

**Attorney General's
Initial Requests for Information to
Water Service Corporation of Kentucky
Case No. 2013-00237**

1. How many total customers does WSCK serve? For this question and its subparts, please do not reference other documents but do provide the specified number.
 - a. How many in Bell County?
 - b. How many in Hickman County?
2. For each year from 2003 to 2012, please provide the following information:
 - a. the average or end of year customers, by customer class and
 - b. the total usage per class.
3. Does WSCK have any wholesale customers? If so, please provide, for each of the past five years,
 - a. The volume of water sold to wholesale customers, by customer, and
 - b. The amount of revenue received from each wholesale customer.
4. What is the total revenue WSCK is seeking? For this question, please do not reference other documents but do provide the specified number.
5. What is the total revenue increase WSC is seeking? For this question, please do not reference other documents, but do provide the specified number.
6. For WSCK, what was the average monthly cost of billing a residential customer during the test period? For this question, please do not reference other documents but do provide the specified number.
7. Please provide a five-year history of the actual operations and maintenance expenses by account.
8. What is the uncollectable rate WSCK used to calculate uncollectible expense?
 - a. How did WSCK determine this was the appropriate rate to use?
9. Provide a description and dollar amount for the three largest expense increases - in order from greatest to least -WSCK has incurred since their last general rate case.
10. Please provide the C.V. of all individuals providing direct testimony on behalf of WSCK.

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11. Reference Baryenbruch Testimony. Provide a narrative of cost savings WSCK has experienced due to Project Phoenix.
12. Is any portion of the Phoenix Project included in the Company's rate base or are costs expensed through Service Company charges? If the former, please quantify the amount included in rate base. If the latter, please provide the amount incurred by WSCK in each year since 2008.
13. Reference testimony of Bruce T. Haas.
 - a. Is it accurate that Mr. Haas is the UI Regional Director of Operations for the Midwest Region consisting of Illinois, Indiana, Kentucky and Tennessee?
 - b. Is it true that Mr. Haas business address is in South Carolina and not Illinois, Indiana, Kentucky or Tennessee?
 - c. Is Mr. Haas responsible for all WSCK facilities?
 - d. Is Mr. Haas responsible for all WSCK maintenance?
 - e. Is Mr. Haas responsible for making sure that WSCK customers receive least-cost water service?
14. Has WSCK or WSC identified any area of its operation that present potential cost savings over the next 5 years? If so, what areas and what are the potential savings in annual expenses?
15. Since the last WSCK general rate case, what additional steps has WSCK taken to limit uncollectable accounts?
16. On an ongoing basis please provide invoices, receipts or other supportive documentation for all costs associated with rate cases expenses referenced in WSCK response to PSC DR-13c.
17. Reference WSCK response to PSC DR-24. Provided copies of all current lease agreements.
18. Please provide all contracts related to antenna leases and,
 - a. The actual Test Year revenues
 - b. The 2012 contractual lease payments
 - c. The 2013 contractual lease payments and,
 - d. The effective date of any annual increase in 2012 and/or 2013.

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19. Reference WSCK response to PSC DR-24. Provide annual lease payments to the referenced properties for 2010, 2011 and 2012.
20. Reference WSCK response to PSC DR-28. Please explain why no invoice is issued to WSCK by Water Service Corporation.
21. 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).
22. Please identify the members of WSCK's board of directors.
23. Please provide board of directors meeting minutes for any meetings where discussion and approval of the application to seek a rate increase were discussed.
24. 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.
25. Please identify the officers of WSCK.
26. Please provide a schedule for the outside consulting fees paid during the test period and for the post-test year to date.
27. Please provide a narrative that identifies and explains any divestitures made by Utilities, Inc., since 1 January 2011.
28. 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.
29. 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?

