

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

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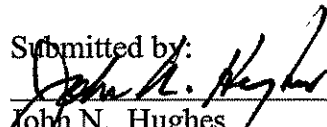
PUBLIC SERVICE
COMMISSION

Application of Water Service Corporation)
of Kentucky for an Adjustment of Rates) Case No. 2005-00325
)

**WATER SERVICE CORPORATION OF KENTUCKY RESPONSE TO
COMMISSION STAFF'S THIRD INFORMATION REQUEST**

Water Service Corporation of Kentucky (WSCK), by counsel, files the attached responses to the Commission's third data request.

Submitted by:



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Corporation of Kentucky

Certificate of Service:

A copy of this Response was delivered to David Spenard of the Attorney General's Office, 1024 Capital Center Dr, Frankfort, KY 40601 the 24th day of May, 2006.



John N. Hughes

COMMISSION STAFF'S THIRD INFORMATION REQUEST

- 1) Refer to Water Service's supplemental response to Commission Staff's Second Data Request, Item 4, Schedules B and C.
 - a) Water Service increases depreciation expense by \$62,165 but proposes to decrease accumulated depreciation by \$529,625. Provide a detailed explanation for the difference between the two depreciation adjustments.
 - b) Using the depreciation lives filed on November 3, 2005, Water Service recalculated accumulated depreciation and depreciation expense. Provide a similar schedule supporting the \$62,165 increase to depreciation expense and the \$529,625 reduction to accumulated depreciation.

Response: Depreciation expense is increased for the pro forma plant the Company proposes in its case. Please see the enclosed workpapers totaling the test year depreciation expense of \$240,279.52. The additional \$5,239 is allocated depreciation from WSC. Please see the allocation book provided in previous data responses. Accumulated depreciation is the proposed depreciation expense adjustment, plus the removal of the proposed retirements. The Company has proposed plant retirements in addition to plant additions. When the plant is retired (credited), accumulated depreciation must be retired (debited) to remove both the plant and accumulated depreciation effect. Please see the calculation below for the proposed accumulated depreciation adjustment:

GL plant additions depreciation expense	\$10,468.11
Pro forma plant additions depreciation expense	\$17,124.00
Cap time additions depreciation expense	\$2,149.39
Pro forma plant retirements	<u>(\$559,367)</u>
Total	(\$529,625)

The Company has also included its retirements workpaper for reference.

WATER SERVICE CORPORATION OF KENTUCKY
 General Ledger Plant Additions

w/p [1]

<u>Account Number</u>	<u>Description</u>	<u>Invoiced Additions through July</u>	<u>Estimated Additions from August through December</u>	<u>Total Additions (Invoiced and Estimated)</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>
3043021	Structures & Improvements (Pump Plt)	788.67	563.34	1,352.01	3.13%	42.32
3113025	Electric Pumping Equipment	3,353.93	2,395.66	5,749.59	5.00%	287.48
3204032	Water Treatment Equipment	143.83	102.74	246.57	4.55%	11.22
3305042	Distrib. Reservoirs & Standpipes	409.75	292.68	702.43	2.70%	18.97
3315043	Transmission & Distribution Mains	1,852.45	1,323.18	3,175.63	2.33%	73.99
3335045	Service Lines	3,644.28	2,603.06	6,247.34	2.50%	156.18
3345046	Meters	10,769.67	7,692.62	18,462.29	5.00%	923.11
3355048	Hydrants	1,385.19	989.42	2,374.61	2.22%	52.72
3406090	Office Structures & Improvements	263.94	188.53	452.47	2.50%	11.31
3406091	Office Furniture & Equipments	318.00	227.14	545.14	6.67%	36.36
3446095	Laboratory Equipment	397.60	284.00	681.60	6.67%	45.46
3466094	Tools, Shop, & Misc Equipment	77,042.03	55,030.02	132,072.05	6.25%	8,254.50
3406020	Mini Computers	1,814.48	1,296.06	3,110.54	16.67%	518.53
3406120	Micro Sys Cost	125.82	89.87	215.69	16.67%	35.96
	Total	102,309.64	73,078.31	175,387.95		10,468.11

WATER SERVICE CORPORATION OF KENTUCKY
 Pro Forma Plant to be Included in Rate Case

w/p [U]

Project Description	Costs through Jul-05	Additional Cost to Complete	Total Cost of Project	Estimated Date of Completion	W/O Number	Database Number	Project Status	Retirement	Net Cost of Project	Depreciation Rate	Depreciation Expense
Replace 100 year old clear well tank (engineering)	\$ 1,113	\$ 32,958	\$ 34,070	Dec-05	160-0162-115-05-01	669	Open	\$ 25,553	\$ 8,518	3.33%	\$ 284
Replace 100 year old clear well tank (generator)	-	56,784	56,784	Dec-05	160-0162-115-05-01	669	Open	42,588	14,196	3.33%	473
Replace 100 year old clear well tank (building and site work)	-	63,598	63,598	Dec-05	160-0162-115-05-01	669	Open	47,699	15,900	3.33%	529
Replace 100 year old clear well tank (electrical)	-	39,749	39,749	Dec-05	160-0162-115-05-01	669	Open	29,812	9,937	3.33%	331
Replace 100 year old clear well tank (bolted steel clear well)	-	111,853	111,853	May-06	160-0162-115-05-01	669	Open	83,890	27,963	3.33%	931
Replace 100 year old clear well tank (stainless steel aerator)	-	28,392	28,392	May-06	160-0162-115-05-01	669	Open	21,294	7,098	3.33%	236
Replace 100 year old clear well tank (high service booster pumps)	-	28,392	28,392	May-06	160-0162-115-05-01	669	Open	21,294	7,098	3.33%	236
Replace 100 year old clear well tank (telemetering and piping)	-	56,784	56,784	Dec-05	160-0162-115-05-02	2686	Open	42,588	14,196	3.33%	473
Rebuild 100 meter base settings	18,744	29,048	47,792	Dec-05	160-0170-115-05-02	2686	Open	35,844	11,948	3.33%	398
Avondale project	19,607	-	19,607	Jun-05	160-0170-115-02-02	898	Completed	-	19,607	4.55%	892
Install filter rewash valves	50,416	-	50,416	Jun-05	160-0170-115-04-02	682	Completed	-	50,416	4.55%	2,292
Rebuild 100 meter base settings	14,641	13,805	28,446	Nov-05	160-0170-115-05-01	1714	Open	21,335	7,112	5.00%	356
Replace 10% of WSK's water meters	23,698	8,570	32,268	Nov-05	160-0170-115-05-02	2685	Open	24,201	8,067	5.00%	403
Replace 2" water main at 42nd St and Winchester Ave	102	28,693	28,794	Dec-05	160-0170-115-05-03	2678	Open	21,596	7,199	2.33%	168
Looping 6" main at 35th St and Dorchester Ave	1,990	20,315	22,304	Dec-05	160-0170-115-05-04	2679	Open	-	22,304	2.33%	520
Replace 100 year old clear well tank (high service booster pumps)	6,465	17,345	23,810	Dec-05	160-0170-115-05-05	2680	Open	-	23,810	2.33%	555
Replace valve actuators in pipe gallery	-	48,000	48,000	Dec-05	-	2689	Open	36,000	12,000	4.55%	545
Resurface WTP driveway	-	12,500	12,500	Sep-05	-	2675	Open	9,375	3,125	3.13%	98
Replace filter backwash troughs	-	52,475	52,475	Aug-05	-	2672	Submitted	39,356	13,119	4.55%	597
Install generators @ 3 mgd surface at WTP	-	131,400	131,400	Dec-05	-	2583	Submitted	-	131,400	5.00%	5,979
Replace filter pump starters and plain electrical panel	-	9,500	9,500	Dec-05	-	2674	Capital planning	7,125	2,375	5.00%	119
CL17 free chlorine process analyzer	-	2,453	2,453	Dec-05	-	-	Capital planning	1,839	613	4.55%	28
Lab airtex, 6 paddle, 120 vac	-	2,238	2,238	Dec-05	-	-	Capital planning	1,164	2,238	6.67%	149
Laboratory turbidimeter	-	1,553	1,553	Dec-05	-	-	Capital planning	3,990	388	6.67%	26
KTO: Dr 5000 Spectro	-	5,320	5,320	Dec-05	-	-	Capital planning	41,250	1,330	4.55%	61
Replace building roof in Middleboro	-	55,000	55,000	Dec-05	-	-	Capital planning	1,575	13,750	3.13%	430
Repair/replace building roof in Clinton	-	2,100	2,100	Dec-05	-	-	Capital planning	-	525	3.13%	16
TOTAL	\$ 136,774	\$ 801,723	\$ 938,497						\$ 436,231		\$ 17,124

Note: Project 669 has been broken out into eight separate components. Four of these components are expected to be completed by the estimated hearing date.

WATER SERVICE CORPORATION OF KENTUCKY
 Capitalized Time Additions for Projects

w/p [m]

<u>Account Number</u>	<u>Description</u>	<u>Capitalized Time through July 2005</u>	<u>Estimated Additions from August through December</u>	<u>Total Additions (Invoiced and Estimated)</u>	<u>Depreciation Rate</u>	<u>Depreciation Expense</u>
3113025	Electric Pumping Equipment	171.00	122.14	293.14	5.00%	14.66
3204032	Water Treatment Equipment	1,311.00	936.43	2,247.43	4.55%	102.26
3305042	Distrib. Reservoirs & Standpipes	514.50	367.50	882.00	2.70%	23.81
3315043	Transmission & Distribution Mains	20,320.50	14,514.64	34,835.14	2.33%	811.66
3335045	Service Lines	2,451.00	1,750.71	4,201.71	2.50%	105.04
3345047	Meter Installations	12,739.50	9,099.64	21,839.14	5.00%	1,091.96
	Total	<u>37,507.50</u>	<u>26,791.07</u>	<u>64,298.57</u>		<u>2,149.39</u>

WATER SERVICE CORPORATION OF KENTUCKY
 Plant Restatement
 Through Complete Rate Case

w/p (p)

