and equity it uses to fund the remainder of its capital investment programs.¹⁷

The Commission granted Kentucky-American a deviation of 807 KAR 5:006, Section 16(1), in Case No. 2009-00253, permitting Kentucky-American to keep its 5/8-

¹² See *Kentucky Utilities Co. v. Pub. Serv. Comm'n*, 390 S.W.2d 168, 175 (Ky. 1965). See also Case No. 2005-00089, *The Application of East Kentucky Power Cooperative, Inc. for a Certificate of Public Convenience and Necessity to Construct a 138 kV Electric Transmission Line in Rowan County, Kentucky* (Ky. PSC Aug. 19, 2005).

¹³ Case No. 2005-00089, Aug. 19, 2005 final Order at 6.

¹⁴ Application, Exhibit A at 3.

¹⁵ Application, Exhibit A at 15–16.

¹⁶ Application, Exhibit A at 18.

¹⁷ Application at 3.

inch meters in service for 15 years without testing for accuracy.¹⁸ However, since that time, Kentucky-American has observed an increase in meter reading challenges and an increase in corresponding unscheduled meter and endpoint replacements, and therefore, reverted back to a ten-year target for 5/8-inch meter and endpoint replacement.¹⁹ Kentucky-American noted that, as of May 2025, more than 34,000 of its 5/8-inch meters or approximately a quarter of its meters are now at, or past, the ten-year target meter replacement.²⁰

Kentucky-American explained that, after a thorough meter selection process and considering alternatives for meter reading technology, cellular AMI would be the preferred technology due to both its customer service advantages as well as its favorable proposition for costs net of benefits.²¹ Further, Kentucky-American argued that a fixed-network system requires that a utility purchase, build, and maintain infrastructure to support the data collection process, as well as maintain and periodically update the system, leading to increased and ongoing capital costs.²² Kentucky-American noted that the benefits of AMI include improving the effectiveness of company operations and customer service, meeting customers' expectations, as well as increased water conservation.²³

¹⁸ Case No. 2009-00253, *Kentucky-American Water Company's Request for Permission to Deviate from 807 KAR 5:006, Section 16(1)* (Ky. PSC, Oct. 5, 2011) Order.

¹⁹ Application, Exhibit A at 20.

²⁰ Application, Exhibit A at 20.

²¹ Application, Exhibit A at 35.

²² Application, Exhibit A at 6.

²³ Application, Exhibit A at 6.

Kentucky-American stated that there is a demonstrated need for the AMI system to be implemented throughout its service territory. Kentucky-American stated that it will install AMI-capable metering equipment only when metering equipment replacement is already necessary, either at the time the existing meter must be replaced due to meter failure or in the normal course of business through length of service (LOS) replacements.²⁴ Kentucky-American explained that when a meter reaches the end of its LOS or fails prematurely, it becomes obsolete.²⁵ Kentucky-American further explained that only in certain limited instances, usually for two-inch meters, that Kentucky-American could test the meter and make necessary repairs and recertify the meter accuracy for another prescribed LOS cycle.²⁶ Kentucky-American pointed out that, even when it could repair and recertify a meter, the process requires additional investment, including endpoint and battery replacement, to renew the lifecycle.²⁷

Additionally, Kentucky-American stated that between 2023 and 2025, an average of eight percent of 5/8-inch meters were changed in eight years lifespan or less.²⁸ Kentucky-American stated that it is not planning to accelerate the installation of AMI meters.²⁹ Kentucky-American claimed that a transition to AMI will enable strategic and permanent improvements in safety, customer experience, operational efficiencies, and

²⁴ Application, Exhibit A at 3.

²⁵ Direct Testimony of Justin Sensabaugh (Sensabaugh Direct Testimony) (filed July 11, 2025) at 5.

²⁶ Sensabaugh Direct Testimony at 5.

²⁷ Sensabaugh Direct Testimony at 5–6.

²⁸ Sensabaugh Direct Testimony at 7.