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30. Please provide the date(s), location(s), attendance sign-in records, agendas, meeting notes and minutes for any public meetings held by WSCK, Utilities, Inc., and or Corix Utilities for customers in the City of Clinton and the City of Middlesboro for calendar years 2012 and 2013.
31. Please provide the date(s), location(s), attendance sign-in records, agendas, meeting notes and minutes for any stakeholder meetings with local officials or other stakeholder groups.
32. Please provide results of on any customer satisfaction surveys conducted.
33. Please provide information regarding the number of water service interruptions, the average employee response time to water service interruptions, customer complaints and response time as these matters relate to commitments made in case No. 2012-00133.
34. Reference: Application, Direct Testimony of Patrick Baryenbruch. Please provide the following.
 - a. A schedule listing, for the period beginning 1 January 2010 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 2010. (With regard to providing the information to the Office of the Attorney General) Each testimony should be submitted in a pdf file with OSR so that it is searchable;
 - f. Please provide a copy of Mr. Baryenbruch's work-papers for his testimony.
 - g. 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).
35. For the period beginning 1 January 2011 to the present, please identify any favorable tax benefit(s) available and/or realized associated with any

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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).

36. 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).
37. Please provide, by the departments listed in Exhibit B to Mr. Shambaugh's testimony, the number of employees at Water Service Corporation ("Service Company").
38. Please identify the entities on whose behalf the Service Company provided services in each year from 2010 to 2012. For each such entity, please provide the amount (\$) and percentage (%) of Service Company costs that were charged or allocated to that entity by the Service Company in each of those years.
39. For each entity receiving services from the Service Company, please provide the number of customers at December 31, 2011, December 31, 2012, and the most recent date available.
40. Please itemize all costs charged to WSCK by the Service Company in each of the past three years. For each year, please separately identify the costs that were a) directly charged to WSCK and b) allocated to WSCK based on a common allocation factor.
41. In addition to the Service Company, does Utilities, Inc. or any other affiliated entity charge costs to WSCK? If so, for each entity, please itemize the costs charged to WSCK in each of the past three years.
42. Regarding w/p [b], please a) identify any positions listed on this schedule that are currently vacant, and b) identify the costs included in the "Other" category.

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43. Regarding w/p [b], for each position listed on this schedule, please provide the actual annual salary at December 31, 2012.
44. Please confirm that all direct WSCK employee positions are shown on w/p [b], and that this workpaper reflects only WSCK positions (as opposed to Service Company positions).
45. Regarding w/p [b], are the costs shown as "401(k) at 3%" the employee's contribution to the 401K? If so, please explain why these costs are in addition to the employee's annualized salary. If these costs are not the employee's contribution, then please explain what these costs are and how they differ from the costs shown under "Company Contribution at 4%".
46. Regarding w/p [b], please a) identify any employees that provide services to both water operations and to Clinton's wastewater treatment system under contract, and b) explain how these employees' labor costs are allocated between water and wastewater operations.
47. Regarding w/p [b-2], do the amounts of capitalized time shown in Column [a] represent the actual amounts capitalized in the test year? If not, please explain how these amounts were determined.
48. Regarding w/p [q-2], please provide all supporting assumptions, workpapers, calculations and studies supporting the allocation factors shown in this workpaper.
49. Provide the total payroll costs, separately for union and non-union employees, in each of the last three years.
50. Provide the percentage of salary and wage increases granted in each of the last three years, as well as the dates of any such increases. Please provide this information separately for union and non-union personnel, if applicable.
51. Provide the number of WSCK employee positions, by department, authorized and the actual number of employees for each month from January 2011 through the latest date available.
52. Regarding w/p [b-3], please identify any positions that are currently vacant.

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53. Provide the total amount of employee severance expenses in each of the last three years and as reflected in the filing.
54. Provide the amount of any severance expense amortizations claimed in the filing and indicate when such costs were incurred and when any amortization will cease.
55. Provide the total relocation expenses in each of the last three years and as reflected in the filing.
56. Please provide a description of all incentive compensation programs provided to employees (non-officers). For each program, please provide
 - a. a description of the program,
 - b. the amount included in the Company's claim, and
 - c. the actual amount incurred in each of the past three years.
57. Please provide a description of all incentive compensation programs provided to officers. For each program, please provide
 - a. a description of the program,
 - b. the performance criteria factors used to determine awards,
 - c. the amount included in the Company's claim,
 - d. the actual amount incurred in each of the past three years, and
 - e. by title, a list of all officers eligible to participate.
58. Describe any changes to employee incentive programs over the past five years or that are projected for the future.
59. Identify and quantify all officer compensation by component, including incentive awards and bonuses, paid in each of the past three years and indicate the portion of each component that is included in the Company's proposed revenue requirement. Please also identify, by title, the officers whose compensation is included in this response. Please include both WSCK officers as well as officers of affiliates whose costs are allocated to WSCK in your response.
60. Fully describe any SERP benefits whose costs are included in the Company's claim. Quantify any SERP costs included in the Company's filing, and describe how the Company's claim for SERP costs was determined. Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.