Plant Ac. Acquisition	Year Placed in Service	Date Acq.	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Depreciation Expense	Fully Deprac.
			Total							
3036010	1981	1/1/1981	3,257.48		24.5	0.0%	-	3,257.48	-	No
3086010	1981	1/1/1981	596.00		24.5	0.0%	-	596.00	-	No
3036010	1981	1/1/1981	1,234.50		24.5	0.0%	-	1,234.50	-	No
3043021	1985	1/21/1985	13,478.20		20.5	3.1%	8,634.47	4,843.73	421.19	No
3044031	1985	1/21/1985	185,476.30		20.5	3.1%	118,820.75	66,655.55	5,796.13	No
3043021	1985	1/21/1985	2,641.38		20.5	3.1%	1,692.13	949.25	82.54	No
3044031	1985	1/21/1985	6,336.72		20.5	3.1%	4,059.46	2,277.26	198.02	No
3072014	1985	1/21/1985	30,123.53		20.5	3.3%	20,584.41	9,539.12	1,004.12	No
3113025	1985	1/21/1985	194,242.01		20.5	5.0%	194,242.01	-	-	Yes
3113025	1985	1/21/1985	25,622.80		20.5	5.0%	25,622.80	-	15,190.44	Yes
3204032	1985	1/21/1985	334,189.62		20.5	4.5%	311,403.96	22,785.66	-	Yes
3204032	1985	1/21/1985	13,680.34		20.5	4.5%	12,747.59	932.75	621.83	No
3204032	1985	1/21/1985	10,164.72		20.5	4.5%	9,471.67	693.05	462.03	No
3305042	1985	1/21/1985	312,686.93		20.5	2.7%	173,245.46	139,441.47	8,451.00	No
3305042	1985	1/21/1985	125,585.14		20.5	2.7%	69,580.96	56,004.18	3,394.19	No
3315043	1985	1/21/1985	2,264,076.47		20.5	2.3%	1,079,385.29	1,184,691.18	52,652.94	No
3315043	1985	1/21/1985	283,638.51		20.5	2.3%	135,232.55	148,425.96	6,596.71	No
3315043	1985	1/21/1985	40,452.80		20.5	2.3%	19,285.64	21,167.16	940.76	No
3335045	1985	1/21/1985	515,437.63		20.5	2.5%	264,161.79	251,275.84	12,885.94	No
3335045	1985	1/21/1985	78,560.82		20.5	2.5%	40,262.42	38,298.40	1,964.02	No
3345046	1985	1/21/1985	370,692.25		20.5	5.0%	370,692.25	-	-	Yes
3345046	1985	1/21/1985	70,195.28		20.5	5.0%	70,195.28	-	-	Yes
3345047	1985	1/21/1985	145,967.76		20.5	5.0%	145,967.76	-	-	Yes
3345047	1985	1/21/1985	19,188.32		20.5	5.0%	19,188.32	-	-	Yes
3355048	1985	1/21/1985	129,343.47		20.5	2.2%	88,923.14	40,420.33	2,874.30	No
3355048	1985	1/21/1985	21,885.34		20.5	2.2%	9,969.99	11,915.35	486.34	No
3466094	1997	7/31/1997	6,000.81		8.5	6.3%	3,187.93	2,812.88	375.05	No
3466094	1997	7/31/1997	677.84		8.5	6.3%	360.10	317.74	42.37	No
3466094	1997	7/31/1997	39,951.21		8.5	6.3%	21,224.08	18,727.13	2,496.95	No
3466094	1997	7/31/1997	18,022.24		8.5	6.3%	9,574.32	8,447.93	1,126.39	No
3466094	1997	7/31/1997	29,151.79		8.5	6.7%	16,519.35	12,632.44	1,943.45	No
3466094	1997	7/31/1997	34,478.84		8.5	6.3%	18,316.88	16,161.96	2,154.93	No
3466094	1997	7/31/1997	682.50		8.5	6.3%	362.38	319.92	42.66	No
3466097	1997	7/31/1997	33,033.68		8.5	10.0%	28,095.63	4,938.05	3,305.37	No
3466097	1997	7/31/1997	6,843.71		8.5	10.0%	5,817.15	1,026.56	684.37	No
3466094	1997	7/31/1997	12,226.94		8.5	6.3%	6,495.56	5,731.38	764.18	No
3466094	1997	7/31/1997	337.29		8.5	6.3%	179.19	158.10	21.08	No

Year Placed In Service	Date Acq.	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Depreciation Expense	Fully Deprec.
		Total							
3406091	1997	7/31/1997	25,347.95	8.5	6.7%	14,363.84	10,984.11	1,689.86	No
3406091	1997	7/31/1997	7,520.74	8.5	6.7%	4,261.75	3,258.99	501.38	No
3406091	1997	7/31/1997	20,637.80	8.5	6.7%	11,694.75	8,943.05	1,375.85	No
3406091	1997	7/31/1997	3,041.00	8.5	6.7%	1,723.23	1,317.77	202.73	No
3406091	1997	7/31/1997	854.21	8.5	6.7%	484.05	370.16	56.95	No
3404031	1997	7/31/1997	8,920.93	8.5	3.1%	2,369.62	6,551.31	278.78	No
3404031	1997	7/31/1997	18,713.80	8.5	3.1%	4,970.85	13,742.95	584.81	No
3406090	1997	7/31/1997	42,319.97	8.5	2.5%	8,992.99	33,326.98	1,058.00	No
3404031	1997	7/31/1997	117,894.63	8.5	3.1%	31,315.76	86,578.87	3,684.21	No
3404031	1997	7/31/1997	2,383.00	8.5	3.1%	632.98	1,750.02	74.47	No
3404031	1997	7/31/1997	454.00	8.5	3.1%	120.59	333.41	14.19	No
3406010	1997	7/31/1997	840.80	8.5	0.0%	-	840.80	-	No
3406010	1997	7/31/1997	6,853.00	8.5	0.0%	-	6,853.00	-	No
3036010	1997	7/31/1997	628.83	8.5	0.0%	-	628.83	-	No
3036010	1997	7/31/1997	1,025.44	8.5	0.0%	-	1,025.44	-	No
3036010	1997	7/31/1997	5,496.00	8.5	0.0%	-	5,496.00	-	No
3036010	1997	7/31/1997	112.00	8.5	0.0%	-	112.00	-	No
3917000	1997	7/31/1997	91,200.55	8.5	16.7%	91,200.55	-	-	Yes
3917000	1997	7/31/1997	23,193.71	8.5	16.7%	23,193.71	-	-	Yes
3917000	1997	7/31/1997	30,641.95	8.5	16.7%	30,641.95	-	-	Yes
3917000	1997	7/31/1997	3,289.00	8.5	16.7%	3,289.00	-	-	Yes
3917000	1997	7/31/1997	626.00	8.5	16.7%	626.00	-	-	Yes
3917000	1999	7/1/1999	23,723.00	6.5	16.7%	23,723.00	-	-	Yes
3917000	2000	12/1/2000	69,976.00	5.5	4.0%	15,394.72	54,581.28	2,799.04	Yes
3486096	2000	1/1/2000	21,601.00	5.5	16.7%	19,800.92	1,800.08	3,600.17	No
3917000	2000	3/1/2000	24,098.00	5.5	16.7%	22,089.83	2,008.17	4,016.33	No
3917000	2001	3/1/2001	32,326.00	4.5	16.7%	24,244.50	8,081.50	5,387.67	No
2011001	2002		102,864.30	3.5	2.5%	9,000.63	93,863.67	2,571.61	No
3041001	2002		36,282.69	3.5	2.5%	3,174.74	33,107.95	907.07	No
3044031	2002		1,346.14	3.5	3.1%	147.23	1,198.91	42.07	No
3072014	2002		2,564.66	3.5	3.3%	299.21	2,265.45	85.49	No
3113025	2002		1,677.65	3.5	5.0%	293.59	1,384.06	83.88	No
3305042	2002		1,404.00	3.5	2.7%	132.81	1,271.19	37.95	No
3315043	2002		2,185.53	3.5	2.3%	177.89	2,007.64	50.83	No
3335045	2002		3,140.44	3.5	2.5%	274.79	2,865.65	78.51	No
3345047	2002		4,413.36	3.5	5.0%	772.34	3,641.02	220.67	No
3406090	2002		957.00	3.5	5.0%	167.48	789.53	47.83	No
3406091	2002		337.36	3.5	2.5%	29.52	307.84	8.43	No
3446095	2002		1,090.57	3.5	6.7%	254.47	836.10	72.70	No
3466094	2002		884.16	3.5	6.7%	206.30	677.86	58.94	No
3466120	2002		18,242.95	3.5	6.3%	3,990.65	14,252.30	1,140.18	No
3466020	2002		2,108.99	3.5	16.7%	1,230.24	878.75	351.50	No
3917000	2002		3,671.16	3.5	16.7%	2,141.51	1,529.65	611.86	No
			25,878.91	3.5	16.7%	15,096.03	10,782.88	4,313.15	No
			6,172,970.35			3,646,026.91	2,526,943.44	162,986.44	
2003 Plant Additions	2003		13,462.48	2.5	3.1%	1,051.76	12,410.72	420.70	No
3044031	2003		1,618.50	2.5	3.1%	126.45	1,492.05	50.58	No
3072014	2003		5,470.00	2.5	3.3%	455.83	5,014.17	182.33	No
3113025	2003		32,835.42	2.5	5.0%	4,104.43	28,730.99	1,641.77	No
3204032	2003		17,543.28	2.5	4.5%	1,993.55	15,549.73	797.42	No
3305042	2003		16,661.01	2.5	2.7%	1,125.74	15,535.27	450.50	No
3315043	2003		41,952.37	2.5	2.3%	2,439.09	39,513.28	975.64	No
3335045	2003		26,709.77	2.5	2.5%	1,669.36	25,040.41	667.74	No
3345046	2003		4,795.80	2.5	5.0%	599.48	4,196.33	239.79	No
3345047	2003		9,455.75	2.5	5.0%	1,181.97	8,273.78	472.79	No
3355048	2003		6,200.92	2.5	2.2%	344.50	5,856.42	137.80	No
3406090	2003		17,592.84	2.5	2.5%	1,099.55	16,493.29	439.82	No
3406091	2003		2,191.35	2.5	6.7%	365.23	1,826.13	146.09	No

Year Placed in Service	Utility Plant in Service		Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Depreciation Expense	Fully Deprec.
	Date Acq.	Total						
3466094	2003	10,737.46	2.5	6.3%	1,677.73	9,059.73	671.09	No
3466097	2003	3,348.00	2.5	10.0%	837.00	2,511.00	334.80	No
3406020	2003	3,592.20	2.5	16.7%	1,496.75	2,095.45	598.70	No
3917000	2003	66,712.73	2.5	16.7%	27,796.97	38,915.76	11,118.79	No
3036010	2003	-	2.5	0.0%	-	-	-	Yes
3011001	2003	22,898.39	2.5	2.5%	1,431.15	21,467.24	572.46	No
	Subtotal	303,778.27			49,796.53	253,981.74	19,918.61	
2004 Plant Additions								
3042011	2004	1,000.00	1.5	3.1%	46.88	953.13	31.25	No
3043021	2004	797.48	1.5	3.1%	37.38	760.10	24.92	No
3044031	2004	256.20	1.5	3.1%	12.01	244.19	8.01	No
3072014	2004	2,509.50	1.5	3.3%	125.48	2,384.03	83.65	No
3113025	2004	126,329.50	1.5	5.0%	9,474.71	116,854.79	6,316.48	No
3204032	2004	122,260.43	1.5	4.5%	8,335.94	113,924.49	5,557.29	No
3305042	2004	9,867.00	1.5	2.7%	400.01	9,466.99	266.68	No
3315043	2004	37,080.26	1.5	2.3%	1,293.50	35,786.76	862.33	No
3335045	2004	17,986.84	1.5	2.5%	674.51	17,312.33	449.67	No
3345046	2004	13,894.14	1.5	5.0%	1,035.31	12,768.83	690.21	No
3345047	2004	18,268.50	1.5	5.0%	1,370.14	16,898.36	913.43	No
3355048	2004	100,639.60	1.5	2.2%	3,354.65	97,284.95	2,236.44	No
3406090	2004	-	1.5	2.5%	-	-	-	Yes
3406091	2004	-	1.5	6.7%	-	-	-	Yes
3466094	2004	6,180.58	1.5	6.3%	579.43	5,601.15	386.29	No
3466097	2004	-	1.5	10.0%	-	-	-	Yes
3406020	2004	2,901.96	1.5	16.7%	725.49	2,176.47	483.66	No
3917000	2004	55,831.70	1.5	16.7%	13,857.93	41,873.78	9,305.28	No
3036010	2004	-	1.5	0.0%	-	-	-	Yes
3011001	2004	1,945.82	1.5	2.5%	72.97	1,872.85	48.65	No
	Subtotal	517,639.51			41,449.45	475,210.06	27,632.97	
	Total	6,994,408.13			3,737,272.88	3,256,135.25	210,538.02	
Advances in Aid of Construction								
Common	1991	11,611.30	14.5	3.0%	5,067.90	6,543.40	349.51	No
Common	1993	1,938.50	12.5	3.0%	729.38	1,209.12	58.35	No
Common	1995	5,579.76	10.5	3.0%	1,763.54	3,816.22	167.96	No
Common	1995	22,218.75	10.5	3.0%	7,022.45	15,196.30	668.89	No
Common	1995	7,500.00	10.5	3.0%	2,370.45	5,129.55	225.76	No
Common	1997	8,730.50	8.5	3.0%	2,233.77	6,496.73	262.80	No
Common	1997	23,736.03	8.5	3.0%	6,073.05	17,662.98	714.48	No
Common	1999	10,148.14	6.5	3.0%	1,985.54	8,162.60	305.47	No
Common	2000	1,866.20	5.5	3.0%	308.96	1,557.24	56.17	No
Common	2000	11,617.18	5.5	3.0%	1,923.28	9,693.90	349.69	No
Common	2000	8,134.17	5.5	3.0%	1,346.65	6,787.52	244.85	No
	Subtotal	113,080.53			30,824.96	82,255.57	3,403.83	
	Total	113,080.53			30,824.96	82,255.57	3,403.83	
Contributions in Aid of Construction								
Common	1988	9,255.00	17.5	3.0%	4,875.22	4,379.78	278.58	No
Common	1990	19,145.65	15.5	3.0%	8,932.67	10,212.98	576.30	No
Common	1990	2,885.35	13.5	3.0%	1,346.20	1,539.15	86.85	No
Common	1992	38,770.04	13.5	3.0%	15,754.68	23,015.36	1,167.01	No
Common	1994	3,600.00	11.5	3.0%	1,246.18	2,353.82	108.36	No
Common	1997	592.40	8.5	3.0%	151.57	440.83	17.83	No
Common	1998	6,393.40	7.5	3.0%	1,443.35	4,950.05	192.45	No
Common	1998	3,543.75	7.5	3.0%	800.03	2,743.72	106.67	No

