

**CASE NO. 2013-00237**

**WATER SERVICE CORPORATION OF KENTUCKY**

**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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?

RESPONSE: Water Service Corporation of Kentucky ("WSCK") serves 6507 customers total.

- a. 5900
- b. 607

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

**RESPONSE:**

Please see the attached Excel files "AG DR 1-2 Clinton Usage & Customers" and "AG DR 1-2 Middlesboro Usage & Customers" that are electronically filed for information for the years 2009-2011. Please refer to Schedule D in the application for year 2012. WSCK objects to providing information for the years 2003-2008, as it is not relevant to this matter. Notwithstanding this objection, WSCK does not have the information requested for 2003-2008.

Witness: Lowell Yap (Objection: Legal)

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

**RESPONSE:**

- a. Pineville Utility Commission (January and February 2012) 7,294,770 Gallons.
- b. Pineville Utility Commission \$15,673.51

Witness – James Leonard and Bruce Haas

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

4. What is the total revenue WSCK is seeking? For this question, please do not reference other documents but do provide the specified number.

RESPONSE: WSCK is seeking \$2,369,433 total revenue.

Witness – Lowell Yap



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: WSCK is seeking \$224,654 total annual revenue increase.

Witness – Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: The average cost to bill a residential customer is \$2.86. *(This is calculated by taking the billing costs found on the TB/12 months, divided by the number of billing units found on schedule D/12 months.)*

Witness – Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

7. Please provide a five-year history of the actual operations and maintenance expenses by account.

RESPONSE: Please see the Excel file "DR 7 WSCK IS 2008-2012" that was electronically filed with the Commission on November 22, 2013 and that has income statements for the previous five calendar years.

Witness – Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

8. What is the uncollectable rate WSCK used to calculate uncollectible expense?
  - a. How did WSCK determine this was the appropriate rate to use?

RESPONSE: We reserve (move accounts receivable to bad debt) a certain percentage of a customer's accounts-receivable balance depending on the age of their receivable. For example, balances between 90-180 days old, we will reserve 20% of the balance. Whereas, balances that are more than 181 days old, we will reserve 85% of the balance. Once collection efforts have been made and our billing system generates a direct write-off of the customer's balance, we will adjust the bad debt accrual accordingly. Meaning, once we compare what the accounts-receivable reserve balance should be (after the direct write-off) against what it was (before the direct write-off), we would remove the difference (move bad debt back to accounts receivable).

Witness – Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

9. Provide a description and dollar amount for the three largest expense increases – in order from greatest to least – WSCCK has incurred since their last general rate case.

RESPONSE: The three largest increases to pro forma proposed expenses since the last rate case are as follows:

- Income Taxes – \$73,304
- Chemicals - \$44,108
- Purchased Power - \$15,476

Witness – Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

10. Please provide the C.V. of all individuals providing direct testimony on behalf of WSCK.

RESPONSE: Please see the following C.V.s of Gary Shambaugh and Patrick Baryenbruch. Other individuals providing direct testimony on behalf of WSCK do not maintain current C.V.s. Each of the witnesses describes their professional and educational backgrounds in their written testimony, which was included as Exhibit 5 to WSCK's application.

Witnesses: Gary Shambaugh, Patrick Baryenbruch, Bruce Haas, Helen Lupton, and Lowell Yap.

PROFESSIONAL QUALIFICATIONS  
OF  
GARY D. SHAMBAUGH, PRINCIPAL & DIRECTOR  
AUS CONSULTANTS

275 Grandview Avenue, Suite 100  
Camp Hill, PA 17011

**PROFESSIONAL QUALIFICATIONS  
OF  
GARY D. SHAMBAUGH  
AUS CONSULTANTS**

Has over forty years' experience as a consultant in the public utility field. Has provided services in the areas of valuation, depreciation measures of value including cash working capital, original cost, cost of service, tariff rate design, customer bill frequency analysis, accounting matters and rate case filings. Consultant to regulatory agencies, gas, electric, steam heat, chilled water, telephone, water and wastewater utilities in Alaska, Colorado, Connecticut, Delaware, District of Columbia, Florida, Illinois, Iowa, Louisiana, Maine, Massachusetts, Michigan, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, New York, North Carolina, Rhode Island, South Carolina, Pennsylvania, Virginia, and West Virginia.

**EXPERIENCE**

**1972 to Date**

AUS Consultants, Camp Hill, Pennsylvania - Principal & Director specializing in public utility matters. Has prepared studies and coordinated analysis related to business enterprise valuations, original and trended original cost studies, rate base elements, depreciation studies, cost of service, tariff design, financial, accounting matters and rate case filings for numerous municipal, authority and investor owned utilities. These studies have required the review of financial records, inspection of property, analysis of original cost data, the development and selection of cost indexes, selection of service lives, the determination of rate base elements, annual depreciation expense, preparation of rate filing data and the presentation of the final report and study results. Has testified before numerous regulatory agencies on civil and county courts, Federal Bankruptcy Courts in Louisiana and Pennsylvania and the Mississippi Supreme Court.

