

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF KENTUCKY-)	CASE NO.
AMERICAN WATER COMPANY FOR AN)	2026-00094
ADJUSTMENT OF WATER RATES)	

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

Kentucky-American Water Company (Kentucky-American), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on or before either 14 days after submission of the rate application or 21 days after the date of service of this request, whichever is later. The Commission directs Kentucky-American to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

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

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

person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

Kentucky-American shall make timely amendment to any prior response if it obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Kentucky-American fails or refuses to furnish all or part of the requested information, Kentucky-American shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

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

1. Provide a copy of the workpapers and calculations that Kentucky-American used to develop its forecasted test-period financial information in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible. The workpapers for water service revenues shall state separately the projected number of

customers for each customer class that will be billed monthly, bi-monthly, quarterly, and at other intervals.

2. State all assumptions that Kentucky-American used to develop its forecasted test-period financial information.

3. To the extent not already provided, provide a copy of each cost of service study, billing analysis, and all exhibits and schedules that were prepared in Kentucky-American's rate application in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

4. To the extent not already provided, provide cost justification for all Kentucky-American's non-recurring charges in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

5. Provide Kentucky-American's internal accounting manuals, directives, and policies and procedures.

6. Provide Kentucky-American's budget instructions, assumptions, directives, manuals, policies and procedures, timelines, and descriptions of budget procedures in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.

a. Provide a comparison of Kentucky-American's monthly operating budgets to the actual results, by account, for the last five calendar years, and for the calendar year 2026 to date. Kentucky-American's response shall include comparisons for the following major expense categories:

- (1) Fuel and Power Expense;
- (2) Chemical Expense;

- (3) Management Fee Expense;
- (4) Customer Accounting Expense;
- (5) General Office Expense;
- (6) Miscellaneous Expense; and
- (7) Maintenance Expense.

b. Provide, for each yearly account variance that exceeds 5 percent, a detailed explanation for the variance.

c. Explain whether Kentucky-American's forecasted expenses were calculated using its budgeting procedures. If not, explain.

7. Provide a rate base, capital structure, and statement of income for Kentucky-American for the most recent actual 12-month period at the time of its application for rate adjustment and for the base period used in its application. Provide detailed explanations necessary to reconcile this information with the filed base-period revenue-requirement information.

8. Provide a trial balance as of the last day of the base period showing account number, account title, and actual base period accounts. All income statement accounts should show activity for 12 months.

9. Provide a reconciliation and a detailed explanation of each difference, if any, in the capitalization and the net investment rate base of Kentucky-American for the base period.

10. Provide the information in the format listed in Schedule 10 regarding Certain Deferred Credits, Accumulated Deferred Income Taxes, and Other Rate Base items included in the forecasted test-period rate base.

11. Provide a calculation of federal and state income tax expense, including a reconciliation of book to taxable income, for the base period and the forecasted period in the format shown in Schedule 11.

12. Describe the procedures that Kentucky-American uses to plan and approve construction projects.

13. Provide Kentucky-American's long-term construction planning program.

a. For each construction project that started during the last ten calendar years, provide the information requested in Schedule 14a.

b. Using the data included in Schedule 14a, calculate the annual "Slippage Factor" associated with those construction projects. The Slippage Factor should be calculated as shown in Schedule 14b.

14. Provide, in the format contained in Schedule 15, an analysis of the Construction Work in Progress as defined in the Uniform System of Accounts for the 12-month period preceding the base period, the base period, and the forecasted test period.

15. For each construction project listed in Kentucky-American's response to Item 12 provide the information requested in Schedule 16.

a. Provide, for each major functional plant property group or account in the format shown in Schedule 17, the following:

- (1) Plant beginning balances;
- (2) Plant ending balances;
- (3) Gross additions occurring in the forecasted test period;
- (4) Retirements occurring in the forecasted test period; and

(5) Transfers for Kentucky-American occurring in the forecasted test period.

b. For any account in which transfers regularly occur in the normal course of business provide a general description of the nature of the transfers.

16. Provide, in the format shown in Schedule 18 for each property leased to the utility or improvement to leased property, the following:

- a. An identification or reference number;
- b. A description of the property's type and use;
- c. The name of the lessor;
- d. The frequency of lease payments;
- e. The amount of each lease payment;
- f. The original value of the property, together with annual lease payments; and
- g. An explanation of the method that Kentucky-American uses to capitalize the lease payment.