	Year Placed in Service	Date Acq.	Utility Plant in Service	Years in Service	Depr. Rate	Acc. Depr.	Net Plant	Depreciation Expense	Fully Deprec.
Comitron	1999	8/31/1999	Total 5,087.76	6.5	3.0%	995.45	4,092.31	153.15	No
		Subtotal	89,273.35			35,543.35	53,728.00	2,687.21	
<u>Contributions in Aid of Construction, 2003 Additions</u>									
Common	2003		(8,249.36)	2.5	3.0%	(620.78)	(7,628.58)	(248.31)	No
Common	2003		221.00	2.5	3.0%	16.63	204.37	6.65	No
		Subtotal	(8,028.36)			(604.15)	(7,424.21)	(241.66)	
		Total	81,244.99			34,941.19	46,303.80	2,445.55	

WATER SERVICE CORPORATION OF KENTUCKY
Retirements Made for Pro Forma Plant

w/p [k]

Project Description	Total Cost of Project	75% Water Retirement
Replace 100 year old clear well tank (engineering)	\$ 34,070	\$ 25,553
Replace 100 year old clear well tank (generator)	56,784	42,588
Replace 100 year old clear well tank (building and site work)	63,598	47,699
Replace 100 year old clear well tank (electrical)	39,749	29,812
Replace 100 year old clear well tank (bolted steel clear well)	111,853	83,890
Replace 100 year old clear well tank (stainless steel aerator)	28,392	21,294
Replace 100 year old clear well tank (high service booster pumps)	28,392	21,294
Replace 100 year old clear well tank (telemetry and piping)	56,784	42,588
Rebuild 100 meter base settings	47,792	35,844
Rebuild 100 meter base settings	28,446	21,335
Replace 10% of WSCK's water meters	32,268	24,201
Replace 2" water main at 42nd St and Winchester Ave	28,794	21,596
Replace valve actuators in pipe gallery	48,000	36,000
Resurface WTP driveway	12,500	9,375
Replace filter backwash troughs	52,475	39,356
Replace filter pump starters and plant electrical panel	9,500	7,125
CL17 free chlorine process analyzer	2,453	1,839
Laboratory turbidimeter	1,553	1,164
KTO: Dr 5000 Spectro	5,320	3,990
Replace building roof in Middlesboro	55,000	41,250
Repair/replace building roof in Clinton	2,100	1,575
	<u>\$ 688,722</u>	<u>\$ 559,367</u>

PSC Case No. 2005-00325

Witness: Weeks

- 2) Refer to Water Service's supplemental response to Commission Staff's Second Data Request, Item 10.
 - a) Provide an estimated date that the audited capital structure for the calendar year 2005 will be completed.
 - b) Calculated the impact the unaudited capital structure will have upon Water Service's requested rate of return of 9.12 percent and the revenue requirement. Include all calculations, workpapers, and assumptions used in this response.

Response: The audited capital structure is completed, and is the same capital structure as provided in the Company's supplemental response. Please see the enclosed workpapers showing the effect the 2005 capital structure has on the Company's request. However, if Staff is updating capital structure for 2005, it is necessary to update other components, such as income statement items as well. Staff should note that the Company's per books loss in 2004 was \$5,632.25, while in 2005 it was \$94,017.42, which must be taken into account.

	Per Restatement	Pro Forma Adjustments	Pro Forma Present	Proposed Increase	Pro Forma Proposed
Operating Revenues					
Service Revenues - Water	\$ 1,378,947	\$ (7,278) [i]	\$ 1,371,669	\$ 711,553 [a]	\$ 2,083,222
Service Revenues - Sewer	-		-		-
Miscellaneous Revenues	36,738		36,738		36,738
Uncollectible Accounts	(16,783)		(16,783)	(8,706) [b]	(25,490)
Total Operating Revenues	1,398,901	(7,278)	1,391,624	702,847	2,094,470
Maintenance Expenses					
Salaries and Wages	391,796	14,805 [c]	406,601		406,601
Purchased Power	42,517	2,346 [j]	44,863		44,863
Purchased Water	85,614	4,724 [j]	90,338		90,338
Maintenance and Repair	120,028	6,623 [j]	126,651		126,651
Maintenance Testing	16,320	901 [j]	17,220		17,220
Meter Reading	-	- [j]	-		-
Chemicals	79,315	4,377 [j]	83,691		83,691
Transportation	26,615	1,469 [j]	28,084		28,084
Operating Exp. Charged to Plant	(121,266)	(6,310) [k]	(127,576)		(127,576)
Outside Services - Other	18,261	1,008 [j]	19,268		19,268
Total	659,199	29,942	689,141	-	689,141
General Expenses					
Salaries and Wages	127,678	49,558 [c]	177,236		177,236
Office Supplies & Other Office Exp.	44,800	2,472 [j]	47,272		47,272
Regulatory Commission Exp.	-	39,384 [d]	39,384		39,384
Pension & Other Benefits	103,251	16,739 [c]	119,990		119,990
Rent	18,492	1,020 [j]	19,513		19,513
Insurance	67,228	3,710 [j]	70,938		70,938
Office Utilities	32,001	1,766 [j]	33,767		33,767
Miscellaneous	(18)	(1) [j]	(19)		(19)
Total	393,433	114,648	508,081	-	508,081
Depreciation	183,354	62,165 [e]	245,519		245,519
Taxes Other Than Income	136,302	7,469 [f]	143,771	4,915 [f]	148,686
Income Taxes - Federal	(5,795)	(100,772) [g]	(106,567)	224,198 [g]	117,632
Income Taxes - State	12,270	(25,330) [g]	(13,060)	38,525 [g]	25,465
Expense Reduction Related to Clinton Sewer Operations	(102,670)	77,041 [m]	(25,629)		(25,629)
Amortization of CIAC and AIAC	(1,628)	(4,221) [e]	(5,849)		(5,849)
Total	221,832	16,352	238,184	267,638	505,822
Total Operating Expenses	1,274,464	160,941	1,435,406	267,638	1,703,044
Net Operating Income	\$ 124,437	\$ (168,219)	\$ (43,782)	\$ 435,209	\$ 391,427
Interest During Construction	(5,618)	5,618 [h]	-		-
Interest on Debt	136,089	26,994 [i]	163,083		163,083
Net Income	\$ (6,034)	\$ (200,831)	\$ (206,865)	\$ 435,209	\$ 228,344

- [a] Revenues are annualized at proposed rates using the actual test year customers.
- [b] Uncollectible accounts are adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues.
- [c] Salaries, wages and benefits are adjusted accordingly to reflect upcoming increases in salaries.
- [d] Regulatory commission expense has been adjusted to reflect the cost of the current rate case over 3 years.
- [e] Depreciation and amortization expense are annualized. Depreciation expense represents gross depreciable plant at 12/31/04 plus actual and estimated general ledger additions, actual and estimated net capital projects additions, and actual and estimated capitalized time additions, multiplied by the depreciation rate of 2.00% for water plant, and 25% for computers and vehicles.
- [f] Taxes other than income are adjusted for annualized payroll taxes, utility commission taxes, real estate taxes, and gross receipts taxes.
- [g] Income taxes are computed on taxable income at current rates (34% federal and the stepped state rate).
- [h] AFUDC is eliminated for rate making purposes.
- [i] Interest on debt has been computed using a 55.91% / 44.09% debt / equity ratio and a 7.28% cost of debt. The 55.91% and 7.28% are multiplied by pro forma present rate base to determine interest on debt.
- [j] A 5.518% adjustment has been made to account for the increase in the consumer price index since acquisition.
- [k] Operating expense charged to plant has been adjusted for projected increases in salaries, taxes, and benefits for operators.
- [l] Revenues are adjusted to bring present revenues to the amount calculated from consumption information.
- [m] Expenses for Clinton sewer operations have been reduced to actual expense reductions.

	Per Restatement	Pro Forma Adjustments	As Adjusted	Proposed Increase	Effect of Proposed Increase
Net Operating Income	\$ 124,437	(168,219)	\$ (43,782)	435,209	\$ 391,427
Gross Plant In Service	\$ 6,994,408 [a]	175,388 [f]	7,169,796	-	\$ 7,169,796
Accumulated Depreciation	(3,737,273) [b]	529,625 [e]	(3,207,648)	-	(3,207,648)
Net Plant In Service	3,257,135	705,013	3,962,148	-	3,962,148
Cash Working Capital	148,617	19,007 [c]	167,624	-	167,624
Contributions In Aid of Construction	(46,304) [b]	-	(46,304)	-	(46,304)
Advances in Aid of Construction	(82,256) [b]	-	(82,256)	-	(82,256)
Accumulated Deferred Income Taxes	(358,146)	225,513	(132,633)	-	(132,633)
Customer Deposits	(114,589)	- [f]	(114,589)	-	(114,589)
Capitalized Time	-	64,299 [g]	64,299	-	64,299
Reduction for Transportation Equipment	-	(4,522) [h]	(4,522)	-	(4,522)
Water Service Corporation	43,029	-	43,029	-	43,029
Pro Forma Plant	-	995,597 [d]	995,597	-	995,597
Pro Forma Plant Retirements	-	(559,367) [d]	(559,367)	-	(559,367)
Total Rate Base	\$ 2,847,487	\$ 1,445,541	\$ 4,293,028	\$ -	\$ 4,293,028
Return on Rate Base	4.37%	-	-1.02%		9.12%

[a] Gross plant in service has been restated to account for an asset that was not booked at the time of acquisition.

[b] Accumulated depreciation, CIAC, and AIAC have been restated to reflect a 2% depreciation rate from the time the assets or liabilities were put in service.

[c] Working capital is calculated based on pro forma maintenance expenses, pro forma general expenses, and taxes other than income.

[d] Pro forma plant is adjusted for net planned additional capital investments that will be completed by the hearing date and is only an estimate. The Company will only be requesting rate base treatment on actual capital expenditures through the hearing date.

[e] Accumulated depreciation is adjusted for planned additional capital investments [d], invoiced and estimated additions to gross plant in service [f], and completed and estimated additions to capitalized time [g].

[f] January 2005 through July 2005 actual invoiced general ledger additions, plus estimated invoiced general ledger additions through the hearing date. This is only an estimate. The Company will only be requesting rate base treatment on actual capital expenditures through the hearing date.

[g] January 2005 through July 2005 actual capitalized time additions, plus estimated capitalized time additions through the hearing date. This is only an estimate. The Company will only be requesting rate base treatment on actual capital expenditures through the hearing date.

[h] Transportation equipment has been reduced due to operator time for Clinton sewer operations.

