

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED

In the Matter of:
APPLICATION OF WATER SERVICE)
CORPORATION OF KENTUCKY FOR AN)
ADJUSTMENT OF RATES)

MAR 30 2011
PUBLIC SERVICE
COMMISSION
Case No. 2010-00478

ATTORNEY GENERAL'S
REQUEST FOR INFORMATION TO
WATER SERVICE CORPORATION OF KENTUCKY

The Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention, submits this Request for Information to Water Service Corporation of Kentucky to be answered by the date specified in the Commission's Order of Procedure, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate request item will be deemed a satisfactory response.
- (2) Please identify the witness who will be prepared to answer questions concerning each request.
- (3) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response and the time of any hearing conducted hereon.

(4) If any request appears confusing, please request clarification directly from the Office of Attorney General.

(5) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(6) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout which would not be self evident to a person not familiar with the printout.

(7) If the Applicant has an objection to any request on the grounds that the requested information is proprietary in nature, or for any other reason, please notify the Office of the Attorney General as soon as possible.

(8) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(9) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts

thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other

forms of communication are recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) Please provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response. With regard to Mr. Baryenbruch's testimony in other proceedings (sought through OAG 1 – 20, sub-part e), the Applicant may elect to provide the Office of the Attorney General the information in electronic format in a pdf file.

Respectfully submitted,

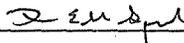
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Notice Regarding Filing and Certificate of Service

Counsel certifies that an original and ten copies of this Request for Information were served and filed by hand-delivery to Jeff Derouen, Executive Director, Public Service Commission, 211 Sower Boulevard, Frankfort, Kentucky 40601. A copy was served on the Applicant (the only other party of record) by United States Mail, first-class, postage-prepaid, to John N. Hughes, 124 West Todd Street, Frankfort, Kentucky 40601. A copy of the request in electronic format (a Word document) was sent to Applicant by e-mailing the file to John N. Hughes. The filing and service took place on 30th day of March, 2011.



Assistant Attorney General

**Attorney General's
Request for Information to
Water Service Corporation of Kentucky**

1. Please explain how WSCK removes or otherwise prevents the wastewater contract operations from impacting the test period upon which rates for water service are set. (Specifically, identify each adjustment and/or action taken.)
2. Please explain how WSCK monitors (or otherwise reviews) cost allocations from the service company affiliate and include in the narrative a discussion of the steps taken by WSCK to control or otherwise minimize service company cost allocations (for both direct charges as well as the allocation of service company overhead).
3. Please identify the members of WSCK's board of directors.
4. For each member of the WSCK board of directors
 - a. Indicate whether the director also serves as a director or an officer of Utilities, Inc., or a Utilities, Inc., subsidiary; and,
 - b. If applicable, identify the corresponding affiliate and position held.
5. Please identify the officers of WSCK.
6. Reference: WSCK Annual Report to the Kentucky Public Service Commission for the period ending 31 December 2009. Please provide the following.
 - a. Explain the decrease in Customer Deposits from \$65,955 for the Previous Year to \$24,825 as of 31 December 2009.
 - b. Please identify the Customer Deposit amounts for the following dates: (i) 30 September 2010; and (ii) 31 December 2010.
 - c. Explain any increase or decrease in the Customer Deposit amount during the test period.
7. Reference: Application, Item Number 30 of the Application states "an operating budget is not prepared by the company." Item 4 of WSCK's Response to the PSC Staff's First Request for Information (hereinafter WSCK Response PSC 1 - 4) identifies a process flow "Income Statement Budget Creating and Approval." With regard to this information, please answer the following.
 - a. Does Utilities, Inc., prepare an operating budget or an "income statement budget" for WSCK? If yes, then please provide the current budget. If no, then explain why not.
 - b. Does Water Service Corporation prepare an operating budget or an "income statement budget" for WSCK? If yes, then please provide the current budget. If no, then explain why not.

- c. Is an operating budget or an "income statement budget" prepared for the Midwest Region? If yes, then (i) identify who prepares the budget; (ii) provide a copy of the current budget; and (iii) indicate whether the budget is prepared following the process flow depicted on page 54 of the Business Rules and Process.
8. Reference: WSCK Response PSC 1 – 4 (Business Rules and Processes, VII. Capital Projects, 1.1 CP-01P: Capital Projects Initial Budget Creation, page 92). Please answer the following.
 - a. Is there a capital projects budget for WSCK? If yes, then who creates it and thereafter approves it? If no, then why not?
 - b. Does the Income Statement Budget Creation/ Approval by the Executive Team uniquely identify capital projects for WSCK? If yes, then please explain how. If no, then please explain why not.
 - c. The Business Rules and Process for capital projects includes the term "Project Owner" (page 105). Please identify the Project Owner(s) for WSCK capital projects from 1 January 2009 until 31 March 2011. If there were no capital projects within this time frame, then please identify the individual(s) who would have served as Project Owner(s) had there been capital projects.
9. Reference, WSCK Response PSC 1 – 4 (Business Rules and Processes, 1.10 AP-10P: Expense Reimbursement, page 81). Please answer the following. Identify the "Supervisor" for Approval and Distribution of non-HR-Related expenses.
10. Please provide a schedule for the outside consulting fees paid during the test period and for the post-test year to date.
11. Please provide a narrative that identifies and explains any divestitures made by Utilities, Inc., since 1 January 2009.
12. With regard to any divestitures by Utilities, Inc., please explain the impact on the calculation and application of the ERC factor used in allocating certain service company expenses.
13. Reference: Application, Exhibit 4 W/p[b-1]. The full-time employee head count decreased from 446 as of 31 October 2009 to 400 as of 30 September 2010. Please explain the reason for the decrease, and, if the decrease during the period is in whole or part due to a divestiture of operations by Utilities, Inc., then please provide an updated schedule that depicts the full-time employee head count by month "as if" the divestiture had occurred prior to 31 October 2009.
14. Reference: Application. Exhibit 4 w/p [b] and w/p [b-2]. Please confirm that "Sup 2" per w/p [b-2] is the Regional Vice President and explain why the

Percentage Allocated amount of 6.56% differs from the 21.57% factor corresponding to "Sup 1."