***Representative Client List***

**CHILLED WATER**

NRG Energy Center – Pittsburgh

NRG Thermal – San Francisco

**ELECTRIC**

Allegheny Energy  
Borough of Butler, NJ  
Consolidated Hydro, Inc.  
(CT,SC,NH,MA,ME)  
Duquesne Light Company

Foster Wheeler Power Systems, Inc.  
Hershey Electric Company  
Pennsylvania Power Company, PA  
Phelps Dodge  
Wellsboro Electric Company



**PROFESSIONAL QUALIFICATIONS  
OF  
GARY D. SHAMBAUGH  
AUS CONSULTANTS**

West Penn Power Company, PA

Kansas City Power & Light

GAS

Columbia Gas of Pennsylvania, Inc.  
Connecticut Natural Gas  
Energy East  
GASCO  
IGS Utilities  
Jersey Shore Gas Company  
Lewistown Gas Company  
Mt. Carmel Gas Company  
Mountaineer Gas Holdings, LP  
National Grid  
National Fuel Gas Supply

The North Carolina Gas Service  
North East Heat and Light Co.  
North Penn Gas  
Piedmont Natural Gas  
Pennsylvania Gas and Water Co.  
Philadelphia Gas Works  
SourceGas, LLC  
Southern Connecticut Gas Corporation  
St. Lawrence Gas Company – NY  
Trigen Philadelphia  
Valley Energy, Inc. – PA & NY

STEAM HEAT

Bellfield Boiler Plant  
Kansas City Power & Light  
NRG Energy Center – Harrisburg

NRG Energy Center – Pittsburgh  
NRG Thermal – San Francisco

TELECOMMUNICATIONS

Armstrong Telephone Co., WV  
Armstrong Utilities, Inc.  
Commonwealth Telephone Company  
Empire Telephone Company  
Hershey Telephone Company  
Hickory Telephone Company

Illinois Consolidated Telephone Co.  
Jamestown Telephone Company  
Lewisberry Telephone Company  
MCI Telecommunications Corp.  
Mid-Continent Telephone Corp.  
Ritchie Telephone Co., WV

WATER

Appalachian Utilities, Inc.  
Aqua American  
Artesian Water Company, DE  
City of Auburn, NY  
Bell Utilities, Inc. - MS  
Bensalem Township  
Borough of Akron  
Borough of Bellefonte  
Borough of Duncannon

Borough of Hanover  
Borough of Lower Burrell  
Borough of Oakmont  
Clearfield County Municipal Services  
and Recreation Authority  
City of Creston, Iowa  
City of DuBois  
Emporium Water Company  
Fox Chapel Authority

**PROFESSIONAL QUALIFICATIONS  
OF  
GARY D. SHAMBAUGH  
AUS CONSULTANTS**

Franklin County General Authority  
Hackensack Water Company  
National American Corporation, MS  
New Haven Water Company, CT  
New Jersey American Water Company  
Newtown Artesian Water Company  
OSRAM SYLVANIA Products Inc  
Pennichuck Water Works, NH  
Pennsylvania-American Water  
Company  
Pennsylvania Gas and Water Company  
Philadelphia Suburban Water Company  
City of Port Richey, FL  
Portsmouth Water and Fire District, RI  
Presque Isle Harbor Water Co., MI

City of Reading  
Reynolds Water Company  
Reynoldsville Water Authority  
Mun. Auth. of the Township of Robinson  
Rolling Oaks Utilities, Inc., FL  
Spring Valley Water Company, NY  
Southwestern PA Water Authority  
Total Environmental Solutions, Inc  
City of Trenton, NJ  
United Water Resources  
Utilities, Inc. of Louisiana  
Mun. Auth. of the Borough of West View  
Wilmington Water System, DE

WASTEWATER

Allied Utility Services  
American Anglian  
Anglo Fabrics, et.al  
Bell Utilities  
Borough of Caldwell, NJ  
Charleston Township Municipal Auth.  
Chesterfield County, VA  
College-Harris Joint Authority  
City of DuBois  
East Providence Township  
Municipal Authority  
Fawn Township Sewer Authority  
Franklin County General Authority  
Lindrick Service Corporation, FL  
City of Lower Burrell  
Lycoming County Water & Sewer Auth.

North & South Shenango Joint Auth.  
Patton-Ferguson Joint Authority  
Pine Creek Municipal Authority  
Plum Borough Municipal Sewer Auth  
City of Port Richey, FL  
Reynolds Disposal Company  
Reynoldsville Sewer Auth.  
Mun. Auth. of the Township of Robinson  
Rolling Oaks Utilities, Inc., FL  
Total Environmental Solutions, Inc.  
University Area Joint Authority  
Utilities Inc. of PA  
Mun. Auth. of the Borough of West View  
Westvaco Corporation  
Williamsport Municipal Sanitary

REGULATORY

**PROFESSIONAL QUALIFICATIONS  
OF  
GARY D. SHAMBAUGH  
AUS CONSULTANTS**

Regulatory Commission of Alaska  
Delaware Public Service Commission

District of Columbia Public Serv.Comm.  
Mississippi Public Service Commission

**PERSONAL**

**Education:**

Graduate of the Harrisburg Area Community College with an Associate of Arts Degree in Accounting. Has successfully completed valuation and depreciation studies and programs related to the fundamentals of service life, salvage estimation and forecasting sponsored by Depreciation Programs, Inc. at Calvin College in Grand Rapids, Michigan. Has also successfully completed cost of service seminars presented by the American Water Works Association. Mr. Shambaugh is currently on the Staff of the New Mexico State University Public Utility Programs.