UTILITIES, INC. AND SUBSIDIARIES
Capital Structure at December 31, 2005

w/p [h-1]

	December 31, 2005	Annual Interest Expense	Capital Structure
<u>COMMON SHAREHOLDERS' EQUITY:</u>			
Common shares, \$.10 par value; authorized 1,000 and; 20,000,000 shares, issued 1,000 and 6,524,104 shares, respectively; 0 and 245,490 shares reserved for stock options, respectively	\$ 100		
Paid-in capital	24,261,656		
Retained earnings (\$42,152,239 restricted at December 31, 2003)	71,411,589		
Note receivable from parent	(2,650,000)		
Other Comprehensive Income	(412,098)		
Total Common Shareholder's Equity	\$ 92,611,247		40.64%
<u>LONG-TERM DEBT:</u>			
Collateral trust notes -			
5.41%, \$7,142,857 due in annual installments beginning in 2006 through 2012	\$ 50,000,000	2,705,000	
9.16%, \$1,000,000 due in annual installments through 2006	1,000,000	91,600	
9.01%, \$1,500,000 due in annual installments through 2007	3,000,000	270,300	
8.42%, \$5,857,143 due in annual installments beginning in 2009 through 2015	41,000,000	3,452,200	
4.55%, \$4,000,000 due in annual installments beginning in 2008 through 2012	20,000,000	910,000	
4.62%, \$4,000,000 due in annual installments beginning in 2008 through 2012	20,000,000	924,000	
Other long-term debt -			
8.10% to 8.96% promissory notes payable to bank due in monthly installments through 2017	285,191	24,598	
Amortization of Debt and Acquisition Expense		279,607	
Total Long-Term Debt	\$ 135,285,191	\$ 8,657,305	59.36%
TOTAL CAPITALIZATION	\$ 227,896,438		100.00%
COST OF DEBT	6.40%		

WATER SERVICE CORPORATION OF KENTUCKY

w/p [h]

Pro Forma Interest Expense

	<u>Water</u>
Pro Forma Present Rate Base	4,293,028
<i>Debt Ratio</i>	59.36%
Embedded Cost of Debt	6.40%
Pro Forma Interest Expense	<u><u>163,083</u></u>

PSC Case No. 2005-00325

Witness: Weeks

- 3) Refer to Water Service's supplemental response to Commission Staff's Second Data Request, Item 11. According to the General Ledger pages provided in this response the following are the annual employee benefits: 2003 - \$121,711; 2004 - \$103,251; and 2005 - \$119,351. Provide a detailed explanation for the fluctuations occurring in employee benefits between calendar years 2003 and 2005.

Response: While the Company believes that the fluctuation in benefit costs is minimal, the reason for the fluctuation each year is due claims that are filed each year. Other reasons would be the number of employees that work for the WSCK system, and the salaries that match those employees.

PSC Case No. 2005-00325

Witness: Weeks

- 4) Refer to Water Service's supplemental response to Commission Staff's Second Data Request, Item 2.
 - a) Explain why the following employees listed on the schedule received a pay raise on October 15, 2005 that was greater than 4 percent.
 - b) Several of the employees listed on the schedule are no longer employed by Water Service.
 - 1) Identify any employee positions that are currently vacant. Include the annual pro forma salary, the pro forma benefits, and the expected date the positions will be filled.
 - 2) Identify any employee positions that were reported as vacant in the schedule that have been filled. Include the annual pro forma salary, the pro forma benefits, and the date the positions were filled.

Response: Employees that receive pay raises greater than 4% receive them for various reasons. This would include the Company's need to keep salaries competitive with other companies, as well as raises for performance above and beyond a raise that would reflect the cost of living. There are no open positions within WSCK.

PSC Case No. 2005-00325

Witness: Weeks

- 5) Refer to Water Service's response to Commission Staff's Second Data Request, Item 16. Explain why it is reasonable and not retroactive rate-making for Water Service to adjust its calendar year 2004 operating expenses to reflect estimated price increases occurring in prior periods.

Response: This would not be considered retroactive rate-making, as the consumer price index adjustment does not adjust for future periods. The Company must research historical CPI data in order to make a known and measurable adjustment for the future.

PSC Case No. 2005-00325

Witness: Weeks

- 6) Refer to Water Service's response to Commission Staff's Second Data Request, Item 22.
- a) In the response, Water Service states, "These organizational costs should be included in Water Service's rate base because they represent an additional benefit received by customers." Identify the benefit the current customer base receives from an expenditure that was incurred over 10 years ago.
 - b) Provide documentation to support Water Service's claim that the organizational costs were not recorded when they were incurred.
 - c) Provide the proposed depreciation life over which Water Service proposes to recover the organizational costs.

Response: Even though the costs were incurred over 10 years ago, they represent costs that were spent to organize the Company that did not have to be spent during its acquisition. Please see the enclosed journal entry which does not include these organizational costs. These costs have a proposed life of 40 years.

GL3.1C ACCOUNT INQUIRY - TRANSACTION DETAIL

ACCOUNT	LINE	COMMENT	DEBIT	CREDIT
160*0170*3113025		ACCT TYPE: A	BEG BAL:	0.0
0160*0170*3113025		STATUS: A	END BAL:	195,118.2
4ELECTRIC PUMP EQUIP		PERIOD: 11(NOV)	SEGMENT: FOUR	PRIOR ACT
160*0160*2351000	1	ACQ OF US UTILITIES		142,248.36
160*0160*2413000	2	ACQ OF US UTILITIES	142,248.36	
160*0160*4081100	3	ACQ OF US UTILITIES		30,551.88
160*0160*2413000	4	ACQ OF US UTILITIES	30,551.88	
160*0160*3011001	5	ACQ OF US UTILITIES	11,038.55	
160*0160*2413000	6	ACQ OF US UTILITIES		11,038.55
160*0160*2021000	7	ACQ OF US UTILITIES		1,000.00
160*0160*2111000	8	ACQ OF US UTILITIES		2,834,076.00
160*0170*3466094	9	ACQ OF US UTILITIES	92,657.80	
160*0170*3466097	10	ACQ OF US UTILITIES	33,053.68	
160*0170*3446095	11	ACQ OF US UTILITIES	29,151.79	
160*0162*3466094	12	ACQ OF US UTILITIES	19,719.87	
160*0162*3466097	13	ACQ OF US UTILITIES	6,843.71	

ACTION B2 X-EXIT S(nh)-SCAN P(S)-PRINT B(nn)-DISP BATCH NP,PP,NA,PA

Q4201 Enter <CR> to continue scan, X to end scan
 R0000 Journal: 160*MISC.JE.A Batch: 01 - THIS BATCH IS FROM THE ARCHIVE FILE!

GL3.1C ACCOUNT INQUIRY - TRANSACTION DETAIL

ACCOUNT	LINE	COMMENT	DEBIT	CREDIT
160*0170*3113025		ACCT TYPE: A	BEG BAL:	0.0
0160*0170*3113025		STATUS: A	END BAL:	195,118.2
4ELECTRIC PUMP EQUIP		PERIOD: 11(NOV)	SEGMENT: FOUR	PRIOR ACT
160*0170*1083094	14	ACQ OF US UTILITIES		68,510.65
160*0170*1083097	15	ACQ OF US UTILITIES		24,439.70
160*0170*1083095	16	ACQ OF US UTILITIES		21,554.67
160*0162*1083094	17	ACQ OF US UTILITIES		14,580.77
160*0162*1083097	18	ACQ OF US UTILITIES		5,060.20
160*0170*3406091	19	ACQ OF US UTILITIES	49,026.75	
160*0162*3406091	20	ACQ OF US UTILITIES	8,374.95	
160*0170*1083091	21	ACQ OF US UTILITIES		36,250.10
160*0162*1083091	22	ACQ OF US UTILITIES		6,192.39
160*0170*3036010	23	ACQ OF US UTILITIES	5,928.78	
160*0162*3036010	24	ACQ OF US UTILITIES	14,115.27	
160*0170*3043021	25	ACQ OF US UTILITIES	13,478.20	
160*0170*3044031	26	ACQ OF US UTILITIES	185,476.30	

ACTION B2 X-EXIT S(nh)-SCAN P(S)-PRINT B(nn)-DISP BATCH NP,PP,NA,PA

Q4201 Enter <CR> to continue scan, X to end scan

GL3.1C ACCOUNT INQUIRY - TRANSACTION DETAIL

160*0170*3113025 ACCT TYPE: A BEG BAL: 0.0
 0160*0170*3113025 STATUS: A END BAL: 195,118.2
 4ELECTRIC PUMP EQUIP PERIOD: 11(NOV) SEGMENT: FOUR PRIOR ACT

ACCOUNT	LINE	COMMENT	DEBIT	CREDIT
160*0170*3113025	27	ACQ OF US UTILITIES	194,242.01	
160*0170*3204032	28	ACQ OF US UTILITIES	334,189.62	
160*0170*3204032	29	ACQ OF US UTILITIES	10,164.72	
160*0170*3305042	30	ACQ OF US UTILITIES	312,686.93	
160*0170*3315043	31	ACQ OF US UTILITIES	2,304,529.27	
160*0170*3335045	32	ACQ OF US UTILITIES	515,437.63	
160*0170*3345046	33	ACQ OF US UTILITIES	370,692.25	
160*0170*3345047	34	ACQ OF US UTILITIES	145,967.76	
160*0170*3355048	35	ACQ OF US UTILITIES	129,343.47	
160*0170*3044031	36	ACQ OF US UTILITIES	129,198.56	
160*0170*3486096	37	ACQ OF US UTILITIES	69,976.00	
160*0162*3043021	38	ACQ OF US UTILITIES	2,641.38	
160*0162*3044031	39	ACQ OF US UTILITIES	6,336.72	

ACTION B2 X-EXIT S(nh)-SCAN P(S)-PRINT B(nn)-DISP BATCH NP,PP,NA,PA

Q4201 Enter <CR> to continue scan, X to end scan

GL3.1C ACCOUNT INQUIRY - TRANSACTION DETAIL

160*0170*3113025 ACCT TYPE: A BEG BAL: 0.0
 0160*0170*3113025 STATUS: A END BAL: 195,118.2
 4ELECTRIC PUMP EQUIP PERIOD: 11(NOV) SEGMENT: FOUR PRIOR ACT

ACCOUNT	LINE	COMMENT	DEBIT	CREDIT
160*0162*3072014	40	ACQ OF US UTILITIES	30,123.53	
160*0162*3113025	41	ACQ OF US UTILITIES	25,622.80	
160*0162*3204032	42	ACQ OF US UTILITIES	13,680.34	
160*0162*3305042	43	ACQ OF US UTILITIES	125,585.14	
160*0162*3315043	44	ACQ OF US UTILITIES	283,658.51	
160*0162*3335045	45	ACQ OF US UTILITIES	78,560.82	
160*0162*3345046	46	ACQ OF US UTILITIES	70,195.28	
160*0162*3345047	47	ACQ OF US UTILITIES	19,188.32	
160*0162*3355048	48	ACQ OF US UTILITIES	21,885.34	
160*0162*3044031	49	ACQ OF US UTILITIES	19,167.80	
160*0162*3406090	50	ACQ OF US UTILITIES	42,319.97	
160*0170*3917000	51	ACQ OF US UTILITIES	181,180.50	
160*0162*3917000	52	ACQ OF US UTILITIES	69,518.71	

ACTION B2 X-EXIT S(n)-SCAN P(S)-PRINT B(nn)-DISP BATCH NP,PP,NA,PA

Q4201 Enter <CR> to continue scan, X to end scan

GL3.1C ACCOUNT INQUIRY - TRANSACTION DETAIL

160*0170*3113025 ACCT TYPE: A BEG BAL: 0.0
 0160*0170*3113025 STATUS: A END BAL: 195,118.2
 4ELECTRIC PUMP EQUIP PERIOD: 11(NOV) SEGMENT: FOUR PRIOR ACT

ACCOUNT	LINE	COMMENT	DEBIT	CREDIT
160*0170*1083021	53	ACQ OF US UTILITIES		10,836.48
160*0170*1083031	54	ACQ OF US UTILITIES		64,903.04
160*0170*1083025	55	ACQ OF US UTILITIES		67,970.32
160*0170*1083032	56	ACQ OF US UTILITIES	116,941.68	
160*0170*1083032	57	ACQ OF US UTILITIES	8,172.50	
160*0170*1083042	58	ACQ OF US UTILITIES	109,417.29	
160*0170*1083043	59	ACQ OF US UTILITIES	806,414.52	
160*0170*1083045	60	ACQ OF US UTILITIES	405,821.20	
160*0170*1083046	61	ACQ OF US UTILITIES	298,036.53	
160*0170*1083047	62	ACQ OF US UTILITIES	117,358.11	
160*0170*1083048	63	ACQ OF US UTILITIES	45,260.64	
160*0170*1083031	64	ACQ OF US UTILITIES	21,159.33	
160*0170*1083096	65	ACQ OF US UTILITIES	1,856.69	

