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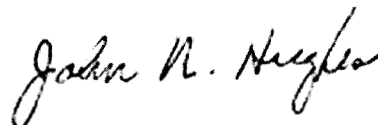
PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

Application of Water Service Corporation)
of Kentucky for an Adjustment of Rates) Case No. 2010-00476
)

SUPPLEMENTAL RESPONSE TO ORDER OF MAY 6, 2011

Water Service Corporation of Kentucky (WSCK), by counsel, submits its responses to the Commission's order of May 6, 2011, item 6(d), (e) and (f). This completes the responses to the order.

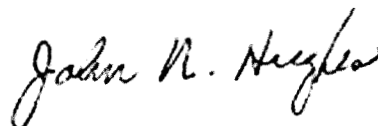


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Certificate of Service:

A copy of this response was mailed to David Spenard of the Attorney General's Office, 1024 Capital Center Dr, Frankfort, KY 40601 the 24th day of May, 2011.



John N. Hughes

**Water Service Corporation of
Kentucky
Case No. 2010-00476
PSC DR 3 Item 6**

6.
 - a. Provide all studies and analyses of salary and wage compensation that WSKY has conducted, commissioned, or used to determine the level of the wage increase that became effective on April 1, 2011.
 - b. Explain why, in light of present economic conditions, both locally and nationally, the wage increase that became effective on April 1, 2011 is reasonable and appropriate.
 - c. State the date on which employee wage increases in 2010 became effective.
 - d. Provide a schedule that lists each employee, his or her pay rate prior to the 2010 increase, his or her pay rate on the date that the 2010 wage increase became effective, and the percentage change in these pay rates.
 - e. Calculate the effect to WSKY's pro forma salary and wage expense if the employee wage increases granted in 2010 and the wage increase granted on April 1, 2011 are eliminated. Provide a detailed schedule by employee supporting WSKY's calculations. On the schedule, separately show the effect of removing each wage increase.
 - f. Provide the schedules requested in 6(d) and 6(e) in an electronic format that is capable of being viewed and manipulated with the use of Microsoft Excel

Response: Witness – Brian Shrake:

- d. Please see attached electronic files
- e. Please see attached electronic files
In 2009 and 2010 the company experienced high turnover and a large reorganization. Many positions were eliminated and others were consolidated. The company's net salary expense decreased in total; however individual salaries for certain employees may have increased. Additionally, internal promotions were utilized to fill vacant positions which also resulted in larger wage increases. The employees that were replaced in 2009 and 2010 would not be included in the calculation of pro forma salaries for 2011. The reorganization and promotions make a meaningful comparison difficult, and the company does not believe any relevant conclusions regarding salary increases can be drawn from the comparison requested.
- f. Please see attached electronic files