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61. Identify all compensation, bonuses, and benefits provided to Directors in each of the last three years and as included in the Company's filing.
62. Provide copies of the most recent actuarial reports for FAS 87 and FAS 106 costs.
63. For each of the past five years, please provide a) the actual pension cost booked by the Company, and b) the amount of any contributions to the pension fund.
64. For each of the last five years, please provide a) the actual post-retirement benefit cost booked by the Company, b) the amount of any contributions to a post-retirement benefit fund, and c) the amount actually paid out in OPEB benefits.
65. Regarding w/p[b-1], what entity has 413 employees, i.e., does this represent employees at the Service Company or some other entity?
66. Provide the most recent unit rates for the Company's medical and dental benefit plans and identify the number of employees for which each such rate is applicable.
67. Identify the amount that employees contribute to their health care costs and state how that amount is determined.
68. Provide a list of all benefits offered to employees.
69. Provide a list of all benefits offered to officers.
70. Describe any changes in benefits offered to a) officers or b) employees in any of the past 5 years or projected for the future.
71. For each type of employee benefit, please provide the costs incurred in each of the past three years.
72. Please provide a three year history of legal costs.
73. Provide a three-year history of any legal settlements paid or received and explain how such amounts are reflected in the filing.

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74. Please provide, for each of the past three years:
 - a. the amount of bad debts written-off,
 - b. the amount of bad debts written off that were subsequently recovered,
 - c. the amount of any additions to a bad debt reserve, if applicable, and
 - d. the total revenues from water sales.

75. Please identify any reserves (uncollectibles, injuries and damages, storm damage, etc.) maintained by the Company. For each such reserve, please
 - a. provide the balance at December 31 for each of the past three years,
 - b. identify any reserve additions included in the Company's filing, and
 - c. state how the annual reserve additions are determined.

76. Please provide a three-year history of injuries and damages expenses.

77. Please provide supporting assumptions, calculations and workpapers for the 6.98% allocation shown in w/p[p-2a].

78. Please identify the Company's total estimated costs for this proceeding and itemize all components of the estimated cost.

79. Please identify any regulatory commission expense included in the Company's proposed revenue requirement, other than costs associated with the current rate case.

80. For each of the past three WSCK rate case filings, provide:
 - a. the amount of the increase requested,
 - b. the percentage increase requested,
 - c. the amount of increase granted,
 - d. whether the case was litigated or settled,
 - e. the total rate case costs incurred, and
 - f. the effective date of new rates.

81. Provide a copy of all contracts with consultants or other third parties for rate case services claimed in this filing.

82. Please provide copies of all Requests for Proposal issued by or on behalf of WSCK with regard to the provision of rate case services in this case.

83. Provide the amount of research and development costs claimed in rates in this filing and provide a description of each project to be undertaken, the

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timing of the project and the organization that is expected to perform the research. Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.

84. Provide the amount of charitable contributions included in the filing showing the organization(s) and the amount of the claimed expense. Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.
85. Provide a detailed accounting of outside services expense for the test year and the past three years, showing the amounts paid by vendor and a description of the nature of the services provided. Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.
86. Provide the amount of expenses for memberships and dues included in the filing indicating the organization paid and the employees who participate (union, management, directors, etc.). Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.
87. For each entity for which dues and membership expenses are included in the filing, identify any portion of dues or membership fees that are directed toward lobbying activities by the organization.
88. Identify all lobbying costs incurred by the Company in the test year and identify the amount of lobbying costs, if any, included in the Company's claim. Please include both costs that are directly incurred by WSCK as well as costs allocated to the Company.
89. Provide the amount of meals expenses included in the Test Year but disallowed for tax purposes.
90. For each of the past five years and as projected for 2013, identify the Alternative Minimum Tax paid by the Company.
91. Please provide, for each of the past five years as well as for the test year,
 - a. the total assessed property value,
 - b. the average property tax rate,
 - c. the total property taxes paid,
 - d. any refunds of taxes paid.