ACTION B2 X-EXIT S(n)-SCAN P(S)-PRINT B(nn)-DISP BATCH NP,PP,NA,PA

Q4201 Enter <CR> to continue scan, X to end scan

GL3.1C

ACCOUNT INQUIRY - TRANSACTION DETAIL

ACCOUNT	LINE	COMMENT	DEBIT	CREDIT
160*0170*3113025		ACCT TYPE: A	BEG BAL:	0.0
0160*0170*3113025		STATUS: A	END BAL:	195,118.2
4ELECTRIC PUMP EQUIP		PERIOD: 11(NOV)	SEGMENT: FOUR PRIOR ACT	
160*0162*1083021	66	ACQ OF US UTILITIES		2,123.68
160*0162*1083031	67	ACQ OF US UTILITIES		2,217.45
160*0162*1083014	68	ACQ OF US UTILITIES		24,219.37
160*0162*1083025	69	ACQ OF US UTILITIES		8,966.15
160*0162*1083032	70	ACQ OF US UTILITIES		5,385.52
160*0162*1083042	71	ACQ OF US UTILITIES		43,945.48
160*0162*1083043	72	ACQ OF US UTILITIES		99,259.43
160*0162*1083045	73	ACQ OF US UTILITIES		61,853.53
160*0162*1083046	74	ACQ OF US UTILITIES		56,436.94
160*0162*1083047	75	ACQ OF US UTILITIES		15,427.47
160*0162*1083048	76	ACQ OF US UTILITIES		7,658.24
160*0162*1083031	77	ACQ OF US UTILITIES		3,054.09
160*0162*1083090	78	ACQ OF US UTILITIES		4,382.12

ACTION B2 X-EXIT S(n)-SCAN P(S)-PRINT B(nn)-DISP BATCH NP,PP,NA,PA

Q4201 Enter <CR> to continue scan, X to end scan

GL3.1C ACCOUNT INQUIRY - TRANSACTION DETAIL

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160*0170*3113025          ACCT TYPE:  A          BEG BAL:           0.0
0160*0170*3113025          STATUS:   A          END BAL:          195,118.2
4ELECTRIC PUMP EQUIP      PERIOD:  11(NOV) SEGMENT:  FOUR PRIOR ACT
ACCOUNT-----LINE-----COMMENT-----DEBIT-----CREDIT
160*0170*1082000          79          ACQ OF US UTILITIES          124,700.56
160*0162*1082000          80          ACQ OF US UTILITIES           33,099.20
160*0160*1141000          81          ACQ OF US UTILITIES          183,024.56
160*0170*2711000          82          ACQ OF US UTILITIES           89,273.35
160*0170*2525000          83          ACQ OF US UTILITIES          113,080.53
    
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ACTION X-EXIT S(nh)-SCAN P(S)-PRINT B(nn)-DISP BATCH NP,PP,NA,PA

Enter action.

PSC Case No. 2005-00325
Witness: Weeks

- 7) Refer to Water Service's response to Commission Staff's Second Data Request, Item 28. Are you aware of any instances where this Commission has accepted Consumer Price Index ("CPI") adjustments in a rate case using a historical test period? If the answer is yes, provide cites to the Commission Orders approving CPI adjustments.

Response: While the Company is not aware of any cases where the Commission in Kentucky has allowed a CPI adjustment, one of the Company's affiliates, Carolina Water Service, Inc. of North Carolina was just allowed such adjustment in North Carolina.

PSC Case No. 2005-00325

Witness: Weeks

- 8) Refer to Water Service's response to Commission Staff's Second Data Request, Item 32.
- a) Explain why Water Service is seeking to recover from its customers an allocation of the Service Company's rate base.
 - b) Are you aware of any instances where this Commission has allowed a utility to recover the allocation of the Service Company's rate base? If the answer is yes, provide cites to the Commission Orders approving the inclusion of the allocation of the Service Company's rate base.

Response: The service company is located in Northbrook, which is the corporate office. All corporate activities are performed out of this office. While it would be impossible to directly assign rate base and expenses associated with the corporate office, it is appropriate to include an allocation in order to properly reflect the rate base associated with the corporate office that benefits WSCK customers. While the Company is not aware of any Kentucky order stating allowable recovery, WSCK's affiliated companies have all had their portion of the service company's rate base recovered in rate proceedings in the other states in which Utilities, Inc. operates.

PSC Case No. 2005-00325

Witness: Weeks

- 9) Refer to Water Service's response to Commission Staff's Second Data Request, Item 33. If the \$1,702,742 adjustment reduced retained earnings of Utilities of Kentucky, Inc., explain why it would not have an impact on Water Service's reported retained earnings?

Response: There are two reasons this would not have an impact on WSCK's reported retained earnings. First, an adjustment to retained earnings is not appropriate, since retained earnings is only an accumulation of net income or loss each year. Secondly, this amount was the prior company's acquisition adjustment, which was not acquired by the Company, and therefore, not appropriate for inclusion in WSCK's retained earnings.

PSC Case No. 2005-00325

Witness: Weeks

- 10) Refer to Water Service's response to Commission Staff's Second Data Request, Item 27(a) and 34.
- a) In the response to Item 27(a), Water Service states that capital items have been updated to the same period as the plant additions; however, in response to Item 34 Water Service states that the pro forma adjustments of \$1,224,299 inflate rate base to \$5,205,581 and does not compare to the capitalization. Explain the apparent discrepancy between the two responses.
 - b) In its response, Water Service states that the December 31, 2004 rate base of \$3,981,283 exceeds the total assets. Explain why this has any bearing on the relationship between Water Service's rate base and capital structure/capitalization.

Response: First, it is improper to state that rate base has been inflated. Rate base has merely been adjusted to reflect the proper amount on a going forward basis. These two statements are not comparable. When the Company responded to 27(a), the intention was to say that capital items (such as work orders and large capital assets) were updated to the same time period as general ledger plant additions. When the Company responded to 34, the Company's intention was to say that the pro forma adjusted rate base is not directly related to the capitalization, i.e., the capital structure.

Witness: Weeks

- 11) In response to item 39 of the Commission Staff's Second Data, Water Service states, "that based on the average consumption for 5/8" meters, 40% of the average bill comes from the base charge, while the remaining 60% comes from the usage charge."
- a) Define base charge.
 - b) Provide what costs are included in the base charge.
 - c) Why is an average bill used to calculate rates?
 - d) How is the average bill calculated? Provide all calculations, workpapers, and assumptions. Provide in Excel spreadsheet format if possible.
 - e) What was used in determining the average bill?
 - f) How is the average bill used to calculate rates? Provide all calculations, workpapers and assumptions. Provide in Excel spreadsheet format if possible.
 - g) How was the 40/60 split determined to be fair, just, and reasonable?
 - h) The factors that are industry standards in that they are ratios of rated meter capacity for each meter size relative to a 5/8" meter in regards to water flow. Provide the documentation of these ratios as industry standards.
 - i) How is this ratio used to calculate the base charge?
 - j) Why would it not more appropriate to use the equivalent meter cost ratio to calculate the rate for the base charge?

Response:

A base charge is the fixed cost the customer pays before factoring in any gallonage. For example, if a customer has no gallonage for a month, they will still pay the base charge. If a customer uses 4,000 gallons a month, they will pay the base charge, plus a gallonage rate per 1,000 gallons. Company costs are split evenly between the base charge and the gallonage charge. Without the presence of a cost of service study, which would be far too costly for WSCK customers, standards show that a 40/60 split is appropriate ratemaking, and is most beneficial for the customer and the company. It is not an average bill that is used to calculate rates, it is the average monthly gallonage of a 5/8" customer. The average bill for a 5/8" customer is calculated by taking the customer's base charge and adding to it the gallonage charge per 1,000 gallons based on their usage. For example, based on the revised rates (attached), a 5/8" customer's average bill is \$21.93. The customer will pay a base charge of \$8.85. Based on average usage of 4,350 (which is calculated by taking the total 5/8" metered usage for the year, divided by the number of customers billed in the year), the customer will pay \$13.08 for water usage ($4,350/1,000 * \3.01), making their total bill \$21.93. The average bill, again, is not used to calculate rates. It is the average consumption for a 5/8" customer that is used to calculate rates. Once the average consumption is determined, we are able to determine what base charge and gallonage rate will achieve the beneficial 40/60 split. Please see the enclosed industry standards. The multipliers used to calculate base charge are represented on the industry standards. The enclosed industry standards are not dissimilar to an ERC method of calculating base charge.

WATER SERVICE CORPORATION OF KENTUCKY
Average Bill

		Rate	Average Usage	Average Bill
Present:	5/8" meters - Middlesboro		4,350	\$ 13.14
	First 1,000 (minimum 1,000)	\$ 5.60		
	Next 9,000	2.25		
	Next 15,000	2.05		
	Next 25,000	1.95		
	Next 50,000	1.75		
	Over 100,000	1.60		
Present:	1" meters - Middlesboro		17,573	\$ 41.37
	First 6,000 (minimum charge)	\$ 16.85		
	Next 4,000	2.25		
	Next 15,000	2.05		
	Next 25,000	1.95		
	Next 50,000	1.75		
	Over 100,000	1.60		
Present:	1 1/2" meters - Middlesboro		47,432	\$ 100.34
	First 13,000 (minimum charge)	\$ 32.00		
	Next 12,000	2.05		
	Next 25,000	1.95		
	Next 50,000	1.75		
	Over 100,000	1.60		
Present:	2" meters - Middlesboro		75,575	\$ 150.11
	First 21,400 (minimum charge)	\$ 49.22		
	Next 3,600	2.05		
	Next 25,000	1.95		
	Next 50,000	1.75		
	Over 100,000	1.60		
Present:	3" meters - Middlesboro		218,986	\$ 383.23
	First 68,400 (minimum charge)	\$ 137.55		
	Next 31,600	1.75		
	Over 100,000	1.60		
Present:	4" meters - Middlesboro		112,078	\$ 236.85
	First 127,500 gallons (minimum charge)	\$ 236.85		
	Over 127,500 gallons	1.60		
Present:	6" meters - Middlesboro		1,255,042	\$ 2,040.92
	First 281,500 (minimum charge)	\$ 483.25		
	Over 281,500	1.60		
Present:	16010 - Industrial city special w/ school tax and KY state sales tax - Middlesboro (flat rate)	\$ 98.44	-	\$ 98.44
Present:	16037 - Commercial city sprinkler - Middlesboro (flat rate)	\$ 15.00	-	\$ 15.00
Present:	16039 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 15.00	-	\$ 15.00
Present:	16040 - Commercial city special - Middlesboro (flat rate)	\$ 30.00	-	\$ 30.00
Present:	16050 - Commercial county special - Middlesboro (flat rate)	\$ 45.00	-	\$ 45.00
Present:	16055 - Commercial county special - Middlesboro (flat rate)	\$ 315.00	-	\$ 315.00
Present:	16056 - Government city special - Middlesboro (flat rate)	\$ 30.00	-	\$ 30.00
Present:	16058 - Government city special - Middlesboro (flat rate)	\$ 105.00	-	\$ 105.00
Present:	16060 - Commercial city special - Middlesboro (flat rate)	\$ 45.00	-	\$ 45.00
Present:	16070 - Commercial city special - Middlesboro (flat rate)	\$ 60.00	-	\$ 60.00
Present:	16088 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 60.00	-	\$ 60.00
Present:	16089 - Industrial city special - Middlesboro (flat rate)	\$ 75.00	-	\$ 75.00
Present:	16098 - Government city hydrant (per hydrant) - Middlesboro (flat rate)	\$ 3.33	-	\$ 3.33