²⁹ Application, Exhibit A at 15.

environmental benefits.³⁰ Kentucky-American specifically stated that adoption of AMI meters would improve the probability of finding a leak on the customer side of the meter earlier in the read cycle since AMI readings are taken more frequently than once per month, as occurs with current AMR technology.³¹ Additionally, Kentucky-American stated that AMI meters would improve how customers could increase water conservation on their end, empower customers to understand and make changes in their habits or behaviors, and increase billing accuracy.³²

Kentucky-American stated it has demonstrated that the AMI system will not result in wasteful duplication.³³ Kentucky-American stated it strongly considered the following alternatives: (1) continuing with AMR Technology; and (2) deploying Cellular AMI Technology. Further, Kentucky-American explained that it also considered both deploying a fixed-network AMI approach as well as a hybrid fixed and cellular AMI approach but quickly rejected both approaches after considering the ongoing and increasing capital costs associated with building out and maintaining a fixed network.³⁴

Kentucky-American also claimed that in mid-2024, and continuing through the second quarter of 2025, American Water's Service Company pursued a Request for Information (RFI) and a Request for Proposal (RFP) to identify and survey suppliers that could meet the meter needs of American Water across its footprint.³⁵ Further, Kentucky-

³⁰ Application, Exhibit A at 4.

³¹ Kentucky-American's Response to Staff's First Request for Information, Item 14.

³² Application, Exhibit A at 7.

³³ Application, Exhibit at 3.

³⁴ Application, Exhibit A at 22 and 23.

³⁵ Application, Exhibit A at 23.

American explained that 12 vendors received the RFI.³⁶ Three vendors were disqualified due to their non-response to the RFI, and two vendors were selected to move forward to the RFP process because they could meet all American Water's minimum requirements, and they were both selected as providers.³⁷ American Water proceeded with the RFP with the goals of securing optimum enterprise-wide pricing, delivery, and support terms and, following review, selected both RFP vendors and is currently entering into contracts with both vendors with terms and service level agreements.³⁸

As a result of the RFI and RFP process, Kentucky-American performed a cost benefit analysis (CBA) to justify why AMI implementation was the least cost, most reasonable path moving forward.³⁹ According to the CBA, using AMI as opposed to AMR technology is expected to cost \$27 to \$33 million in capital and produce \$29 million in quantitative benefits over the course of the first two replacement cycles.⁴⁰ Kentucky-American argued that when annual capital related expenses are netted against annual operating expense benefits, AMI is the least cost solution in the long term.⁴¹ To support this point in the CBA, Kentucky-American compared the annual costs, net of benefits, by year on a per customer, per month basis for the average pricing of AMR and AMI (Annual Net Cost). Kentucky-American stated that averaging the costs between AMI and AMR avoids locking in price differences as a constant in the CBA and reflects the fact that

³⁶ Application, Exhibit A at 23.

³⁷ Application, Exhibit A 23.

³⁸ Application, Exhibit A at 23.

³⁹ Application, Exhibit A at 7.

⁴⁰ Application, Exhibit A at 3.

⁴¹ Application, Exhibit A at 7.

Kentucky-American is not requesting approval of a specific project or specific product, but rather a long-term shift in metering technology.⁴² In this analysis, [REDACTED]

[REDACTED] Kentucky-American also argued that AMI provided both customers and operational benefits beyond those which could be quantified in the CBA.⁴⁴ Kentucky-American further stated that when examining the underlying net present value by AMR and AMI, based on average pricing, the result between the two technologies is \$3.6 million over 20 years, or approximately \$180,000 per year, resulting in just over \$1.29 per customer per year or roughly \$0.11 per month for an average residential bill.⁴⁵ The Commission's position regarding the use of a 20-year implementation period for the CBA is discussed below. While Kentucky-American ceded that on a net present value basis, the average Annual Net Cost of AMI is marginally higher than that of AMR, Kentucky-American stated that it only included quantifiable benefits in its CBA, and that Kentucky-American expects its customers to experience significant qualitative benefits as well related to improved customer service, water use management, high bill avoidance, and affordability.⁴⁶

⁴² Application, Exhibit A at 23.

⁴³ Application, Exhibit A at 29.

⁴⁴ Application, Exhibit A at 3.

⁴⁵ Application, Exhibit A at 3.

⁴⁶ Application, Exhibit A at 30.