15. Reference: Reference: Application, Exhibit 15 (Income Statement for Twelve Months Ending September 30, 2010. Please provide the following.
 - a. All vouchers or charge documentation for 5180 Memberships;
 - b. All vouchers or charge documentation for 5815 Penalties/Fines;
 - c. All vouchers or charge documentation for 5825 Other Misc Expe;
 - d. All vouchers or charge documentation for 5780 Miscellaneous Ex;
 - e. Explain the charges for 5855 Answering Servi and how these amounts are necessary for the provision of reasonable water service;
 - f. All vouchers or charge documentation for 5870 Holiday Events/;
 - g. All vouchers or charge documentation for 5890 Publ Subscripti;
 - h. All vouchers or charge documentation for 6180 Travel Expense;
 - i. All vouchers or charge documentation for 6190 Travel Airfare;
 - j. All vouchers or charge documentation for 6195 Travel Transport;
 - k. All vouchers or charge documentation for 6200 Travel Meals;
 - l. All vouchers or charge documentation for 6205 Travel Entertai.; and
 - m. All vouchers or charge documentation for 6390 Weather/Hurrica.

16. Reference: WSKK Response PSC 1 – 11. Sub-part c indicates, in terms of the employer retirement contribution rate, "This rate is determined at the end of the year by the Board of Directors." With regard to this statement, please answer the following.
 - a. Please identify the corresponding corporate entity for this Board of Directors. (Is it the WSKK Board of Directors? If no, then who?)
 - b. Notwithstanding the prior request, explain the role that the WSKK's Board of Directors plays in determining the compensation of employees who provide service in Kentucky.

17. Reference: WSKK Response PSC 1 – 19. Please provide a summary of the "Customer service reorganization" noted in 2010. Include in the explanation the reasons why the Corporate HQ employees grew from 64 in 2009 to 90 in 2010 and, for any new employee added since 1 January 2009, provide, by employee (although the name may be redacted in favor of a separate, unique identifier):
 - a. The date of hire; and
 - b. The corresponding job description.

18. Reference: WSKK Response PSC 1 – 19. For each employee who left Utilities, Inc., or who was promoted (or reclassified) since 1 January 2009, provide, by employee (although the name may be redacted in favor a separate, unique identifier):
 - a. The date of termination or promotion;

- b. For new hires, the corresponding job description;
 - c. For individuals who were promoted (or reclassified), (i) the corresponding job description for the position left, and (ii) the corresponding job description for the new job; and
 - d. For each separation, promotion, or reclassification, by employee, identify whether the change was due to (i) retirement, (ii) promotion, (iii) reclassification, or (iv) other (which includes both voluntary and involuntary separations).
19. For WSCK, what was the average monthly cost of billing a residential customer during the test period?
20. With regard to the average monthly cost of billing a residential customer during the test period, how did this cost compare to the average monthly cost of billing a residential customer in the other jurisdictions sharing a Region (within Utilities, Inc.) with WSCK
21. Reference: Application, Direct Testimony of Patrick Baryenbruch. Please provide the following.
- a. A schedule listing, for the period beginning 1 January 2007 to the present, each (i) jurisdiction in which Mr. Baryenbruch has provided testimony, (ii) the docket number for each proceeding in which Mr. Baryenbruch has provided testimony, (iii) the corresponding final order for the docket (and if there is no final order, indicate the procedural status of the proceeding), and (iv) the name of the client;
 - b. Provide a copy of the request for proposal or other document through which Mr. Baryenbruch's assistance was sought;
 - c. Provide a copy of Mr. Baryenbruch's proposal;
 - d. Provide a copy of the contract with Mr. Baryenbruch;
 - e. Provide a copy of each testimony that Mr. Baryenbruch has submitted since 1 January 2007. (With regard to providing the information to the Office of the Attorney General) Each testimony may be submitted in a pdf file;
 - f. Please provide a copy of Mr. Baryenbruch's work-papers for his testimony.
 - g. With regard to Mr. Baryenbruch's participation in the "Massanutten PSC's" rate case (page 2 of Mr. Baryenbruch's testimony), please provide the same information for that proceeding sought by sub-parts b, c, and d of this request for information as well as a copy of the report or testimony that corresponds to Massanutten; and
 - h. Please indicate whether Mr. Baryenbruch has studied any other water utility operating within the Commonwealth of Kentucky. If yes, identify (i) the utility or utilities, and (ii) the docket number(s).

22. For the period beginning 1 January 2009 to the present, please identify any favorable tax benefit(s) available and/or realized associated with any provisions under the Federal Tax Code including but not limited to statutes and regulations concerning depreciation practices (for example, The Tax Relief Unemployment Insurance Reauthorization and Job Creation Act of 2010 or The Small Business Jobs Act of 2010).

23. Notwithstanding any prior request, please identify each capital project (and its corresponding cost) scheduled or anticipated to be completed, in process, or commenced during the period from 30 September 2010 until 31 December 2014 that is for the primary purpose of complying with a provision of the Safe Drinking Water Act (for example, a capital project necessary in order to meet Stage 2 of the Disinfectants and Disinfection By-products Rule).