WATER SERVICE CORPORATION OF KENTUCKY
Average Bill

		<u>Rate</u>	<u>Average Usage</u>	<u>Average Bill</u>
Present:	5/8" and 3/4" meters - Clinton		4,350	\$ 21.74
	First 1,000 (minimum charge)	\$ 7.50		
	Next 9,000	4.25		
	Next 15,000	3.90		
	Next 25,000	3.55		
	Next 50,000	3.15		
	Over 100,000	2.75		
Present:	1" meters - Clinton		17,573	\$ 74.94
	First 5,300 (minimum charge)	\$ 25.78		
	Next 3,700	4.25		
	Next 15,000	3.90		
	Next 25,000	3.55		
	Next 50,000	3.15		
	Over 100,000	2.75		
Present:	1 1/2" meters - Clinton		47,432	\$ 183.88
	First 11,200 (minimum)	\$ 50.43		
	Next 13,800	3.90		
	Next 25,000	3.55		
	Next 50,000	3.15		
	Over 100,000	2.75		
Present:	2" meters - Clinton		75,575	\$ 273.56
	First 17,600 (minimum)	\$ 75.39		
	Next 7,400	3.90		
	Next 25,000	3.55		
	Next 50,000	3.15		
	Over 100,000	2.75		
Present:	6" meters - Clinton		1,255,042	\$ 3,526.87
	First 250,500 (minimum)	\$ 764.38		
	Over 250,500	2.75		
Present:	16285 - Hydrant - private (\$7.50/month) - Clinton (flat rate)	\$ 7.50	-	\$ 7.50
Present:	16286 - 5/8" sprinkler - private (\$15.00/month) - Clinton (flat rate)	\$ 15.00	-	\$ 15.00
Present:	16299 - Hydrant - municipal (\$3.3334/hydrant/month) - Clinton (flat rate)	\$ 3.33	-	\$ 3.33

WATER SERVICE CORPORATION OF KENTUCKY
Average Bill

		Rate	Average Usage	Average Bill
Proposed:	5/8" meters 3/4" meters	Base Charge: \$ 8.85 Gallage: 3.01	4,350	\$ 21.93
Proposed:	1" meters	Base Charge: \$ 22.12 Gallage: 3.01	17,573	\$ 74.95
Proposed:	1 1/2" meters	Base Charge: \$ 44.25 Gallage: 3.01	47,432	\$ 186.84
Proposed:	2" meters	Base Charge: \$ 70.79 Gallage: 3.01	75,575	\$ 298.00
Proposed:	3" meters	Base Charge: 132.74 Gallage: 3.01	218,986	\$ 791.09
Proposed:	4" meters	Base Charge: \$ 221.23 Gallage: 3.01	112,078	\$ 558.17
Proposed:	6" meters	Base Charge: \$ 442.45 Gallage: 3.01	1,255,042	\$ 4,215.59
Proposed:	16010 - Industrial city special w/ school tax and KY state sales tax - Middlesboro (flat rate)	\$ 123.05	-	\$ 123.05
Proposed:	16037 - Commercial city sprinkler - Middlesboro (flat rate)	\$ 18.75	-	\$ 18.75
Proposed:	16039 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 18.75	-	\$ 18.75
Proposed:	16040 - Commercial city special - Middlesboro (flat rate)	\$ 37.50	-	\$ 37.50
Proposed:	16050 - Commercial county special - Middlesboro (flat rate)	\$ 56.25	-	\$ 56.25
Proposed:	16055 - Commercial county special - Middlesboro (flat rate)	\$ 393.75	-	\$ 393.75
Proposed:	16056 - Government city special - Middlesboro (flat rate)	\$ 37.50	-	\$ 37.50
Proposed:	16058 - Government city special - Middlesboro (flat rate)	\$ 131.25	-	\$ 131.25
Proposed:	16060 - Commercial city special - Middlesboro (flat rate)	\$ 56.25	-	\$ 56.25
Proposed:	16070 - Commercial city special - Middlesboro (flat rate)	\$ 75.00	-	\$ 75.00
Proposed:	16088 - Industrial city sprinkler - Middlesboro (flat rate)	\$ 75.00	-	\$ 75.00
Proposed:	16089 - Industrial city special - Middlesboro (flat rate)	\$ 93.75	-	\$ 93.75
Proposed:	16098 - Government city hydrant (per hydrant) - Middlesboro (flat rate)	\$ 4.16	-	\$ 4.16
Proposed:	16285 - Hydrant - private (\$9.38/month) - Clinton (flat rate)	\$ 9.38	-	\$ 9.38
Proposed:	16286 - 5/8" sprinkler - private (\$18.75/month) - Clinton (flat rate)	\$ 18.75	-	\$ 18.75
Proposed:	16299 - Hydrant - municipal (\$4.17/hydrant/month) - Clinton (flat rate)	\$ 4.17	-	\$ 4.17

AWWA Standard Rate Structure

Water & Sewer based on 5/8" residential meter

2.5 times the base is 1" meter

5 times the base is 1 1/2" meter

8 times the base is 2" meter

15 times the base is 3" meter

25 times the base is 4" meter

50 times the base is 6" meter

PSC Case No. 2005-00325

Witness: Weeks

- 12) In responses to Item 42 of the Commission Staff's Second Data, Water Service states, "that WSC is working on a way to convert the consumption reports to an electronic format". If this has been completed, provide the reports. If this has not been completed, when do you anticipate completion of this conversion?

Response: The Company must consult with its IT department to determine a date of conversion and will inform the Commission staff of its findings.

PSC Case No. 2005-00325
Witness: Weeks

- 13) Refer to the Application. Provide Schedule D and Schedule E in Excel spreadsheet format if possible.

Response: Please see the revised Schedules D and E consistent with the re-noticing.

	Gallons	Units	Revenue	Total Water Revenue	Revenue per T/B	Difference
MIDDLESBORO						
16001 5/8" residential city w/ school tax	60,087,800	13,808	\$ 183,028	\$ 183,028	\$ 183,042	\$ (914)
16001 5/8" residential city w/ school tax	66,983,560	15,143	202,599	202,599	203,109	(510)
16001 5/8" residential city w/ school tax	52,197,600	12,339	159,728	159,728	160,283	(555)
16001 5/8" residential city w/ school tax	42,786,200	10,447	131,926	131,926	133,324	(1,398)
16011 5/8" commercial city w/ school tax and KY state sales tax	9,404,974	2,006	27,567	27,567	27,490	77
16011 5/8" commercial city w/ school tax and KY state sales tax	6,446,200	972	17,645	17,645	18,067	(422)
16011 5/8" commercial city w/ school tax and KY state sales tax	5,913,000	1,051	16,694	16,694	16,737	(43)
16011 5/8" commercial city w/ school tax and KY state sales tax	5,324,400	1,549	17,333	17,333	17,577	(244)
16012 3/4" commercial city w/ school tax and KY state sales tax	42,800	12	137	137	133	4
16031 5/8" residential county w/ school tax	4,124,800	840	12,012	12,012	11,953	59
16031 5/8" residential county w/ school tax	1,623,900	257	4,471	4,471	4,581	(110)
16031 5/8" residential county w/ school tax	13,405,700	2,436	37,886	37,886	37,911	(25)
16031 5/8" residential county w/ school tax	17,380,400	4,194	53,484	53,484	54,258	(774)
16041 5/8" commercial county w/ school tax and KY state sales tax	2,200	12	72	72	69	3
16041 5/8" commercial county w/ school tax and KY state sales tax	85,400	264	1,633	1,633	1,633	(0)
16071 5/8" industrial city w/ school tax and KY state sales tax	246,400	58	760	760	768	(8)
16071 5/8" industrial city w/ school tax and KY state sales tax	1,257,200	12	2,396	2,396	2,431	(35)
16071 5/8" industrial city w/ school tax and KY state sales tax	72,000	12	202	202	202	(0)
16081 5/8" commercial city w/ school tax	803,600	192	2,521	2,521	2,500	21
16081 5/8" commercial city w/ school tax	667,600	120	1,897	1,897	1,908	(11)
16081 5/8" commercial city w/ school tax	78,800	72	496	496	482	14
16081 5/8" commercial city w/ school tax	208,800	89	820	820	806	14
16091 5/8" government city w/ school tax	48,000	30	236	236	230	(14)
16091 5/8" government city w/ school tax	78,200	24	260	260	261	(1)
16091 5/8" government city w/ school tax	277,600	70	892	892	926	(34)
16091 5/8" government city w/ school tax	1,865,200	36	3,503	3,503	3,560	(57)
	<u>291,411,834</u>	<u>66,045</u>	<u>\$ 880,198</u>	<u>\$ 880,198</u>	<u>\$ 885,160</u>	<u>\$ (4,962)</u>

Rates per 1,000 gallons (minimum 1,000):

First 1,000	\$ 5.60
Next 9,000	2.25
Next 15,000	2.05
Next 25,000	1.95
Next 50,000	1.75
Over 100,000	1.60

16003 1" residential city w/ school tax	465,000	90	\$ 1,675	\$ 1,675	\$ 1,656	\$ 19
16003 1" residential city w/ school tax	1,111,800	96	2,979	2,979	2,992	(13)
16003 1" residential city w/ school tax	758,000	24	669	669	679	(10)
16013 1" commercial city w/ school tax and KY state sales tax	5,917,400	324	14,207	14,207	14,256	(49)
16013 1" commercial city w/ school tax and KY state sales tax	586,200	72	1,707	1,707	1,705	2
16013 1" commercial city w/ school tax and KY state sales tax	10,060,000	297	21,639	21,639	22,203	(564)
16013 1" commercial city w/ school tax and KY state sales tax	300,000	26	751	751	700	51
16033 1" residential county w/ school tax	74,200	12	223	223	223	0
16043 1" commercial county w/ school tax and KY state sales tax	125,400	12	319	319	308	11
16073 1" industrial city w/ school tax and KY state sales tax	60,300	12	205	205	203	2
16082 1" commercial city w/ school tax	564,400	36	1,518	1,518	1,479	39
16082 1" commercial city w/ school tax	116,200	12	308	308	324	(16)
16082 1" commercial city w/ school tax	25,200	12	204	204	202	2
16082 1" commercial city w/ school tax	10,000	12	204	204	202	2
16092 1" government city w/ school tax	219,800	38	830	830	845	(15)
	<u>19,933,900</u>	<u>1,075</u>	<u>\$ 47,438</u>	<u>\$ 47,438</u>	<u>\$ 47,979</u>	<u>\$ (541)</u>

Rates per 1,000 gallons (minimum 6,000):

First 6,000	\$ 16.85
Next 4,000	2.25
Next 15,000	2.05
Next 25,000	1.95
Next 50,000	1.75
Over 100,000	1.60

16015 1 1/2" commercial city w/ school tax and KY state sales tax	2,154,200	62	\$ 4,969	\$ 4,969	\$ 4,965	\$ 4
16015 1 1/2" commercial city w/ school tax and KY state sales tax	556,400	33	1,680	1,680	1,681	(1)
16015 1 1/2" commercial city w/ school tax and KY state sales tax	3,139,200	55	6,308	6,308	6,505	(197)
16015 1 1/2" commercial city w/ school tax and KY state sales tax	1,982,600	45	4,500	4,500	4,623	(123)
16045 1 1/2" commercial county w/ school tax and KY state sales tax	51,600	12	384	384	384	-
16075 1 1/2" industrial city w/ school tax and KY state sales tax	412,600	12	966	966	920	46
16075 1 1/2" industrial city w/ school tax and KY state sales tax	497,800	12	1,044	1,044	1,036	8
16093 1 1/2" government city w/ school tax	3,371,400	34	6,054	6,054	6,228	(174)
16093 1 1/2" government city w/ school tax	1,913,400	23	3,673	3,673	3,641	32
16093 1 1/2" government city w/ school tax	17,000	12	384	384	384	-
16093 1 1/2" government city w/ school tax	<u>14,096,200</u>	<u>290</u>	<u>\$ 29,962</u>	<u>\$ 29,962</u>	<u>\$ 30,367</u>	<u>\$ (405)</u>

Rates per 1,000 gallons (minimum 13,000):

First 13,000	\$ 32.00
Next 12,000	2.85
Next 25,000	1.95
Next 50,000	1.75
Over 100,000	1.60