**PROFESSIONAL AFFILIATIONS**

American Water Works Association  
National Association of Water  
Companies  
National Rural Water Association

Pennsylvania Energy Association  
Pennsylvania Municipal Authorities  
Assn.  
Society of Depreciation Professionals

**RECENT  
SPEECHES / TRAINING**

"Water Rates", Pennsylvania Department of Community Affairs, Clarion State University, May 20, 1993

"Financial Management for Public Utilities", New York Rural Water Association, Baldwin, NY, May 25, 1993

"Forecasting Budgets and Rate Design", National Rural Water Association, Portland, OR, October 26, 1993

"PURE '94: The Pricing of Water", University of Maine, Augusta, ME, January 21, 1994

"The Anatomy of a Rate Filing", Pennsylvania Rural Water Association, State College, PA, March 29, 1994

"Rate Regulation - Should Authorities be Concerned?", Pennsylvania Municipal Authorities Association, Hershey, PA, April 11, 1995

**PROFESSIONAL QUALIFICATIONS  
OF  
GARY D. SHAMBAUGH  
AUS CONSULTANTS**

“New Mexico State University’s Public Utility Programs – Water Cost of Service / Utility Acquisitions”, 2007 & 2008

“Current Trends in Utility Regulation Michigan State University – Advanced Utility Programs,” East Lansing, MI, September 29, 2011

“Trends in Utility Rate Designs” – Pennsylvania Municipal Authority Association, State College, PA, October 25, 2011

“Water Sales Attrition / Formula Rates – National Association of Regulatory Utility Commissioners,” St. Louis, MO, November 14, 2011

TESTIMONY

Mr. Shambaugh has testified or has had testimony presented before the Connecticut Department of Public Utility Control, Pennsylvania Public Utility Commission, Florida Public Service Commission, Louisiana Public Service Commission, Michigan Public Service Commission, Mississippi Public Utilities Commission, the Mississippi Supreme Court, North Carolina Public Utilities Commission, Rhode Island Public Utilities Commission, South Carolina Public Service Commission, Tennessee Regulatory Authority, West Virginia Public Service Commission, the Court of Common Pleas of Allegheny County - Civil Division, PA, the Court of Common Pleas of Clearfield County, PA., the Court of Common Pleas of Indian County, PA., Superior Court, Massachusetts, West Pasco County Circuit Court, Florida, and the U.S. Federal Bankruptcy Court - Middle Pennsylvania District on various rate making disciplines, including but not limited to, business enterprise valuations, financial feasibility, accounting matters, original cost, measures of value, revenues and expenses, cost of service, tariff design, rate base elements, rate of return, depreciation, and valuation.

PUBLICATIONS

"Budgets and Rates - Creating a Positive Financial Future", Pennsylvania Municipal Authorities Association's "The Authority", June 1991

"Budgets and Rates - Creating a Positive Financial Future", Pennsylvania Rural Water Association's "The Keystone Tap", August 1991

"PURE '94: The Pricing of Regulated Utilities: Water Rates", Margaret Chase Smith Center for Public Policy, University of Maine, Orono, ME, January 1994

## Resume of Patrick L. Baryenbruch

---

### Summary

Mr. Baryenbruch began his consulting career in the late 1970s. He established his own practice in 1985 and has focused on providing services to utilities and their regulators. Mr. Baryenbruch has performed consulting assignments for over 50 utilities and 10 public service commissions.

For the past 20 years, Mr. Baryenbruch has provided a broad range of information technology (IT) consulting services to utility clients. Over the course of his career, Mr. Baryenbruch has also served as an expert witness for many utility rate cases.

### Professional Credentials and Education

Mr. Baryenbruch is a certified public accountant and is a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants. He holds a Bachelors degree in accounting from the University of Wisconsin-Oshkosh, where he graduated with high honors, and a Masters in Business Administration from the University of Michigan.

### Employment

1985 to Present	Baryenbruch & Company, LLC, President
1983 to 1985	Scott Consulting Group (now ScottMadden), Managing Associate
1979 to 1983	Theodore Barry & Associates, Managing Associate
1974 to 1977	Arthur Andersen & Company, Senior Auditor

### Partial List of Clients

AGL Resources, Inc.	Municipal Electric Authority of Georgia
Allegheny Energy, Inc	Niagara Mohawk Power Corporation
American Water Company	NiSource Inc./Columbia Gas
Atlantic Electric Company	Orange & Rockland Utilities Company
Atmos Energy Corporation	Pacific Gas & Electric Company
BB&T Financial Corporation	Pennsylvania Power Company
Big Rivers Electric Corporation	Peoples Gas Light Company
British Columbia Hydro and Power Authority	Philadelphia Electric Company
Carolina Power & Light Company	Philadelphia Gas Works
Choptank Electric Cooperative	Philadelphia Suburban Water Company
Chugach Electric Cooperative	Progress Energy, Inc.
Cincinnati Milacron Company	Public Service Electric & Gas Company
City of Los Angeles Dept of Water & Power	RTI, International
City Utilities of Springfield, Missouri	Rio Rancho Water Company
Commonwealth Edison Company	Roanoke Gas Company
Connecticut Light & Power Company	Rochester Gas & Electric Corporation
Connecticut Natural Gas Company	Rockland Electric Company
Consumers Power Company	Southern California Edison Company
Delta Natural Gas Company	System Energy Resources, Inc.
Duke Energy Corporation	Tennessee Valley Authority
Dominion Resources, Inc.	Texas Utilities Electric Company
ENASA/Pegaso Truck Company	Toledo Edison Company
Entergy Corporation	Trans Alaska Pipeline System
General Telephone Company	Tucson Electric Power Company
General Water Works Corporation	United Telephone Company
Houston Lighting and Power Company	United Water, Inc.
Iowa Power & Light Company	Utilities, Inc.
Kentucky Utilities Company	Wisconsin Gas Company
Madison Gas & Electric Company	Xomox Corporation
Mississippi Power & Light Company	

### Professional Experience – Information Technology

Mr. Baryenbruch provides clients with wide range of information technology (IT) services covering the following areas:

- IT Governance – Strategic planning, business case development, management of IT customer relationships and development of performance metrics, including balanced scorecards and benchmarking.
- IT Business Management – Budgeting, cost management, IT cost recovery, employee performance management and service request processes.
- IT Project Management – Project management office (PMO), development methodologies and management of major IT projects. Mr. Baryenbruch has helped manage many IT projects involving more than 800,000 cumulative hours of work and the activities of hundreds of functional and technical employees and contractors.