THE ATTORNEY GENERAL'S POSITION

Upon review of the application, the Attorney General filed testimony regarding Kentucky-American's AMI plan and the CBA,⁴⁷ making eight conclusions.⁴⁸ The Attorney General first stated that Kentucky-American's current replacement interval for its 1-inch and under meters and their endpoints appeared reasonable given the relative cost and removal, calibration and repair, the required testing interval, and the meter's expected life of service.⁴⁹ Secondly, the Attorney General stated that Kentucky-American's 2024 vendor RFI and selection process resulted in reasonable cost estimates for both AMR and AMI capable meters for purposes of the CBA.⁵⁰ The Attorney General also concluded replacing AMR metering with AMI metering during routine scheduled meter repairs and replacements did not indicate an obsolescence for either the AMR or AMI endpoints or the associated metering.⁵¹ Fourthly, the Attorney General stated that Kentucky-American's overall assumptions in its CBA comparing AMR and AMI technologies appeared reasonable and consistent for either technology.⁵²

The Attorney General further stated that Kentucky-American's assumptions of AMI technology benefits were conservative and the assumptions of benefits may have

⁴⁷ The Attorney General originally filed testimony on Oct. 1, 2025. On Oct. 14, 2025, the Attorney General filed corrected testimony of its witness, Larry Holloway.

⁴⁸ The Attorney General's Corrected Testimony of Larry Holloway (Holloway Corrected Testimony) (filed Oct. 14, 2025) at 23–24.

⁴⁹ Holloway Corrected Testimony at 23.

⁵⁰ Holloway Corrected Testimony at 23.

⁵¹ Holloway Corrected Testimony at 23.

⁵² Holloway Corrected Testimony at 23.

underestimated the possible value of implementing AMI.⁵³ The Attorney General also noted that Kentucky-American did not provide an analysis for the costs and benefits of implementing AMI on an accelerated basis; however, the Attorney General did not believe that was critical because it did not appear likely that the earlier benefits would justify the accelerated costs of prematurely removing and retiring existing useful metering equipment.⁵⁴ The Attorney General stated that Kentucky-American's use of a 20-year period in the CBA did not appear unreasonable.⁵⁵ Lastly, the Attorney General concluded that the results of the CBA showed that implementation of AMI was not the least cost option with an expected additional net present value of costs net of benefits.⁵⁶ However, the Attorney General stated the Commission should consider whether the additional benefits that were not quantified, and possible qualitative and future benefits that were not considered, justify the additional cost to ratepayers.⁵⁷

DISCUSSION AND FINDINGS

Having considered the application and all evidence in the record, the Commission finds that Kentucky-American has demonstrated a need for AMI meters. Kentucky-American is not seeking to accelerate the installation of AMI meters but will instead only install AMI meters in the normal course of business through LOS replacements or if an existing meter fails and must be replaced. Meters must be replaced at the end of their useful lives or upon failure to maintain reliable service for customers. In Case No. 2023-

⁵³ Holloway Corrected Testimony at 23.

⁵⁴ Holloway Corrected Testimony at 23.

⁵⁵ Holloway Corrected Testimony at 24.

⁵⁶ Holloway Corrected Testimony at 24.

⁵⁷ Holloway Corrected Testimony at 24.

00191, the Commission found that Kentucky-American failed to provide sufficient evidence that there was substantial inadequacy of existing service in Kentucky-American's CPCN request for AMI meters.⁵⁸ Due to the lack of evidence showing inadequacy of existing service, the Commission found Kentucky-American failed to demonstrate a need for AMI meters.⁵⁹ In the present case, Kentucky-American provided additional information that between 2023 and 2025, an average of eight percent of 5/8 inch meters were changed in eight years or less. Kentucky-American also stated that the two-inch meters used by Kentucky-American are the only meters that can be repaired and used again upon recertification. All other meters become obsolete upon failure or upon LOS.

In Case No. 2024-00344, the Commission noted that AMI allows utilities to more accurately measure a customer's usage and allows for real-time transfer of information to both the company and the customers.⁶⁰ The Commission also noted that accurate meters benefit both the company and the customer, and that malfunctioning or aging meters may result in inaccurate billing harming both the utility and its customers.⁶¹ The Commission notes that since the issuance of the Order denying Kentucky-American's request for AMI meters in Case No. 2023-00191, the Commission has received five formal

⁵⁸ Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Application of Rates, a Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions*, (Ky. PSC Apr. 9, 2024), Order at 11.

⁵⁹ Case No. 2023-00191, Apr. 9, 2024 Order at 11.

⁶⁰ Case No. 2024-00344, *Electronic Application of Kentucky Power Company for (1) A Certificate of Public Convenience and Necessity Authorizing the Deployment and Necessity Authorizing the Deployment of Advanced Metering Infrastructure; (2) Request for Accounting Treatment; and (3) All Other Necessary Waivers, Approvals, and Relief* (Ky. PSC July 22, 2025), Order at 11.