17. Provide, in the format shown in Schedule 19 for each property held for future use, the following:

- a. A description of the property;
- b. The date of its acquisition;
- c. Its original cost;
- d. Its accumulated depreciation;
- e. Its expected in-service date; and
- f. Its expected use.

18. Provide the following (original cost) monthly account balances and a calculation of the average (13-month) account balances for total company and jurisdictional operations:

- a. Plant in Service;
- b. Plant Purchased or Sold;
- c. Property Held for Future Use;
- d. Construction Work in Progress (CWIP) (Separate this balance into

CWIP eligible for capitalized interest and other CWIP.);

- e. Completed Construction Not Classified;
- f. Accumulated Depreciation and Amortization;
- g. Plant Acquisition Adjustment;
- h. Amortization of Utility Plant Acquisition Adjustment;
- i. Materials and Supplies;
- j. Balance in Accounts Payable Applicable to each account in Item 18i

above (If actual cannot be determined, give a reasonable estimate.);

- k. Unamortized Investment Tax Credit-Pre-Revenue Act of 1971;
- l. Unamortized Investment Tax Credit-Revenue Act of 1971;
- m. Accumulated Deferred Income Taxes;
- n. Summary of Customer Deposits;
- o. Computation and Development of Minimum Cash Requirements;
- p. Balance in Accounts Payable Applicable to amounts included in

utility plant in service (If actual cannot be determined, provide a reasonable estimate.);

q. Balance in Accounts Payable Applicable to prepayments by major category or subaccount;

r. Balance in Accounts Payable applicable to amounts included in plant under construction (If actual cannot be determined, provide a reasonable estimate.); and

s. All Current Assets and Current Liability accounts not included above.

19. List each of Kentucky-American's sewer facilities.

20. List each Kentucky-American facility and contract operation that is not subject to the Commission's regulation

21. Provide a copy of the current service contract between Kentucky-American and American Water Company (American Water).

a. Provide a copy of each service agreement or contract that Kentucky-American has with an affiliate company.

b. Describe in detail the pricing policies of Kentucky-American and its affiliates regarding affiliate company transactions.

c. List and describe each service that each affiliated company renders to Kentucky-American.

d. For each service listed above, describe the benefit(s), if any, that Kentucky-American derives from the provision of this service from the affiliate.

22. Provide a comprehensive list and detailed description of the services that Kentucky-American has provided to affiliated companies.

23. Provide a list, with descriptions, of all activities, initiatives, or programs undertaken or continued by Kentucky-American since its last general rate case for the

purpose of minimizing costs or improving the efficiency of its operations or maintenance activities.

24. List separately the budgeted and actual number of full-and part-time employees by employee group, by month and by year, for the five years immediately preceding the base period, and the forecasted period.

25. Provide a complete copy of all wage, compensation, and employee benefit studies, analyses, and surveys that Kentucky-American has conducted, commissioned, or used.

a. Provide Kentucky-American's budgeted and actual regular wages, overtime wages, and total wages by employee group, by month, for the most recent two years available in the format provided as Schedule 31. Kentucky-American shall supplement its response as further information becomes available.

b. For each variance that exceeds 5 percent in a monthly period, state the reasons for the variance.

26. State for each employee group the amounts, percentages of increase, and effective dates for general wage increases and, separately, for merit increases granted for calendar years 2021 through 2026 to date, the base period, and the forecasted period.

a. List all fringe or other employee benefits available to Kentucky-American employees and indicate which benefits, if any, are limited to management employees.

b. For each benefit listed above, state the expected cost of each benefit in the base period and the forecasted test period and its historical cost for each of the five years preceding the base period.

c. List each change in fringe or other employee benefits or the availability of such benefits that has occurred within five years of the start of the base period.

27. Identify the amounts of incentive pay that are included in the base year and forecasted labor. Describe the incentive pay plans and explain why such a plan is necessary and reasonable.

a. List each Kentucky-American employee who is eligible to participate in the incentive pay program.

b. State the level of incentive pay awarded to all individuals participating in the program for the previous five calendar years compared to the level of incentive pay available to each participant in the forecasted period.

c. For the previous five calendar years, provide a comparison of the incentive pay that was budgeted to the actual amounts paid in each year. Include detailed explanations for any variance between the budgeted and actual payments.

