

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC JOINT APPLICATION OF BLACK)	
MOUNTAIN UTILITY DISTRICT AND KENTUCKY-)	
AMERICAN WATER COMPANY FOR THE)	CASE NO.
TRANSFER OF CONTROL AND ASSETS)	2026-00097

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 June 5, 2026. The Commission directs Kentucky-American to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

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

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

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

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

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

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

1. Refer to the Joint Application, page 3, paragraph 9. Refer also to Kentucky-American's Notice of Intent to file an Application for a General Adjustment of Rates.²

² Case No. 2026-00094, *Electronic Application of Kentucky-American Water Company for an Adjustment of Water Rates, Notice of Intent to File an Application for an Adjustment of Water Rates Using Electronic Filing Procedures* (filed Apr. 15, 2026) at 2.

a. Provide an explanation for why Black Mountain Utility District's (Black Mountain District) current customers' rates should be immediately amended to match Kentucky-American's rates.

b. Explain what benefits arise from moving Black Mountain District's current customers' rates to Kentucky-American's rates before Kentucky-American's next base rate proceeding.

2. Explain whether Kentucky-American has had any appraisals performed of Black Mountain District's water utility assets.

a. If none have been performed, explain whether it has been discussed and, if so, when Kentucky-American plans to have the property appraised.

b. If Kentucky-American does not intend to perform an appraisal, explain why not.

3. Provide the net book value for each of Black Mountain District's water utility assets being transferred to Kentucky-American. If the net book value of Black Mountain District's water utility assets is less than the purchase price as proposed in the Asset Purchase Agreement, explain whether Kentucky-American plans to recover, in its next base rate case, an acquisition premium for the purchase of Black Mountain District's water service territory.

4. Refer to the Joint Application, Exhibit 1 at Article 6.10, where the Joint Applicants state that Kentucky-American will invest no less than \$20.9 million in capital and labor investments to the system within the first five years of Kentucky-American ownership. Provide a breakdown of the calculation, workpapers, or engineering

assessment used to arrive at the \$20.9 million of capital and labor investments. Include in this breakdown the projected cost for each project.

5. Refer to the Joint Application, Exhibit 1, generally. Provide a copy of each schedule that was mentioned and omitted from the Asset Purchase Agreement that is applicable to the proposed transaction, as they become available.

6. Refer to the Joint Application, Paragraph 4. Assuming approval of the transfer of assets, provide a comparison of the current rates charged by Black Mountain District and the rates proposed to be charged by Kentucky American for each customer class upon closing of the transfer.

7. Refer to the Joint Application, Exhibit 1, Recitals. Explain if Kentucky American intends to rehabilitate any of Black Mountain District's non-operational water treatment facilities.

8. Refer to the Joint Application, Exhibit 1, Schedule 3.13, item 3. Provide Kentucky American's 2025 monthly Unaccounted-for Water Loss (Water Loss) data, including total water purchased, total water produced, internal water usage, and water sold.

9. Refer to the Joint Application, Exhibit 1, Schedule 3.15 at unnumbered page 67 of 77. Refer also to the Direct Testimony of John Watkins (Watkins Direct Testimony) in Case No. 2026-00094³ at 16, where Kentucky-American states that the negotiated purchase price for Black Mountain District is approximately \$1.2 million. Reconcile the

³ Case No. 2026-00094, *Electronic Application of Kentucky-American Water Company for an Adjustment of Rates, Approval of System Improvement Program, and Tariff Changes*.

agreed-upon value of the purchase price of Black Mountain District's system. Further, provide the calculation showing the decrease in the purchase price.

10. Refer to Case No. 2023-00202⁴ generally. Explain whether Kentucky-American will receive Black Mountain District's surcharge funds as part of the transfer. If so, explain whether Kentucky-American plans to utilize these funds for improvements to Black Mountain District's systems. If not, explain why not.

11. Refer to PSC Letter Filing IC Memo and Attendance List into the Record (filed May 8, 2026). Provide the Kentucky-American welcome packet that it plans to send to Black Mountain District's customers if the transfer is approved.

12. Provide a brief overview of the benefits customers will receive from taking service under Kentucky-American.

13. Provide documentation of any communications between the Joint Applicants and the Energy and Environment Cabinet (EEC) or Division of Water (DOW) regarding the Joint Application.

14. Describe any efficiencies the transfer creates within the Kentucky-American water system.

⁴ Case No. 2023-00202, *Electronic Filing of Black Mountain Water District Unaccounted For Water Loss Reduction Plan, Surcharge And Monitoring*.

Linda Bridwell RP

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DATED **MAY 27 2026**

cc: Parties of Record

Case No. 2026-00097

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