Mr. Baryenbruch's representative IT consulting engagements include the following

- *Duke Energy* – Mr. Baryenbruch is currently assisting with the integration of Progress Energy's post-merger integration with Duke Energy. He is a member of Duke's Finance PMO management team that is transitioning legacy Progress Energy financial systems onto Duke's systems.

He has also helped manage an earlier upgrade of Duke's general ledger and finance information hub projects that involved teams of over 100 Duke and consultant personnel. During 2004, Mr. Baryenbruch helped Duke manage the implementation of Sarbanes-Oxley 404.

In the past, Mr. Baryenbruch has provided consulting assistance to Duke Energy's IT group, which serves Duke's various regulated and non-regulated business units. Among other things, he implemented a cost recovery process, which entailed developing a set of products, establishing cost pools, estimating unit usage and creating unit rates. IT's charges to internal customers are based on their unit usage of various products. This cost recovery arrangement was subjected to an audit by an outside CPA firm hired by the North Carolina Public Utility Commissions. That firm found it to be in compliance with the state's code of conduct rules.

Also for Duke's IT group, Mr. Baryenbruch developed a performance measurement process that includes benchmarking and metrics relevant to internal customers. The focal point of this information is the enterprise IT scorecard which shows the performance of the central IT group and several business unit IT groups. The scorecard is presented to the senior management IT governance committee twice annually.

- *Progress Energy* (now part of Duke Energy) – Mr. Baryenbruch helped implement a new budget system and related associated business processes at the Company's three nuclear plants and in the corporate Nuclear staff organization. He later designed and implemented monthly budget variance reports for the Nuclear Generation Group's management team. He also designed and implemented a weekly outage reporting system for each nuclear plant to track the budget and schedule status of outage projects.

Also for Progress Energy's IT group, Mr. Baryenbruch assisted in development of a process management approach and designed a customer service/marketing program that featured customer research, market segmentation, product and service performance monitoring and customer satisfaction measurement.

- *PPL Utilities* – Mr. Baryenbruch provided advice to the corporate IT organization as they developed a new "chargeback" arrangement for assigning IT costs to other PPL user organizations.

## Resume of Patrick L. Baryenbruch

---

- *Consumers Power* – Mr. Baryenbruch was part of a project team that implemented improvements in the way the IT organization identified, evaluated and selected major projects.
- *RTI International* – Mr. Baryenbruch conducted an assessment of RTI's IT project governance and project management practices. This assessment was performed for RTI International's (RTI) Office of Internal Audit and evaluated the following aspects of RTI's management of IT projects:
  - Governance practices that identify, evaluate, prioritize and select IT projects for implementation
  - Project management practices employed in the implementation of IT projects by Information Technology Services (ITS), RTI's central IT organization

### Professional Experience – Expert Witness Services

Mr. Baryenbruch has acted as an expert witness in over 40 rate cases in 14 states for the following utility clients:

- Connecticut American Water
- Illinois American Water
- Kentucky American Water
- Long Island American Water
- Massachusetts American Water
- Missouri American Water
- New Jersey American Water
- New Mexico American Water
- Ohio American Water
- Pennsylvania American Water
- Tennessee American Water
- Virginia American Water
- West Virginia American Water
- Atlanta Gas Light Company
- Columbia Gas of Massachusetts
- Columbia Gas of Virginia
- Dominion Virginia Power
- Elizabethtown Gas Company (New Jersey)
- General Water Works/Rio Rancho Utilities (New Mexico)
- Po River Water and Sewer (Virginia)
- Virginia Natural Gas Company
- United Water of Pennsylvania
- Utilities, Inc. (Virginia)
- Utilities, Inc. (Kentucky)

### Professional Experience – Utility Industry Management Consulting

Mr. Baryenbruch provides general management consulting services to utility clients such as the following:

- *Progress Energy* – Mr. Baryenbruch helped implement a new budget system and related associated business processes at the Company's three nuclear plants and in the corporate organization. He later designed and implemented monthly budget variance reports for the Nuclear Generation Group's management team. He also designed and implemented a weekly outage reporting system for each nuclear plant to track the budget and schedule status of outage projects.
- *Tennessee Valley Authority* – Mr. Baryenbruch was engaged by TVA to perform several consulting assignments. He evaluated the budgeting and variance reporting program for the Nuclear Generation Group. He assessed the inventory management program for the Generation and Customer Groups. He also determined the feasibility of bar code technology for managing the inventory of a large distribution facility. This project designed a new receiving, storing,

## Resume of Patrick L. Baryenbruch

---

staging and issuance process to accompany the new bar code environment. Vendors were evaluated and the top five finalists sent requests for bid.

- *Entergy's Nuclear Operations Business Unit* – Mr. Baryenbruch designed a performance-based incentive rate proposal for the River Bend Nuclear Plant, which was acquired by Entergy when they purchased Gulf States Utilities during the mid-1990s. The proposed rate would have provided Entergy with additional revenues in return for capacity factor improvements and operating cost reductions.