⁶¹ Case No. 2024-00344, July 22, 2025 Order at 11.

complaints from Kentucky-American customers regarding inaccurate billing.⁶² The Commission has also had an open investigation into metering and billing issues of Kentucky-American since 2022.⁶³ Kentucky-American has an obligation to provide adequate, efficient and reasonable service. AMI meters would allow for better customer service and more accurate usage information, allowing customers to receive excessive use notifications more quickly.

The Commission also finds that purchase and installation of AMI meters will not result in wasteful duplication. Kentucky-American considered the options of continuing with the current AMR meters or deploying AMI technology. Additionally, Kentucky-American considered two different types of AMI systems: Fixed-Network System and Cellular-Network System as noted above. Kentucky-American also considered a hybrid of the two systems. Kentucky-American ultimately selected Cellular AMI because it was the least cost solution in the long term and the customers would receive enhanced benefits and service.

Upon deciding on which meter technology to deploy, Kentucky-American issued a request for information (RFI) to twelve potential vendors to determine which vendors could meet the minimum criteria for a request for proposal (RFP) participation. Only two vendors met all Kentucky-American's minimum requirements, and both vendors were

⁶² Case No. 2023-00261, *Bobby Young v. Kentucky-American Water Company* (filed Aug. 1, 2023); Case No. 2024-00303, *Derrick Stinson, Kayla Stinson, and Stinson Fitness, LLC d/b/a Workout Anytime v. Kentucky-American Water Company* (filed Sep. 16, 2024); 2024-00350, *Charles Douglas Chambers v. Kentucky-American Water Company* (filed Oct. 28, 2024); Case No. 2025-00035, *Richard Budge and Margaux Farm v. Kentucky-American Water Company* (filed Feb. 7, 2025); and Case No. 2025-00352, *Adam Trof v. Kentucky-American Water Company* (filed Oct. 22, 2025).

⁶³ Case No. 2022-00299, *Electronic Investigation of Kentucky-American Water Company's Alleged Violation of a Tariff and Commission Regulation Regarding Meters and Monitoring Customers Usage* (filed Sept. 27, 2022).

selected as providers. In Kentucky-American's previous request for AMI meters in Case No. 2023-00191, the Commission noted concerns that a thorough review of all reasonable alternatives was not conducted and that Kentucky-American only considered vendors which were selected by its parent company approximately eight years prior.⁶⁴ In the present case, Kentucky-American reviewed all reasonable alternatives by reviewing different technologies and options available, and issuing both a new RFI and RFP to potential vendors instead of relying on pre-selected vendors chosen by its parent company. Additionally, Kentucky-American performed a CBA. According to the CBA, AMI provides more benefits than the continued use of AMR.⁶⁵ In Case No. 2023-00191, the Commission disagreed with Kentucky-American's use of a net present value of 20 years because Kentucky-American's only argument for utilizing it was because benefits were not expected to be reflected until year 11.⁶⁶ In this proceeding, Kentucky-American explained that a 20 year net present value was used because (1) the lids that must be purchased during the first replacement cycle are not planned for routine replacement within the measured period, meaning that they are expected to produce benefits throughout the 20-year period; (2) meters replaced each year create benefits for ten years, and it will take Kentucky-American ten years to replace all meters; therefore, meters replaced in years 9 and 10 would still be creating benefits in years 19 through 20;

⁶⁴ Case No. 2023-00191, Apr. 9, 2025 Order at 14.

⁶⁵ Application, Exhibit A at 30.

⁶⁶ Case No. 2023-00191, Apr. 9, 2024 final Order at 12.

and (3) meter reading benefits would begin after full deployment, around year 11, and are enabled by the meters installed in years 2 through 10.⁶⁷

The Commission continues to note its concern that a 20-year net present value potentially overstates the benefits of the cellular AMI meters within the CBA, and that the total net cost of AMI implementation compared to the cost of AMR may be understated in the CBA. However, while the cost of AMI implementation, net of quantifiable benefits, is not the least cost option compared to continuing with AMR meters, some of the benefits associated with AMI implementation are qualitative and not quantifiable, such as the ability for customers to verify and monitor water usage and receiving timely alerts and alarms when experiencing high usage. Additionally, in Case No. 2023-00191, the Commission and the Attorney General addressed concerns regarding Kentucky-American's proposed accelerated AMI implementation, which had the potential to lead to the possibility of stranded assets on Kentucky-American's books, due to removing AMR meters before the end of their expected useful life.⁶⁸ However, in this proceeding, the Attorney General took the position that a faster implementation schedule could either create an issue with early retirement of the assets and the effects on any subsequent depreciation analysis, or possible stranding of investments.⁶⁹ Further, Kentucky-American stated that it will continue to replace meters in the normal course of meter

⁶⁷ Kentucky-American's response to the Attorney General's First Request, Item 26.