28. Provide complete details of each early retirement plan and employee-reduction program that Kentucky-American or American Water intends to offer to its employees during the base period and the forecasted test period.

a. For each program listed above, provide all cost-benefit analyses or studies upon which the program is based.

29. Provide a detailed description of each Other Post-retirement Employee Benefits (OPEB) package that Kentucky-American or American Water provides to Kentucky-American employees.

a. Provide a copy of the most recent actuarial study that was performed to calculate Kentucky-American's annual accrual of pension costs and OPEB costs for accounting purposes.

b. Provide the analysis used to determine the pension costs and OPEB costs that are included in the forecasted test year. This analysis should clearly state all assumptions used in the analysis.

c. Explain any differences in the assumptions used in the actuarial study provided in response to Item 29a and the assumptions used in the analysis provided in response to Item 29b.

d. Provide a summary of all changes that have been made to Kentucky-American's pension plans and OPEB plans during the previous ten years that were intended to mitigate their costs.

e. State and explain all future changes that are anticipated to Kentucky-American's current pension plans and OPEB plans that are intended to mitigate their future costs.

30. Provide the information requested in Schedule 37 for Kentucky-American's jurisdictional operations, for yearly salary and benefit information for each corporate officer and as a group in total by category of Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly for the years 2021 through 2026 year to date, the base period, and the forecasted period (in gross dollars-not hourly or monthly rates). An Excel spreadsheet version of Schedule 38 will be provided to Kentucky-American, with a copy to all parties of record, by electronic mail.

a. Regular salary or pay.

- b. Overtime pay.
- c. Excess vacation payout.
- d. Standby/Dispatch pay.
- e. Bonus and incentive pay.
- f. Any other forms of incentives (may include stock options or forms of deferred compensation).
- g. Other amounts paid and reported on the employees' W-2 (specify).
- h. Healthcare benefit cost for employees.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.
- i. Dental benefits cost for employees.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.
- j. Vision benefits cost for employees.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.
- k. Life insurance cost for employees.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.
- l. Accidental death and disability benefits.
 - (1) Amount paid by the employer.
 - (2) Amount paid by the employee.

- m. Defined Contribution - 401(k) or similar plan cost for employees.

Provide the amount paid by employer.

- n. Defined Benefit Retirement cost for employees.

- (1) Amount paid by the employer.

- (2) Amount paid by the employee.

- o. Cost of any other benefit available to an employee (specify).

31. For each item of benefits listed in Item 26a above where an employee is required to pay part of the cost, provide a detailed explanation as to how the employee contribution rate was determined.

32. Provide a listing of all health care plan categories, dental plan categories, and vision plan categories available to corporate officers individually and to groups defined as Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly employees (i.e., single, married no dependents, single parent with dependents, family, etc.). Include the associated employee contribution rates and employer contribution rates of the total premium cost for each category, and each plan's deductible(s) amounts.

33. Provide a listing of all life insurance plan categories available to corporate officers individually and to groups defined as Directors, Managers, Supervisors, Exempt, Non-Exempt, Union, and Non-Union Hourly employees. Include the associated employee contribution rates and employer contribution rates of the total premium cost for each plan category.

34. Provide a listing of all retirement plans categories available to corporate officers individually, and to groups defined as Directors, Managers, Supervisors, Exempt,

Non-Exempt, Union, and Non-Union Hourly employees. Include the associated employee contribution rates, if any, and employer contribution rates of the total cost for each plan category.

35. Provide all employment contracts between Kentucky-American and its non-management employees that are currently in effect and the most recent contracts previously in effect.