16016 2" commercial city w/ school tax and KY state sales tax	3,827,200	72	\$ 8,625	\$ 8,625	\$ 8,574	\$ 51
16016 2" commercial city w/ school tax and KY state sales tax	3,051,400	32	5,833	5,833	5,967	(134)
16016 2" commercial city w/ school tax and KY state sales tax	7,522,200	108	15,279	15,279	15,402	(123)
16016 2" commercial city w/ school tax and KY state sales tax	4,101,200	60	8,161	8,161	7,871	290
16076 2" industrial city w/ school tax and KY state sales tax	319,200	24	1,184	1,184	1,187	(3)
16076 2" industrial city w/ school tax and KY state sales tax	510,200	12	1,086	1,086	1,089	(3)
16083 2" commercial city w/ school tax	156,400	12	588	588	591	(3)
16083 2" commercial city w/ school tax	9,307,200	36	15,924	15,924	15,881	43
16094 2" government city w/ school tax	2,594,600	60	6,083	6,083	6,155	(72)
16094 2" government city w/ school tax	2,104,010	36	1,781	1,781	1,778	3
16094 2" government city w/ school tax	3,762,200	36	7,252	7,252	7,200	52
16094 2" government city w/ school tax	2,645,200	51	5,797	5,797	5,820	(23)
	<u>39,901,010</u>	<u>539</u>	<u>\$ 77,593</u>	<u>\$ 77,593</u>	<u>\$ 77,516</u>	<u>\$ 77</u>

Rates per 1,000 gallons (minimum 21,400):

First 21,400	\$ 49.22
Next 3,600	2.05
Next 25,000	1.95
Next 50,000	1.75
Over 100,000	1.60

16017 3" commercial city w/ school tax and KY state sales tax	135,800	12	\$ 1,656	\$ 1,656	\$ 1,651	\$ 5
16017 3" commercial city w/ school tax and KY state sales tax	3,800,200	24	7,158	7,158	7,231	(73)
16077 3" industrial city w/ school tax and KY state sales tax	13,977,600	12	22,759	22,759	22,706	53
16090 3" commercial Pine Hill w/ school tax	112,400	1	225	225	225	0
16095 3" government city w/ school tax	1,303,600	12	2,666	2,666	2,664	2
16095 3" government city w/ school tax	4,430,400	48	11,586	11,586	11,356	230
	<u>23,760,000</u>	<u>109</u>	<u>\$ 46,050</u>	<u>\$ 46,050</u>	<u>\$ 45,833</u>	<u>\$ 217</u>

Rates per 1,000 gallons (minimum 68,400):
 First 68,400 \$ 137.55
 Next 31,600 1.75
 Over 100,000 1.60

16018 4" commercial city w/ school tax and KY state sales tax	1,589,400	12	\$ 3,211	\$ 3,211	\$ 3,211	\$ 0
16078 4" industrial city w/ school tax and KY state sales tax	2,231,000	12	4,023	4,023	4,084	(61)
16096 4" government city w/ school tax	214,400	12	2,844	2,844	2,842	2
	<u>4,034,800</u>	<u>36</u>	<u>\$ 10,078</u>	<u>\$ 10,078</u>	<u>\$ 10,137</u>	<u>\$ (59)</u>

Rates per 1,000 gallons (minimum 127,500):
 First 127,500 \$ 236.85
 Over 127,500 1.60

16019 6" commercial city w/ school tax and KY state sales tax	1,674,800	12	\$ 5,796	\$ 5,796	\$ 5,799	\$ (3)
16079 6" industrial city w/ school tax and KY state sales tax	28,446,200	12	56,265	56,265	50,712	5,553
	<u>30,121,000</u>	<u>24</u>	<u>\$ 62,061</u>	<u>\$ 62,061</u>	<u>\$ 56,511</u>	<u>\$ 5,550</u>

Rates per 1,000 gallons (minimum 281,500):
 First 281,500 \$ 483.25
 Over 281,500 1.60

16010 Industrial city special w/ school tax and KY state sales tax	\$ 98.44	-	12	\$ 1,176	\$ 1,176	\$ 1,181	\$ (5)
16037 Commercial city sprinkler	\$ 15.00	-	108	\$ 1,620	\$ 1,620	\$ 1,620	\$ -
16037 Commercial city sprinkler	\$ 15.00	-	24	\$ 360	\$ 360	\$ 360	\$ -
16037 Commercial city sprinkler	\$ 15.00	-	96	\$ 1,440	\$ 1,440	\$ 1,440	\$ -
16037 Commercial city sprinkler	\$ 15.00	-	36	\$ 540	\$ 540	\$ 540	\$ -
16039 Industrial city sprinkler	\$ 15.00	-	24	\$ 360	\$ 360	\$ 360	\$ -
16039 Industrial city sprinkler	\$ 15.00	-	12	\$ 180.00	\$ 180.00	\$ 180.00	\$ -
16040 Commercial city special	\$ 30.00	-	24	\$ 720.00	\$ 720.00	\$ 720.00	\$ -
16040 Commercial city special	\$ 30.00	-	12	\$ 360.00	\$ 360.00	\$ 360.00	\$ -
16050 Commercial county special	\$ 45.00	-	12	\$ 540.00	\$ 540.00	\$ 540.00	\$ -
16055 Commercial county special	\$ 315.00	-	12	\$ 3,780.00	\$ 3,780.00	\$ 3,780.00	\$ -
16056 Government city special	\$ 30.00	-	12	\$ 360	\$ 360	\$ 360	\$ -
16056 Government city special	\$ 30.00	-	12	\$ 360	\$ 360	\$ 360	\$ -
16058 Government city special	\$ 105.00	-	12	\$ 1,260	\$ 1,260	\$ 1,260	\$ -
16060 Commercial city special	\$ 45.00	-	12	\$ 540.00	\$ 540.00	\$ 540.00	\$ -
16070 Commercial city special	\$ 60.00	-	12	\$ 720.00	\$ 720.00	\$ 720.00	\$ -
16088 Industrial city special	\$ 60.00	-	12	\$ 720.00	\$ 720.00	\$ 720.00	\$ -
16089 Industrial city special	\$ 75.00	-	12	\$ 900.00	\$ 900.00	\$ 900.00	\$ -
16098 Government city hydrant	\$ 3.33	-	12	\$ 10,959	\$ 10,959	\$ 10,969	\$ (10)

CLINTON

16204 5/8" commercial w/ school tax and KY state sales tax	208,500	41	\$ 1,010	\$ 1,010	\$ 1,068	\$ (58)
16205 5/8" residential w/ school tax	953,600	252	5,022.00	5,022.00	4,995.00	27
16206 5/8" public authority w/ school tax	22,400	24	203.00	203.00	202.13	1
16214 3/4" commercial w/ school tax and KY state sales tax	1,505,390	572	8,913.00	8,913.00	8,265.12	648
16234 3/4" commercial out of city w/ school tax and KY state sales tax	478,800	60	2,111.00	2,111.00	2,210.30	(99)
16235 3/4" residential w/ school tax	21,722,826	5,701	112,235.00	112,235.00	112,167.15	68
16236 3/4" public authority out of city w/ school tax	5,000	12	96.00	96.00	90.00	6
16242 3/4" commercial w/ school tax	354,500	146	2,190.00	2,190.00	2,061.89	128
16246 3/4" public authority w/ school tax	345,500	83	1,713.00	1,713.00	1,363.69	349
16263 3/4" residential w/ school tax and KY state sales tax	198,900	39	964.00	964.00	886.51	77
16265 3/4" residential out of city w/ school tax	2,345,000	491	11,561.00	11,561.00	11,523.73	37
16272 3/4" multi commercial w/ school tax	20,500	12	124.00	124.00	126.15	(2)
16287 5/8" multi commercial w/ school tax and KY state sales tax	-	-	-	-	-	-
16297 3/4" multi commercial w/ school and KY state sales tax	285,900	60	1,455.00	1,455.00	1,340.80	114
	<u>28,446,816</u>	<u>7,493</u>	<u>\$ 147,597</u>	<u>\$ 147,597</u>	<u>\$ 146,301</u>	<u>\$ 1,296</u>

Rates per 1,000 gallons (minimum 1,000):

First 1,000	\$ 7.50
Next 9,000	4.25
Next 15,000	3.90
Next 25,000	3.55
Next 50,000	3.15
Over 100,000	2.75

16208 1" public authority w/ school tax	324,200	25	\$ 1,580	\$ 1,580	\$ 1,579	\$ 1
16230 1" commercial out of city w/ school tax and KY state sales tax	172,200	12	759	759	750	9
16244 1" commercial w/ school tax and KY state sales tax	76,600	44	1,149	1,149	1,506	(357)
16247 1" multi residential w/ school tax and KY state sales tax	1,283,100	84	5,548	5,548	5,522	26
	<u>1,856,100</u>	<u>165</u>	<u>\$ 9,036</u>	<u>\$ 9,036</u>	<u>\$ 9,357</u>	<u>\$ (321)</u>

Rates per 1,000 gallons (minimum 5,300):

First 5,300	\$ 25.78
Next 3,700	4.25
Next 15,000	3.90
Next 25,000	3.55
Next 50,000	3.15
Over 100,000	2.75

16238 1 1/2" public authority w/ school tax	1,246,000	24	\$ 4,810	\$ 4,810	\$ 4,735	\$ 75
16252 1 1/2" industrial city w/ school tax and KY state sales tax	-	-	-	-	-	-
16254 1 1/2" commercial w/ school tax and KY state sales tax	120,700	12	733	733	764	(31)
	<u>1,366,700</u>	<u>36</u>	<u>\$ 5,543</u>	<u>\$ 5,543</u>	<u>\$ 5,499</u>	<u>\$ 44</u>

Rates per 1,000 gallons (minimum 11,200):

First 11,200	\$ 50.43
Next 13,800	3.90
Next 25,000	3.55
Next 50,000	3.15
Over 100,000	2.75

16248 2" public authority w/ school tax	4,518,200	48	\$ 15,795	\$ 15,795	\$ 15,810	\$ (15)
16257 2" multi residential w/ school tax and KY state sales tax	338,200	12	1,375	1,375	1,293	82
16262 2" industrial w/ school tax and KY state sales tax	-	1	-	-	75	(75)
16264 2" commercial w/ school tax and KY state sales tax	2,401,200	24	8,712	8,712	7,608	1,104
	<u>7,257,600</u>	<u>85</u>	<u>\$ 25,882</u>	<u>\$ 25,882</u>	<u>\$ 24,786</u>	<u>\$ 1,096</u>

Rates per 1,000 gallons (minimum 17,600):

First 17,600	\$ 75.39
Next 7,400	3.90
Next 25,000	3.55
Next 50,000	3.15
Over 100,000	2.75

16280 6" commercial w/ school tax and KY state sales tax	-	-	\$ -	\$ -	\$ -	\$ -
	<u>-</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Rates per 1,000 gallons (minimum 250,500)

Over 250,500	\$ 764.38
	2.75

16285 Hydrant - private	\$ 7.50	-	12	\$ 96	\$ 96	\$ 90	\$ 6
16286 5/8" sprinkler - private	\$ 15.00	-	72	\$ 1,080	\$ 1,080	\$ 1,080	\$ -
16299 Hydrant - municipal	\$ 3.33	-	12	\$ 2,160	\$ 2,160	\$ 2,160	\$ -

Total Water Service Corporation of Kentucky Present Revenues	<u>462,185,960</u>	<u>76,461</u>	<u>\$ 1,371,669</u>	<u>\$ 1,371,669</u>	<u>\$ 1,369,686</u>	<u>\$ 1,983</u>
						0.14%