For Entergy Nuclear, Mr. Baryenbruch implemented an activity-based budgeting system for the Grand Gulf Nuclear Plant. He devised the budget concepts, developed the new budget system, conducted training for plant management and staff, and oversaw the preparation of the first activity-based budget.

Also for Entergy Nuclear Mr. Baryenbruch developed an improved economic evaluation process for nuclear plant modification projects. The end-product of this assignment was a process for classifying projects, conducting a net present value analysis and force-ranking projects to facilitate management selection.

- *Texas Utilities* – Mr. Baryenbruch served as a lead consultant in a prudence preparation engagement for the Comanche Peak Steam Electric Station. In this role, he supported the company's planning, training, and preparation of responses to retrospective audit inquiries.

### Professional Experience –Financial, Management and Compliance Audits

During the course of his career, Mr. Baryenbruch has managed many financial, operational and compliance audits. He helped a major Fortune 500 client implement Sarbanes-Oxley 404 and internal control improvements. While in public accounting, Mr. Baryenbruch's audit clients included utilities, banks, finance companies, real estate firms and manufacturing companies.

Mr. Baryenbruch has participated as project manager, lead or staff consultant for over 20 commission-ordered management and prudence audits of the public utilities listed below.

- Atlantic Electric Company (management audit)
- Choptank Electric Cooperative (management audit)
- Chugach Electric Cooperative (management audit)
- City Utilities of Springfield, Missouri (management audit)
- City of Los Angeles Department of Water and Power (management audit)
- Commonwealth Edison Company (management audit)
- Connecticut Light & Power Company (management audit)
- General Telephone Company (management audit)
- General Water Works Corporation (management audit)
- Kentucky Utilities Company (management audit)
- Niagara Mohawk Power Corporation (management audit)
- Pacific Gas & Electric Company (affiliate transactions audit)
- Pennsylvania Power Company (management audit)
- Peoples Gas Light Company (management audit)
- Philadelphia Electric Company (nuclear plant prudence audit)
- Philadelphia Gas Works (management audit)
- Philadelphia Suburban Water Company (management audit)
- Public Service Electric & Gas Company (management audit)
- Rochester Gas & Electric Corporation (management audit)
- Rockland Electric Company (management audit)
- United Telephone Company (management audit)



## **Resume of Patrick L. Baryenbruch**

---

For the California Public Utilities Commission, Mr. Baryenbruch worked on the consultant team that performed the affiliate transactions audit of Pacific Gas & Electric (1990) and Southern California Edison (1991). Baryenbruch & Company subsequently conducted the annual audits of Southern California Edison's transactions with its unregulated affiliates for 2002 through 2005. The objective of this evaluation was to express an opinion on the extent to which SCE was in compliance with the California Public Utilities Commission's affiliate transaction rules.

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

11. Reference Baryenbruch Testimony. Provide a narrative of cost savings WSCK has experienced due to Project Phoenix.

RESPONSE: WSCK's customers benefit directly and indirectly from Project Phoenix. Each of the modules includes enhanced tracking and integration components, which improve the Company's ability to record and retrieve data. The system has enhanced record keeping and retrieval functions, making production of financial and regulatory reports easier. In addition, the reports are more accurate, which benefits customers by improving the management decision making process and allowing the Company to more efficiently deliver reliable information to regulators. The system also reduces manual effort and reliance on spreadsheets, which again improves the reliability of reports. The Capital Projects module allows employees to view and track projects in real time. The Company's employees are able to manage projects and costs in a more effective manner, which benefits the Company and customers. Direct benefits experienced by customers include the following:

- Reduction in time to handle customer inquiries
- Increased availability of information
- More payment options, including electronic billing and bill payment via the internet
- Online access to customer information (e.g., payment history)
- Reduction in the number of service order errors
- Easier to read and interpret invoices
- More consistent billing cycles

From an indirect standpoint, WSCK customers benefit from the strengthened business applications that are the foundation for running UI's utility business and delivering high quality and consistent service.

Witnesses: Lowell Yap and Patrick Baryenbruch

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Yes, please see the response to the Staff's Initial Request for Information, Item 3. This file contains workpaper w/p [p-4], which lists the additions to Project Phoenix under computer systems cost by year. The rate base related to Project Phoenix is allocated to WSCK based on ERCs at 2.78%.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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?

RESPONSE: a. Yes.  
b. Yes.  
c. Yes.  
d. Yes.  
e. Yes.

Witness – Bruce Haas

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

14. Has WSC 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?

RESPONSE: Yes. We are currently investigating the installation and retro-fitting of the settling basins with "plate settlers" instead of the existing "tube-type settlers" installed at the Middlesboro Water Treatment Plant. The improved water quality would help to ensure that Stage II requirements are met and also increase the flow rate capabilities of the facilities. This would possibly result in chemical savings based upon the efficiencies of the settling basins; however, the chemical savings impact is unknown at this time. In addition, we are investigating the installation of AMR's in the distribution system which would result in O&M savings for meter reading within the system.

Witness – Bruce Haas

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

15. Since the last WSKK general rate case, what additional steps has WSKK taken to limit uncollectable accounts?

RESPONSE: The Company's process is to collect any unpaid bills as soon as possible.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the general ledger (Excel file "AG DR1 16 RC Exp Summary 2013.11.20") summarizing the rate case expense incurred through November 20, 2013 along with any invoices booked through that date, which was filed on November 22, 2013. Legal invoices have been redacted to protect attorney-client privileged information.