36. Provide the following information concerning the costs for the preparation of this case:

a. A detailed schedule of expenses incurred to date for the following categories:

- (1) Accounting;
- (2) Engineering;
- (3) Legal;
- (4) Consultants; and
- (5) Other Expenses (Identify separately).

b. For each category identified in Item 36a, the schedule should include the date of each transaction, check number or other document reference, the vendor, the hours worked, the rates per hour, amount, a description of the services performed, and the account number in which the expenditure was recorded. Provide copies of contracts or other documentation that support charges incurred in the preparation of this case. Identify any costs incurred for this case that occurred during the base period.

c. An itemized estimate of the total cost to be incurred for this case. Expenses should be broken down into the same categories as identified in Item 36a, with

an estimate of the hours to be worked and the rates per hour. Include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

d. Provide monthly updates of the actual costs incurred in conjunction with this rate case, reported in the manner requested in Items 36a and 36b, and a cumulative total of cost incurred to date for each category. This information should also include an updated estimate of the total cost incurred for this case. Following the public hearing, the Commission will establish a specific deadline for Kentucky-American to provide its final update. The final update of the actual costs incurred in conjunction with this rate case should include copies of any invoices or other documentation that support charges incurred in the preparation of this rate case. If necessary, provide an itemized estimate of remaining costs to be incurred for this case as of that date, and include a detailed explanation of how the estimate was determined, along with all supporting workpapers and calculations.

37. Provide expense adjustment calculations for Kentucky-American's water loss in excess of 15 percent using the same methodology as the final Order in Case No. 2025-00122 in Excel spreadsheet format with all formulas, columns, and rows unprotected and fully accessible.²

² Case No. 2025-00122, Dec. 16, 2025 final Order at 32–38.

Linda Bridwell

AP

Linda C. Bridwell, PE
Executive Director
Public Service Commission
211 Sower Blvd.
Frankfort, KY 40601-8294

DATED APR 29 2026

cc: Parties of Record

Case No. 2026-00094

Certain Deferred Credits and Accumulated Deferred Income Taxes*
As of _____

Line No.	Account No.	Description
		Customers' Advances for Construction
		Contributions in Aid of Construction
		Investment Tax Credits:
		Pre 1971 3% Credit
		1971 4% Credit
		1975 6% Additional Credit
		1981 10% Credit on Recovery Property
		ITC Tax Benefits Sold
		Deferred Income Taxes:
		Accelerated Amortization
		Liberalized Depreciation
		ACRS Tax Benefits Sold
		Other (Specify and list separately)
		Other (Specify and list separately)

*Also provide the ITC option elected in 1971 and 1975 under Section 46(f) of the 1954 Internal Revenue Code.

Adjusted Jurisdictional ____ Federal and ____ State Income Taxes*
For the 12 Months Ended _____

AT CURRENT RATES

Line No.	Description	Unadjusted (1)	Adjustments (2)	Adjusted (3)	<u>At Proposed Rates</u>	
					Adjustments (4)	Adjusted (5)
1	Operating Income Before Income Taxes	\$	\$	\$	\$	\$
2	Reconciling Items					
3	Interest Charges					
4	Tax Accelerated Depreciation					
5	Book Depreciation	_____	_____	_____	_____	_____
6	Excess of Tax Over Book Depreciation					
7	Other Reconciling Items (Specify and List)	_____	_____	_____	_____	_____
8	Total Reconciling Items					
9	Taxable Income	_____	_____	_____	_____	_____
10	Income Tax Rates:					
11	\$ _____ @ ____%					
12	\$ _____ @ ____%					
13	\$ _____ @ ____%					
14	\$ _____ @ ____%					
15	Over \$ _____ @ ____%	_____	_____	_____	_____	_____
16	Federal (State) Income Tax Liability	_____	_____	_____	_____	_____

*Separate schedules should be completed for the federal and state calculation.

Adjusted Jurisdictional ____ Federal and ____ State Income Taxes*
For the 12 Months Ended _____
At Current Rates

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
17	Investment Tax Credits	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
18	Federal (State) Income Taxes – Current	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>	<u>\$ _____</u>
19	Deferred Income Taxes					
20	Tax Accelerated Depreciation					
21	Tax Straight-Line Depreciation	_____	_____	_____	_____	_____
22	Excess of Accelerated Over Straight-Line Depreciation					
23	Deferred Income Tax @ _____%					
24	Amortization of Prior Years Deferred Income Taxes	_____	_____	_____	_____	_____
25	Net Deferred Income Taxes Resulting from Depreciation					
26	Investment Tax Credit Deferred					
27	Amortization of Prior Years I.T.C.	_____	_____	_____	_____	_____

*Separate schedules should be completed for the federal and state calculation.