⁶⁸ Case No. 2023-00191, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, a Certificate of Public Convenience and Necessity for Installation of Advanced Metering Infrastructure, Approval of Regulatory and Accounting Treatments, and Tariff Revisions* (Apr. 9, 2024) Order

⁶⁹ Holloway Corrected Testimony at 18.

change-outs without any accelerated deployment whatsoever.⁷⁰ The Commission agrees with Kentucky-American and the Attorney General that accelerating the implementation period for AMI could result in the possible stranding of investments, which has the potential to be more expensive for ratepayers than replacing AMR with AMI in the ordinary course of business, and finds that the proposed implementation schedule is reasonable. For those reasons, the Commission finds that, while AMI implementation is not the least-cost option, AMI is the least-cost, *most reasonable* option.

For the reasons stated above, the Commission finds that Kentucky-American's request for a CPCN for cellular AMI meters should be granted. Additionally, Kentucky-American should file with the Commission quarterly AMI status reports, commencing with the first full quarter following the date of this Order. These reports should include detailed schedules regarding capital expenditures, actual cost recovery, and net asset valuation to demonstrate the avoidance of stranded costs and ensure prudent ratepayer investment. The format and content of these reports shall be substantially similar to the AMI installation reports filed by Louisville Gas and Electric Company and Kentucky Utilities Company.⁷¹ Quarterly report filings ensure the Commission, the Attorney General, and the public have timely access to data demonstrating that the approved investment is delivering the projected operational and customer benefits used to justify

⁷⁰ Kentucky-American's Response to the Attorney General's First Request, item 18.

⁷¹ See Case No. 2020-00249, *Electronic Application of Kentucky Utilities Company for an Adjustment of its Electrical Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit* (Ky. PSC Jun. 30, 2021), and Case No. 2020-00350, *Electronic Application of Louisville Gas and Electric Company for an Adjustment of its Electric and Gas Rates, a Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory and Accounting Treatments, and Establishment of a One-Year Surcredit* (Ky. PSC June 30, 2021).

the program's long-term viability. Additionally, the Commission encourages Kentucky-American to monitor the new infrastructure and utilize warranties should the meters appear to be inaccurate or failing at a high rate prior to expiration of the warranty.

Therefore, the Commission finds that the CPCN should be granted.

IT IS THEREFORE ORDERED that:

1. Kentucky-American is granted a CPCN to proceed with the implementation of cellular AMI meters as set forth in its application.

2. Kentucky-American shall notify the Commission prior to performing any additional construction not expressly authorized by this Order.

3. Any deviation from the approved project shall be undertaken only with prior approval of the Commission.

4. Kentucky-American shall file with the Commission quarterly AMI status reports, commencing with the first full quarter following the date of this Order. These reports shall include detailed schedules regarding capital expenditures, actual cost recovery, and net asset valuation to demonstrate the avoidance of stranded costs and ensure prudent ratepayer investment. The format and content of these reports shall be substantially similar to the AMI installation reports filed by Louisville Gas and Electric Company and Kentucky Utilities Company.

5. Kentucky-American shall file with the Commission documentation of the total costs of this project, including the cost of construction and all other capitalized costs (e.g., engineering, legal, and administrative), within 60 days of the date that the project is substantially completed. Construction costs shall be classified into appropriate plant

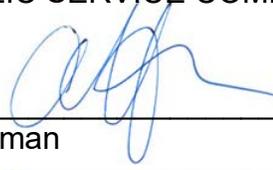
accounts in accordance with the Uniform System of Accounts for water utilities prescribed by the Commission.

6. Any documents filed in the future pursuant to ordering paragraphs 2, 4, and 5 of this Order shall reference this case number and shall be retained in the utility's post-case correspondence file.

7. This case is closed and removed from the Commission's docket.

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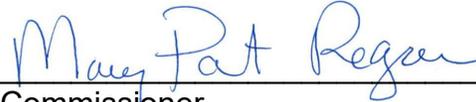
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Chairman



Commissioner



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