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92. Please provide the December 31 balances for customer deposits at December 31, 2010, 2011, and 2012, as well as the latest amount available.
93. For each of the past three years, please provide:
 - a. the capital budget as approved by the Board of Directors,
 - b. the actual capital expenditures.
94. For each of the three five years, please provide:
 - a. actual plant-in-service additions,
 - b. actual retirements
95. Provide a description of major assets included in intangible plant.
96. Provide the balance in intangible plant in each of the last three years.
97. Please identify any plant held for future use included in the Company's rate base. For each such plant asset, please include
 - a. the date that the asset was acquired,
 - b. a description of the asset and its eventual use,
 - c. the date by which the asset is expected to be put into service, and
 - d. a description of any current activities relating to preparing the asset to enter utility service.
98. Provide a five-year history of gains and losses of asset dispositions and state how such gains/losses are reflected for ratemaking purposes.
 - a. Please identify all non-regulated services provided by WSCK in each of the past three years,
 - b. identify all costs associated with the provision of non-regulated services, and
 - c. state how such costs are reflected in the filing.
99. Please provide a narrative describing how the Company's pro forma revenue at present rates was determined. Please include all supporting workpapers, assumptions, and calculations with your response.
100. Does WSCK file its income taxes as part of a consolidated income tax group? If so, please provide a list of all companies included in the consolidated income tax return of which WSCK is a member.

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101. For each company listed in the response to the previous question, please
- a. state if the company is regulated or non-regulated, and
 - b. provide a brief description of the services provided by each company.
102. If the Company files its taxes as part of a consolidated group, please provide a copy of the tax sharing agreement that determines how payments of each entity to the parent company are determined.
103. If the Company files a consolidated income tax return, please provide the taxable income or tax loss incurred by each company included in the consolidated income tax return of which WSCK was a member for each of the past five years.
104. If the Company files a consolidated income tax return, please provide, for each of the past five years, the actual income taxes paid by the consolidated group to the IRS.
105. If the Company files a consolidated income tax return, please provide, for each of the past five years,
- a. the federal income taxes booked by WSCK,
 - b. the amount of any payment made by WSCK to the parent company or other entity relating to the tax sharing agreement among members of the consolidated group.
106. If the Company files a consolidated income tax return, please state the amount paid to each loss company by the parent or other subsidiary in each of the past five years in compensation for tax losses incurred by that member, as well as the total payments made to members by the consolidated group.
107. If the Company files a consolidated income tax return, please quantify the amount of any tax loss carryforward currently available to the consolidated group, and identify the period(s) over which these tax loss carryforwards are available to be used by the consolidated group.
108. For all amortizations included in the Company's claim, please provide
- a. a description of the cost,
 - b. the total costs incurred,
 - c. the amortization period being used,
 - d. a cite to the PSC order authorizing recovery, if applicable,

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- e. the date when the amortization began,
 - f. the amount recovered to date, and
 - g. the amount recovered by the end of the Test Year.
109. Please quantify the amount of advertising costs included in the Company's claim and provide a summary of advertising expenditures by category, e.g. educational, conservation, institutional, etc.
110. For each of the Company's tanks, please provide a) the date of the most recent tank painting, b) the cost of the most recent painting, c) the amortization period, d) the beginning date of the amortization, and e) the annual amortization expense.
111. What is the basis for the 2% depreciation rate referenced on page 6, lines 15-16 of Mr. Yap's testimony?
112. Please provide all supporting documentation for the use of the 88% Operating Ratio shown in Exhibit E.
113. Regarding w/p[p-5], please provide a key identifying each of the abbreviations used in the column headings of this workpaper.