Witness – Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

17. Reference WSKC response to PSC DR-24. Provided copies of all current lease agreements.

RESPONSE: Please see the lease agreements below.



# WATER SERVICE CORP. OF KENTUCKY

An Affiliate of  
Utilities, Inc.

**Local Office:**

2103 Cumberland Avenue  
P. O. Box 818  
Middlesboro, Ky. 40965  
Telephone: (606)248-5730  
Fax: (606-248-5736)

**Regional Office:**

Cherry Hill Regional Office  
20620 Burl Court, Suite 200  
Joliet, Illinois 60433

October 2, 2002

Rental agreement between Water Service Corporation of Kentucky, an affiliate of Utilities, Inc. and Henry T. Chappell.

Being the owner of said land described in this agreement, I hereby rent the said land to Water Service Corporation of Kentucky, an affiliate of Utilities, Inc. under the following agreement:

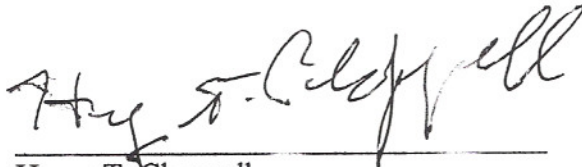
**Description of Land:**

Property is located on the West End of the Three States Printing Company Building and fronts on North 20<sup>th</sup> Street Extension for 75 feet, more or less, and fronts on Kentucky Avenue 100 feet, more or less, which leaves on the West End of the Three States Company building a strip of land 25 feet East to West for the use of the Three States Printing Company.

Property is being rented for a year to October 2, 2003 with monthly rent being \$ 100.00.

In the event either party wishes to terminate this agreement, a notice of three months will be given.

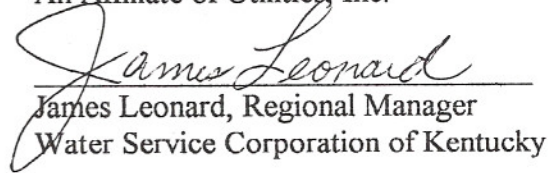
Date Signed 10-2-02



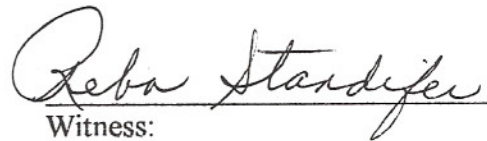
Henry T. Chappell  
P. O. Box 566

Middlesboro, Kentucky 40965

\_\_\_\_\_  
Harry Zimmer, Regional Director  
Water Service Corporation of Kentucky  
An Affiliate of Utilities, Inc.



