

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

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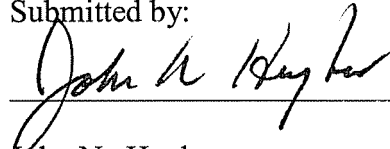
PUBLIC SERVICE  
COMMISSION

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

**RESPONSE TO CONFIDENTIALITY RULING**

Water Service Corporation of Kentucky (WSCK), by counsel, submits the attached revised schedule in response to the Commission's letter of November 21, 2005. Specifically, WSCK is filing information to substitute for that originally filed in Exhibit 4 of the Petition and Item 3, sheet 2 of 27, sheet 4 of 27 and Item 12(a)(50 of the Initial Data Request. Each of these schedules contains employee specific information. The company has revised the schedule to protect the employees' identity. Other documents filed as confidential, but which were denied that protection will not be withdrawn and may be placed in the public file.

Submitted by:

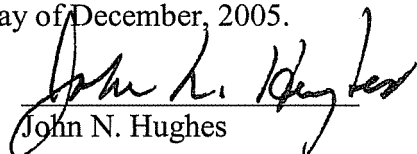


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Attorney for Water Service  
Corporation of Kentucky

Certificate of Service:

A copy of this motion was delivered to David Spenard of the Attorney General's Office, 1024 Capital Center Dr, Frankfort, KY 40601 the 21<sup>st</sup> day of December, 2005.



John N. Hughes

Employees (identified by #)	Total Annualized Salary	FICA 7.65%	FUTA 7,000 @ .8%	SUTA 8,000 @ .7.0%	Total Taxes	2004 Health Insurance	Pension at 3%	401(k) at 4%	2004 Other	Total Benefits
<b>Maintenance</b>										
(1)	30,671	2,346	56	560	2,962	4,332	920	1,227	387	6,866
(2)	23,885	1,827	56	560	2,443	4,332	717	955	387	6,391
(3)	35,095	2,685	56	560	3,301	4,332	1,053	1,404	387	7,176
(4)	54,972	4,205	56	560	4,821	4,332	1,649	2,199	387	8,567
(5)	40,289	3,082	56	560	3,698	4,332	1,209	1,612	387	7,539
(6)	26,182	2,003	56	560	2,619	4,332	785	1,047	387	6,552
(7)	28,169	2,155	56	560	2,771	4,332	845	1,127	387	6,691
(8)	24,224	1,853	56	560	2,469	4,332	727	969	387	6,415
(9)	38,325	2,932	56	560	3,548	4,332	1,150	1,533	387	7,402
(10)	37,957	2,904	56	560	3,520	4,332	1,139	1,518	387	7,376
(11)	30,164	2,308	56	560	2,924	4,332	905	1,207	387	6,830
(12)	18,247	1,396	56	560	2,012	4,332	547	730	387	5,996
(13)	6,292	481	50	440	972	-	-	-	-	-
(14)	2,559	196	20	179	396	-	-	-	-	-
<b>Supervisory</b>										
(15)	153,920	7,682	56	216	7,954	4,332	4,618	6,157	387	15,493
<b>Total Operator Salary</b>	<b>550,950</b>	<b>38,055</b>	<b>799</b>	<b>7,556</b>	<b>46,409</b>	<b>56,316</b>	<b>16,263</b>	<b>21,684</b>	<b>5,031</b>	<b>99,294</b>

Operator Allocation										
(1)	30,671	2,346	56	560	2,962	4,332	920	1,227	387	6,866
(2)	23,885	1,827	56	560	2,443	4,332	717	955	387	6,391
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(12)	18,247	1,396	56	560	2,012	4,332	547	730	387	5,996
(13)	6,292	481	50	440	972	-	-	-	-	-
(14)	2,559	196	20	179	396	-	-	-	-	-
<b>Supervisory</b>										
(15)	9,571	478	3	13	495	269	287	383	24	963
<b>Total Operator Allocation</b>	<b>406,601</b>	<b>30,851</b>	<b>746</b>	<b>7,353</b>	<b>38,950</b>	<b>52,253</b>	<b>11,932</b>	<b>15,910</b>	<b>4,668</b>	<b>84,764</b>

Office										
(16)	66,724	4,908	56	560	5,524	4,332	2,002	2,669	387	9,390
(17)	24,628	1,812	56	560	2,428	4,332	739	985	387	6,443
(18)	36,984	2,720	56	560	3,336	4,332	1,110	1,479	387	7,308
(19)	46,016	3,385	56	560	4,001	4,332	1,380	1,841	387	7,940
(20)	26,884	1,978	56	560	2,594	4,332	807	1,075	387	6,601
(21)	788	58	6	55	119	-	-	-	-	-
<b>Total Kentucky Office Salary</b>	<b>135,301</b>	<b>9,953</b>	<b>230</b>	<b>2,295</b>	<b>12,478</b>	<b>17,328</b>	<b>4,035</b>	<b>5,381</b>	<b>1,548</b>	<b>28,292</b>
<b>Total Kentucky Office Allocation</b>	<b>135,301</b>	<b>9,953</b>	<b>230</b>	<b>2,295</b>	<b>12,478</b>	<b>17,328</b>	<b>4,035</b>	<b>5,381</b>	<b>1,548</b>	<b>28,292</b>

