

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Application of Water Service Corporation)	
of Kentucky for a General Adjustment)	Case No. 2013-00237
in Existing Rates)	

APPLICATION FOR GENERAL ADJUSTMENT IN EXISTING RATES

Water Service Corporation of Kentucky, by counsel, submits its application for an increase in rates pursuant to KRS 278.190 to be effective October 27 , 2013, or sooner if allowed by the Commission.

1. Water Service Corporation of Kentucky is a Kentucky corporation, whose stock is wholly owned by Utilities, Inc. The mailing address of Water Service Corporation of Kentucky is 2335 Sanders Road, Northbrook, Illinois, 60062. Water Service Corporation of Kentucky can be reached via e-mail through its attorney Todd Osterloh at tosterloh@sturgillturner.com.
2. Water Service Corporation of Kentucky currently owns and operates water production, transmission, and distribution facilities in the cities of Middlesboro and Clinton. It serves approximately 7,362 customers. It also has a contract with the City of Clinton to operate the City's wastewater system. The wastewater system and operations are not part of this rate application.
3. A certified copy of the articles of incorporation was filed in Case No. 2002-00142.

4. Water Service Corporation of Kentucky is not a limited liability company.
5. Water Service Corporation of Kentucky is not a limited partnership.
6. An adjustment in rates is necessary to recover operating expenses, debt service costs, depreciation, taxes and other expenses related to the operation of both water systems that are not presently being recovered in rates. The reasons for the proposed increase are more fully explained in Lowell Yap' testimony attached as Exhibit 5.
7. A copy of its current Certificate of Authorization is attached as Exhibit 1.
8. Water Service Corporation of Kentucky has no assumed names.
9. Current and proposed tariffs are attached as Exhibit 2.
10. Public notice of the rate application has and will be given pursuant to the requirements set forth in 807 KAR 5:001, Section 16(3)(b) and (4). Proof of the public notice is attached as Exhibit 3.
11. Because Water Service Corporation of Kentucky's gross annual revenue is not greater than \$5,000,000, it is exempt from the notice requirements of 807 KAR 5:001, Section 16(2).
12. Water Service Corporation of Kentucky's Annual Reports have been filed with the Commission.
13. A pro forma schedule of changes is attached as Exhibit 4.
14. Prepared testimony is attached as Exhibit 5. Lowell Yap, Bruce Haas, and Helen Lupton are the witnesses supporting the rate adjustment and rate design, cost of capital and overview of Kentucky operations. Gary Shambaugh and Patrick Baryenbruch are testifying on the reasonableness of indirect expenses allocated to Water Service Corporation of Kentucky.

15. Estimated impact proposed rates will have on revenues is attached as Exhibit 6.
16. The effect of the proposed rates on the average customer's bill is attached as Exhibit 6.
17. A billing analysis is attached as Exhibit 7.
18. A summary of the calculation of the revenue requirements is attached as Exhibit 8.
19. A reconciliation of rate base and capital is attached as Exhibit 9.
20. A current chart of accounts is attached as Exhibit 10.
21. The independent auditor's report is attached as Exhibit 11.
22. There are no FERC or FCC audit reports because this is a water company.
23. Water Service Corporation of Kentucky has not performed a depreciation study. An explanation of the proposed depreciation rates is attached as Exhibits 12 and 13.
24. A list of in-house software associated with the filing of the utility's application is identified in Exhibit 14.
25. Water Service Corporation of Kentucky has no stock prospectus.
26. Water Service Corporation of Kentucky has no report to shareholders.
27. Monthly managerial reports are attached as Exhibit 15. There are no written reports other than the rolling monthly financial statement.
28. Allocations to affiliates are explained in Exhibit 16. In addition, testimony by Gary Shambaugh and Patrick Baryenbruch, which is contained in Exhibit 6, supports the reasonableness of all allocations to Water Service Corporation of Kentucky.
29. A cost of service study is not required because Water Service Corporation of Kentucky's operating revenues do not exceed \$5,000,000.
30. An income statement and balance sheet are attached as Exhibit 17.

31. There are no pro forma adjustments in the filing for plant additions and are no plant additions for the test year and, therefore, no capital construction budget is necessary.
32. An operating budget is not prepared by the company.
33. The number of new customers to be added to the test period is 0.
34. The percentage change and dollar change in the rates for each customer class are identified in Exhibit 6.
35. Present and proposed rates are reflected in the tariffs filed in Exhibits 2 and 6.
36. The effect on the average customer's bill is listed in Exhibit 7.

Based on the information filed, the company requests that the Commission approve the proposed rate change. It also requests a deviation pursuant to 807 KAR 5:001, Section 21, from any requirement that might delay the review of the application if such requirement can be considered as substantially met or as unnecessary for a complete review of the proposed rates, including the preparation of a depreciation study as required by 807 KAR 5:001, Section 16(n).

Respectfully submitted,



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