James Leonard, Regional Manager  
Water Service Corporation of Kentucky

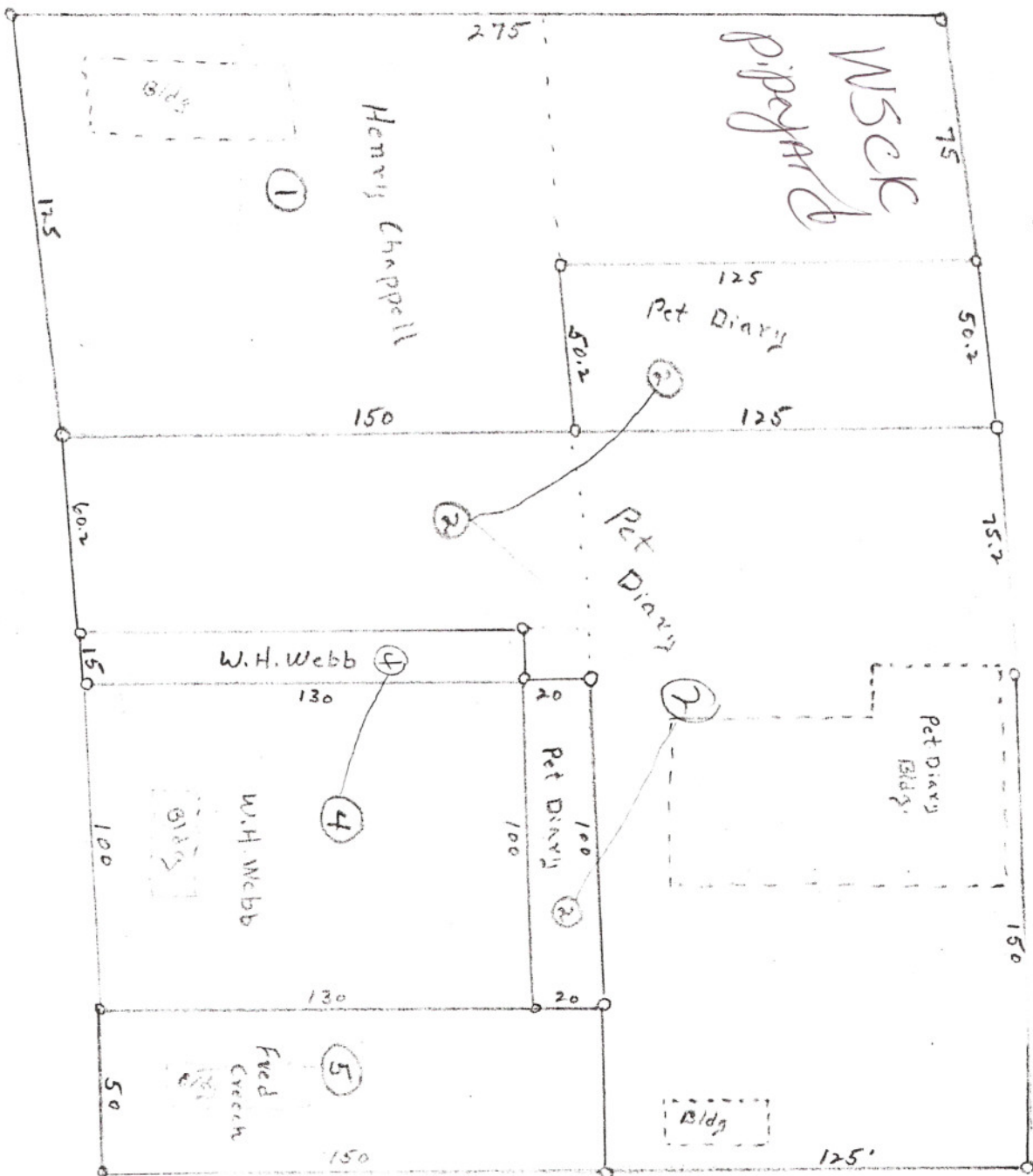


Witness:

Kentucky Ave

511

North 19th St. Extension



Virginia Ave

North  
to P.

Ralph  
Snyder

50

Letter of Henry Chappell

Hally Howerton

80 Bay 1701

Middlesbrough, Ky

423-869-3698

Jan. 10 3,

Robert Chappell



AMENDMENT LEASE AGREEMENT

THIS AMENDMENT is made this 12<sup>th</sup> day of AUGUST 2003 (the "Effective Date"), between **Kentucky Utilities Company**, having a notice of address at 820 West Broadway, Louisville, Kentucky 40202 (the "Lessor"), and **Water Service Corporation of Kentucky f/k/a Kentucky Water Service Company, Inc.**, having a notice address at P.O. Box 818 Middlesboro, Kentucky 40965 (the "Lessee").

RECITALS

- A. Pursuant to that certain Lease Agreement dated April 1, 1975 (the "Agreement"), Lessor and Lessee have entered into an agreement to rent a portion of a one story brick building located on the Northwest corner of Bloomsbury Street and 19<sup>th</sup> Street in Middlesboro, Bell County, Kentucky. Said area adjacent to the West Side of 19<sup>th</sup> Street and occupying a portion of an area approximately 42 feet by 38 feet.
- B. In the Agreement, the Lessee agreed to pay \$100.00 per month for said space.
- C. Lessee has requested to increase the leased premises by an additional 800 square feet and Lessor desires to rent such additional square footage to Lessee as set forth herein.

AGREEMENT

Lessor and Lessee hereby amend the Agreement as of the Effective Date to change the leased premises and the rental rate as set forth below:

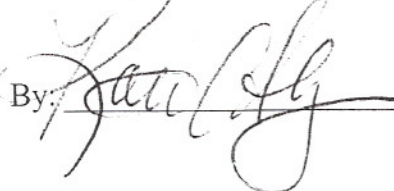
- A. As of the Effective Date, the leased premises are increased to include an additional 800 square feet to consist of the total leased area of approximately 1600 square feet as further described on Exhibit A attached hereto and made a part hereof.
- B. As of the Effective Date, the rental amount of \$100.00 per month is increased to \$200.00 to reflect the increased area of the leased premises. The increased rental shall be paid monthly in accordance with the Agreement beginning with the next rental payment due under the Agreement.

Lessor and Lessee hereby ratify and confirm the Agreement as Amended Hereby and agree that the Agreement shall remain in full force and effect as amended hereby.

IN WITNESS WHEREOF, this Amendment has been executed by the parties on the date first written above.