Adjusted Jurisdictional ____ Federal and ____ State Income Taxes*
For the 12 Months Ended _____

Line No.	Description	At Current Rates			At Proposed Rates	
		Unadjusted (1)	Adjustments (2)	Adjusted (3)	Adjustments (4)	Adjusted (5)
28	Investment Tax Credit - Net	\$	\$	\$	\$	\$
29	Other Tax Deferrals (Specify and List Separately)	_____	_____	_____	_____	_____
30	Total Deferred Income Taxes	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
31	Total Federal (State) Income Taxes (18 + 30)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>

*Separate schedules should be completed for the federal and state calculation.

Kentucky-American
Case No. 2026-00094

Schedule 14a

Construction Projects
For 10 years ended December 31, _____

Annual Actual Cost	Annual Original Budget	Variance In Dollars	Variance As Percent	Percent Of Budget	Total Actual Project Cost	Total Budget Project Cost	Variance In Dollars	Date Original Budget Start	Date Original Budget End	Date Actual Start	Date Actual End
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Calculation of Capital Construction Project Slippage Factor

Source: Schedule 14a – Construction Projects

Year	Annual Actual Cost	Annual Original Budget	Variance in Dollars	Variance as Percent	Slippage Factor
Totals					
10 Year Average Slippage Factor (Mathematic Average of the Yearly Slippage Factors / 10 years)					

The Annual Actual Cost, Annual Original Budget, Variance in Dollars, and Variance as Percent are to be taken from Schedule 14a. Total all projects for a given year.

The Slippage Factor is calculated by dividing the Annual Actual Cost by the Annual Original Budget. Calculate a Slippage Factor for each year and the Totals line. Carry Slippage Factor percentages to 3 decimal places.

Construction Work in Progress
As of _____

Line No. (A)	Project No. (B)	Description of Project (C)	Accumulated Costs			Total Cost (G=D+E+F)	Estimated Physical Percent Completed (H)
			Construction Amount (D)	Indirect AFDUC Capitalized (E)	Costs Other (F)*		
			\$	\$	\$	\$	\$

TOTAL

*Explain the nature of all other indirect costs in footnotes.

Construction Work in Progress - Percent Complete*
As of _____

Line No. (A)	Project No. (B)	Date Construction Work Began (C)	Estimated Project Completion Date (D)	Percent of Elapsed Time (E)	Original Budget Estimate (F)	Most Recent Budget Estimate (G)	Total Project Expenditures (H)	Percent of Total Expenditures (I)=H÷G
					\$	\$	\$	

*Should be based on expenditures including AFUDC.

Gross Additions, Retirements, and Transfers
From _____ To _____

Data: ___ Base Period ___ Forecasted Period
Type of Filing: ___ Original ___ Updated ___ Revised
Workpaper Reference No(s): _____

Schedule 17
Page 1 of 1
Witness Responsible: _____

Line No.	Acct. No. Account Title Balance	Beginning Balance	Additions	Retirements	Transfers/Reclassifications		Ending
					Amount	Explanation of Transfers Other Accounts Involved	
		\$	\$	\$	\$		\$

Leased Property
(Total Company)
As of _____

Identification or Reference Number	Description of Type and Use of Property	Name of Lessee	Frequency of Payment	Amount of Lease Payment	Dollar* Value of Property Involved	Explain Method of Capitalization
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Kentucky-American
Case No. 2026-00094

Schedule 19

Property Held for Future Use Included in Rate Base
As of _____

Line No.	Description and Location of Property	Acquisition Date	Original Cost	Accumulated Depreciation	Net Original Cost	Revenue Realized			Expenses Incurred		
						Amount	No.	Description	Amount	No.	Description

Kentucky-American
Case No. 2026-00094
Monthly Payroll Variance Analysis
As of _____

Date	Employee Group	<u>Monthly Budget</u>			<u>Monthly Actual</u>			<u>Variance Percent</u>		
		Reg.	OT	Total	Reg.	OT	Total	Reg.	OT	Total

Service List for 2026-00094

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

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

* Emily Bytnar
Kentucky-American Water Company
2300 Richmond Road
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* Honorable Lindsey W Ingram, III
Attorney at Law
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