	Salaries (operations)		Salaries (non-operations)		Payroll Taxes		Benefits		Customers: W 8,389 S - 100.00%
	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	
Oper (see above)	406,601	-	-	-	38,950	-	84,764	-	
Office (see above)	-	-	135,301	-	12,478	-	28,292	-	
Computers - per WSC w/p (SE 51)	-	-	9,730	-	-	-	-	-	
Increase in computer salaries	-	-	389	-	-	-	-	-	
WSC - per WSC w/p (SE 60 revised)	-	-	30,592	-	3,489	-	6,822	-	8,389
Increase in WSC salaries	-	-	1,224	-	210	-	113	-	
<b>Total</b>	<b>406,601</b>	<b>-</b>	<b>177,236</b>	<b>-</b>	<b>55,127</b>	<b>-</b>	<b>119,990</b>	<b>-</b>	<b>758,954</b>
<b>Test Year</b>	<b>391,796</b>	<b>-</b>	<b>127,678</b>	<b>-</b>	<b>47,659</b>	<b>-</b>	<b>103,251</b>	<b>-</b>	<b>670,384</b>
<b>Adjustments (Water/Sewer)</b>	<b>14,805</b>	<b>-</b>	<b>49,558</b>	<b>-</b>	<b>7,469</b>	<b>-</b>	<b>16,739</b>	<b>-</b>	<b>88,571</b>
	W	S	W	S	W	S	W	S	

Test Year - Oper	391,796	From TB 6019040
Test Year - Office	117,948	From TB 6019050
Test Year-WSC (SE 51) Computer Salaries	9,730	From SE 51
Test Year-WSC (SE 60) Taxes	3,364	From SE 60 (revised)
Test Year-WSC (SE 60) Benefits	6,535	From SE 60 (revised)
	<u>529,373</u>	

Adjustment to payroll taxes for WSC bonuses:

Total payroll taxes (from revised SE 60)	3,364	Total benefits (from revised SE 60)	6,535
Total WSC salary allocation, including bonuses (from 1)	29,306	Total WSC salary allocation, including bonuses (from revised SE 60)	29,306
Percentage of payroll taxes to salary	11.48%	Percentage of benefits to salary	22.30%
Total WSC bonus allocation (from revised Code 1)	201		
Percentage of payroll taxes for bonuses	11.48%		
Amount of payroll taxes attributable to bonuses	<u>23</u>		

Notes: Adjustment to salaries includes 3.5% adjustment for operators salaries.  
Salaries at the WSC level were increased by \$70,000 to account for two new hires in HR. Taxes and benefits have also been accounted for

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Using 2004 Customer Equivalent Numbers**

w/p [b-1]

Allocation of Kentucky Office

	<u>C.E.</u>	<u>Cust %</u>
Water Service Corporation of Kentucky	4,085	100.00%
Total	<u>4,085</u>	<u>100.00%</u>

**WATER SERVICE CORPORATION OF KENTUCKY**  
**Calculation of Pro Forma Operating Expense Charged to Plant**

w/p [b-2]

Employee (identified by #)	2004 W-2 (Allocated)	2004 Taxes (Allocated)	2004 Benefits per SE.50 (Allocated)	Total
(1)	29,491	2,872	6,303	38,666
(2)	22,966	2,373	5,953	31,292
(3)	33,745	3,197	6,532	43,474
(4)	52,858	4,660	7,557	65,075
(5)	38,739	3,580	6,799	49,118
(6)	25,175	2,542	6,071	33,788
(7)	27,086	2,688	6,174	35,948
(8)	23,292	2,398	5,970	31,660
(9)	36,851	3,435	6,698	46,984
(10)	36,497	3,408	6,679	46,584
(11)	29,004	2,835	6,277	38,116
(12)	17,545	1,958	5,661	25,164
(13)	6,050	935	-	6,985
(14)	2,461	(1,707)	-	754
(15)	(1) 9,202	487	788	10,477
				<u>504,085</u>

Total Operating Expense Charged to Plant (from Schedule B) 121,266  
 Total Allocated Salaries, Taxes, and Benefits (from above) 504,085

Percentage of Pro Forma Salaries, Taxes, and Benefits to Charge to Plant 24.06%

Pro Forma Salaries, Taxes, and Benefits for Operators (from w/p [b]) 530,315  
 Percentage of Pro Forma Salaries, Taxes, and Benefits to Charge to Plant 24.06%

Pro Forma Operating Expense Charged to Plant 127,576 127,576 W

(1) Adjustment to allocation for employee (15):

Total taxes	7,830
Allocation (from revised allocations)	<u>6.22%</u>
Total allocation taxes	<u>487</u>

Total benefits	12,667
Allocation (from revised allocations)	<u>6.22%</u>
Total allocated benefits	<u>788</u>