MIDDLESBORO

	Gallons	Usage Charge	Units	BFC	Revenues
16001 5/8" residential city w/ school tax	60,087,800	\$ 3.01	13,808	\$ 8.85	\$ 302,834
16001 5/8" residential city w/ school tax	66,983,560	3.01	15,143	8.85	335,379
16001 5/8" residential city w/ school tax	52,197,600	3.01	12,339	8.85	266,114
16001 5/8" residential city w/ school tax	42,786,200	3.01	10,447	8.85	221,078
16011 5/8" commercial city w/ school tax and KY state sales tax	9,404,974	3.01	2,006	8.85	46,026
16011 5/8" commercial city w/ school tax and KY state sales tax	6,446,200	3.01	972	8.85	27,981
16011 5/8" commercial city w/ school tax and KY state sales tax	5,913,000	3.01	1,051	8.85	27,077
16011 5/8" commercial city w/ school tax and KY state sales tax	5,324,400	3.01	1,549	8.85	29,714
16012 3/4" commercial city w/ school tax and KY state sales tax	42,800	3.01	12	8.85	235
16031 5/8" residential county w/ school tax	4,124,800	3.01	840	8.85	19,834
16031 5/8" residential county w/ school tax	1,623,400	3.01	257	8.85	7,155
16031 5/8" residential county w/ school tax	13,405,700	3.01	2,436	8.85	61,859
16031 5/8" residential county w/ school tax	17,380,400	3.01	4,194	8.85	89,365
16041 5/8" commercial county w/ school tax and KY state sales tax	2,200	3.01	12	8.85	113
16041 5/8" commercial county w/ school tax and KY state sales tax	85,400	3.01	264	8.85	2,593
16071 5/8" industrial city w/ school tax and KY state sales tax	246,400	3.01	58	8.85	1,254
16071 5/8" industrial city w/ school tax and KY state sales tax	1,257,200	3.01	12	8.85	3,886
16071 5/8" industrial city w/ school tax and KY state sales tax	72,000	3.01	12	8.85	323
16081 5/8" commercial city w/ school tax	803,600	3.01	192	8.85	4,115
16081 5/8" commercial city w/ school tax	667,600	3.01	120	8.85	3,069
16081 5/8" commercial city w/ school tax	78,800	3.01	72	8.85	874
16081 5/8" commercial city w/ school tax	208,800	3.01	89	8.85	1,415
16091 5/8" government city w/ school tax	48,000	3.01	30	8.85	410
16091 5/8" government city w/ school tax	78,200	3.01	24	8.85	447
16091 5/8" government city w/ school tax	277,600	3.01	70	8.85	1,454
16091 5/8" government city w/ school tax	1,865,200	3.01	36	8.85	5,926
	<u>291,411,834</u>		<u>66,045</u>		<u>\$ 1,460,530</u>
16003 1" residential city w/ school tax	465,000	\$ 3.01	90	\$ 22.12	\$ 3,389
16003 1" residential city w/ school tax	1,111,800	3.01	96	22.12	5,466
16003 1" residential city w/ school tax	258,000	3.01	24	22.12	1,307
16013 1" commercial city w/ school tax and KY state sales tax	5,957,400	3.01	334	22.12	25,078
16013 1" commercial city w/ school tax and KY state sales tax	586,200	3.01	72	22.12	3,355
16013 1" commercial city w/ school tax and KY state sales tax	10,060,000	3.01	297	22.12	36,815
16013 1" commercial city w/ school tax and KY state sales tax	300,000	3.01	26	22.12	1,477
16033 1" residential county w/ school tax	74,200	3.01	12	22.12	489
16043 1" commercial county w/ school tax and KY state sales tax	135,400	3.01	12	22.12	642
16073 1" industrial city w/ school tax and KY state sales tax	60,300	3.01	12	22.12	447
16082 1" commercial city w/ school tax	564,400	3.01	36	22.12	2,493
16082 1" commercial city w/ school tax	116,200	3.01	12	22.12	615
16082 1" commercial city w/ school tax	25,200	3.01	12	22.12	341
16082 1" commercial city w/ school tax	10,000	3.01	12	22.12	296
16092 1" government city w/ school tax	219,800	3.01	38	22.12	1,501
	<u>19,933,960</u>		<u>1,975</u>		<u>\$ 83,711</u>
16015 1 1/2" commercial city w/ school tax and KY state sales tax	2,154,200	\$ 3.01	62	\$ 44.25	\$ 9,220
16015 1 1/2" commercial city w/ school tax and KY state sales tax	556,400	3.01	33	44.25	3,133
16015 1 1/2" commercial city w/ school tax and KY state sales tax	3,139,200	3.01	55	44.25	11,871
16015 1 1/2" commercial city w/ school tax and KY state sales tax	1,982,600	3.01	45	44.25	7,951
16045 1 1/2" commercial county w/ school tax and KY state sales tax	51,600	3.01	12	44.25	686
16075 1 1/2" industrial city w/ school tax and KY state sales tax	412,600	3.01	12	44.25	1,771
16075 1 1/2" industrial city w/ school tax and KY state sales tax	497,800	3.01	12	44.25	2,028
16093 1 1/2" government city w/ school tax	3,371,400	3.01	24	44.25	11,198
16093 1 1/2" government city w/ school tax	1,913,400	3.01	23	44.25	6,770
16093 1 1/2" government city w/ school tax	17,000	3.01	12	44.25	582
	<u>14,096,200</u>		<u>290</u>		<u>\$ 55,210</u>
16016 2" commercial city w/ school tax and KY state sales tax	3,827,200	\$ 3.01	72	\$ 70.79	\$ 16,603
16016 2" commercial city w/ school tax and KY state sales tax	3,051,400	3.01	32	70.79	11,439
16016 2" commercial city w/ school tax and KY state sales tax	7,522,200	3.01	108	70.79	30,260
16016 2" commercial city w/ school tax and KY state sales tax	4,101,200	3.01	60	70.79	16,577
16076 2" industrial city w/ school tax and KY state sales tax	319,200	3.01	24	70.79	2,659
16076 2" industrial city w/ school tax and KY state sales tax	510,200	3.01	12	70.79	2,383
16083 2" commercial city w/ school tax	156,400	3.01	12	70.79	1,320
16083 2" commercial city w/ school tax	9,307,200	3.01	36	70.79	30,530
16094 2" government city w/ school tax	2,594,600	3.01	60	70.79	12,048
16094 2" government city w/ school tax	2,104,010	3.01	36	70.79	8,874
16094 2" government city w/ school tax	3,762,200	3.01	36	70.79	13,859
16094 2" government city w/ school tax	2,645,200	3.01	51	70.79	11,563
	<u>39,901,010</u>		<u>539</u>		<u>\$ 158,115</u>
16017 3" commercial city w/ school tax and KY state sales tax	135,800	\$ 3.01	12	\$ 132.74	\$ 2,001
16017 3" commercial city w/ school tax and KY state sales tax	3,800,200	3.01	24	132.74	14,611
16077 3" industrial city w/ school tax and KY state sales tax	13,977,600	3.01	12	132.74	43,615
16090 3" commercial Pineville with school tax	112,400	3.01	1	132.74	404
16095 3" government city w/ school tax	1,303,600	3.01	12	132.74	5,512
16095 3" government city w/ school tax	4,430,400	3.01	48	132.74	19,691
	<u>23,760,000</u>		<u>109</u>		<u>\$ 85,833</u>
16018 4" commercial city w/ school tax and KY state sales tax	1,589,400	\$ 3.01	12	\$ 221.23	\$ 7,433
16078 4" industrial city w/ school tax and KY state sales tax	2,231,000	3.01	12	221.23	9,362
16096 4" government city w/ school tax	214,400	3.01	12	221.23	3,299
	<u>4,034,800</u>		<u>36</u>		<u>\$ 20,094</u>
16019 6" commercial city w/ school tax and KY state sales tax	1,674,800	\$ 3.01	12	\$ 442.45	\$ 10,345
16079 6" industrial city w/ school tax and KY state sales tax	28,446,200	3.01	12	442.45	90,830
	<u>30,121,000</u>		<u>24</u>		<u>\$ 101,174</u>
16010 Industrial city special w/ school tax and KY state sales tax	\$ 123.05	-	12	-	\$ 1,477
16037 Commercial city sprinkler	\$ 18.75	-	108	-	\$ 2,025
16037 Commercial city sprinkler	\$ 18.75	-	24	-	\$ 450
16037 Commercial city sprinkler	\$ 18.75	-	96	-	\$ 1,800
16037 Commercial city sprinkler	\$ 18.75	-	36	-	\$ 675
16039 Industrial city sprinkler	\$ 18.75	-	24	-	\$ 450
16039 Industrial city sprinkler	\$ 18.75	-	12	-	\$ 225
16040 Commercial city special	\$ 37.50	-	24	-	\$ 900
16040 Commercial city special	\$ 37.50	-	12	-	\$ 450
16050 Commercial county special	\$ 56.25	-	12	-	\$ 675
16055 Commercial county special	\$ 393.75	-	12	-	\$ 4,725
16056 Government city special	\$ 37.50	-	12	-	\$ 450
16056 Government city special	\$ 37.50	-	12	-	\$ 450
16058 Government city special	\$ 131.25	-	12	-	\$ 1,575

16060 Commercial city special	\$	56.25	-	12	\$	675
16070 Commercial city special	\$	75.00	-	12	\$	900
16088 Industrial city special	\$	75.00	-	12	\$	900
16089 Industrial city special	\$	93.75	-	12	\$	1,125
16098 Government city hydrant	\$	4.16	- 275	12	\$	13,736

CLINTON

	<u>Gallons</u>	<u>Usage Charge</u>	<u>Units</u>	<u>BFC</u>	<u>Revenues</u>
16204 5/8" commercial w/ school tax and KY state sales tax	208,500	\$ 3.01	41	\$ 8.85	\$ 990
16205 5/8" residential w/ school tax	953,600	3.01	252	8.85	5,092
16206 5/8" public authority w/ school tax	22,400	3.01	24	8.85	280
16214 3/4" commercial w/ school tax and KY state sales tax	1,505,390	3.01	572	8.85	9,585
16234 3/4" commercial out of city w/ school tax and KY state sales tax	478,800	3.01	60	8.85	1,973
16235 3/4" residential w/ school tax	21,722,826	3.01	5,701	8.85	115,754
16236 3/4" public authority out of city w/ school tax	5,000	3.01	12	8.85	121
16242 3/4" commercial w/ school tax	354,500	3.01	146	8.85	2,360
16246 3/4" public authority w/ school tax	345,500	3.01	83	8.85	1,775
16263 3/4" residential w/ school tax and KY state sales tax	198,900	3.01	39	8.85	945
16265 3/4" residential out of city w/ school tax	2,345,000	3.01	491	8.85	11,397
16272 3/4" multi commercial w/ school tax	20,500	3.01	12	8.85	168
16287 5/8" multi commercial w/ school tax and KY state sales tax	285,900	3.01	60	8.85	1,390
16297 3/4" multi commercial w/ school and KY state sales tax	28,446,816	3.01	7,493	8.85	151,831
16208 1" public authority w/ school tax	324,200	\$ 3.01	25	\$ 22.12	\$ 1,533
16230 1" commercial out of city w/ school tax and KY state sales tax	172,200	3.01	12	22.12	783
16244 1" commercial w/ school tax and KY state sales tax	76,600	3.01	44	22.12	1,198
16247 1" multi residential w/ school tax and KY state sales tax	1,283,100	3.01	84	22.12	5,716
	1,856,100		165		9,230
16238 1 1/2" public authority w/ school tax	1,246,000	\$ 3.01	24	\$ 44.25	\$ 4,808
16252 1 1/2" industrial city w/ school tax and KY state sales tax	-	\$ 3.01	-	\$ 8.85	-
16254 1 1/2" commercial w/ school tax and KY state sales tax	120,700	3.01	12	44.25	804
	1,366,700		36		5,702
16248 2" public authority w/ school tax	4,518,200	\$ 3.01	48	\$ 70.79	\$ 16,981
16257 2" multi residential w/ school tax and KY state sales tax	338,200	3.01	12	70.79	1,866
16262 2" industrial w/ school tax and KY state sales tax	-	3.01	1	70.79	71
16264 2" commercial w/ school tax and KY state sales tax	2,401,200	3.01	24	70.79	8,918
	7,257,600		85		27,836
16280 6" commercial w/ school tax and KY state sales tax	-	\$ 3.01	-	\$ 442.45	\$ -
	-		-		\$ -
16285 Hydrant - private	\$ 9.38	-	12	-	\$ 113
16286 5/8" sprinkler - private	\$ 18.75	-	72	-	\$ 1,350
16299 Hydrant - municipal	\$ 4.17	- 54	12	-	\$ 2,700
Total Water Service Corporation of Kentucky Proposed Revenues	462,183,960		76,461		\$ 2,197,092