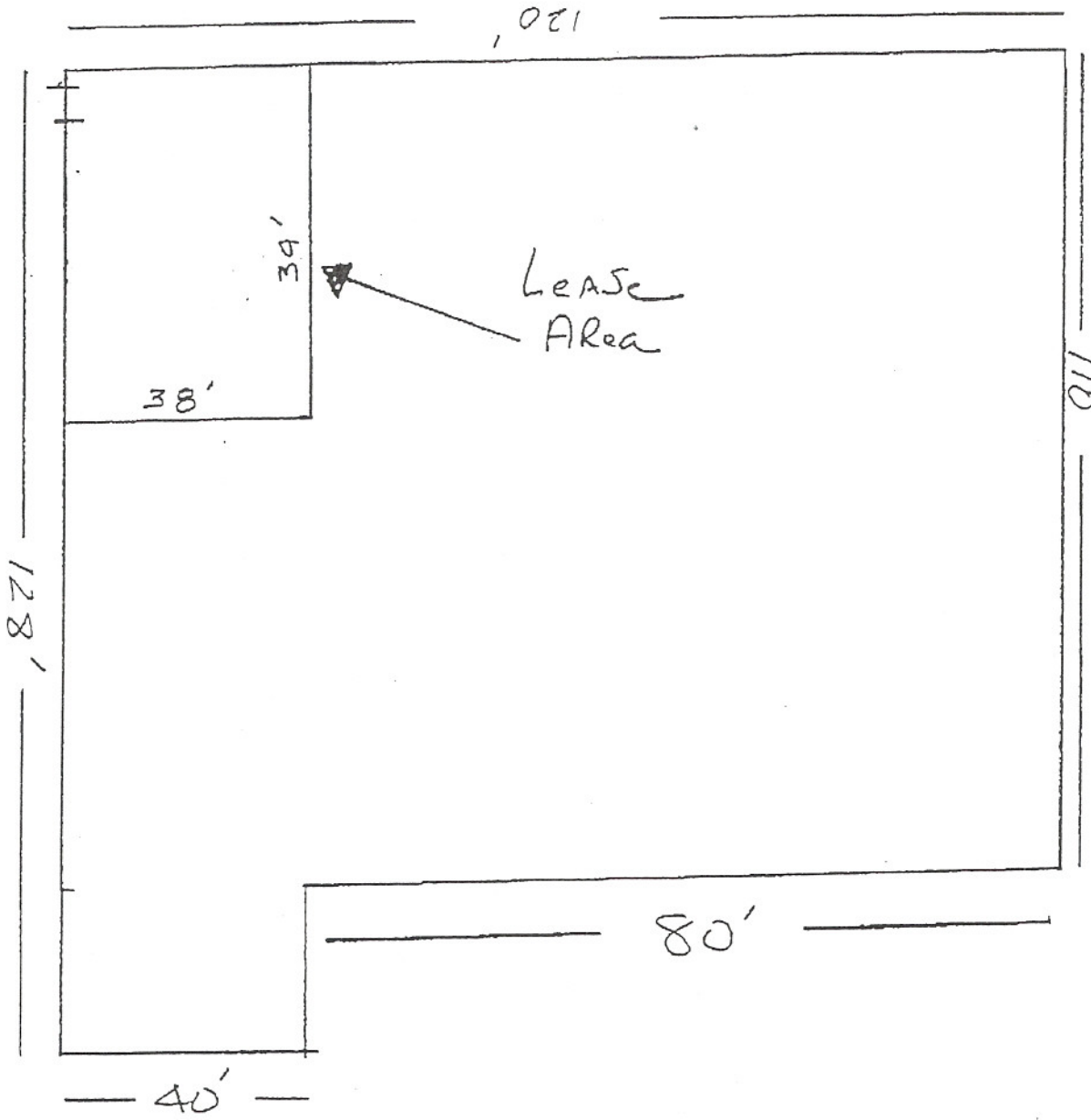
**Lessor:**  
**Kentucky Utilities Company**

**Lessee:**  
**Water Service Corporation of Kentucky**

By:  \_\_\_\_\_

By:  \_\_\_\_\_

# EXHIBIT A





This payment had to be made to  
clean U.S. utilities out.

Norfolk Southern Corporation  
110 Franklin Road, S.E.  
Roanoke, VA 24042-0044

Direct Inquiries to:  
Account Representative  
Phone: (540)981-5499  
Fax: (540)981-5460

KENTUCKY WATER SERVICE COMPANY  
C/O AQUA KWS  
P O BOX 818  
MIDDLESBORO KY 40965

Account Page: 1 of 1  
Number  
HN4001

STATEMENT OF ACCOUNT

The items listed below represent your account as of Sep. 30, 2002. Please mail your remittance promptly to avoid further action. Please return this statement with your remittance.

Mail to: Norfolk Southern Corporation  
P. O. Box 277531  
Atlanta, GA 30384-7531

Account Balance  
270.50

Item	Type	Stat	Date	Description	Item Amount	Balance Due
9011007510	Inv	Open	11/01/00	RENTAL OF PROPERTY	26.00	26.00
9102006388	Inv	Open	02/01/01	RENTAL OF PROPERTY	10.00	10.00
9104007209	Inv	Open	04/01/01	RENTAL OF PROPERTY	6.00	6.00
9105006793	Inv	Open	05/01/01	RENTAL OF PROPERTY	12.50	12.50
9106007564	Inv	Open	06/01/01	RENTAL OF PROPERTY	2.50	2.50
9107008026	Inv	Open	07/01/01	RENTAL OF PROPERTY	7.50	7.50
9108007544	Inv	Open	08/01/01	RENTAL OF PROPERTY	2.50	2.50
9109007115	Inv	Open	09/01/01	RENTAL OF PROPERTY	10.00	10.00
9110007461	Inv	Open	10/01/01	RENTAL OF PROPERTY	75.00	75.00
9111007074	Inv	Open	11/01/01	RENTAL OF PROPERTY	26.00	26.00
9112006217	Inv	Open	12/01/01	RENTAL OF PROPERTY	25.00	25.00
9201014981	Inv	Open	01/01/02	RENTAL OF PROPERTY	16.50	16.50
9203006942	Inv	Open	03/01/02	RENTAL OF PROPERTY	10.00	10.00
9204006929	Inv	Open	04/01/02	RENTAL OF PROPERTY	6.00	6.00
9205006647	Inv	Open	05/01/02	RENTAL OF PROPERTY	12.50	12.50
9206007264	Inv	Open	06/01/02	RENTAL OF PROPERTY	2.50	2.50
9207007738	Inv	Open	07/01/02	RENTAL OF PROPERTY	7.50	7.50
9208007294	Inv	Open	08/01/02	RENTAL OF PROPERTY	2.50	2.50
9209006843	Inv	Open	09/01/02	RENTAL OF PROPERTY	10.00	10.00

APPROVED  
OCT 08 '02  
BY: *[Signature]*

# Norfolk Southern

9/19/00

Railroad Water Line Crossing - *Middlesboro Ky*

## Upper Gibson Lane

1 1" Copper  
1 6" Cast Iron

## East End Evans Drive

16" Ductile Iron  
8" Cast Iron at Crossing

## Turner Lane

1 1" Copper  
1 6" Ductile Iron  
1 1" Copper

## 20th Street Railroad Crossing

24" Cast Iron

## 46th Street

1 1" Copper  
1 6" Ductile Iron (Stub)

## Doncaster Avenue

1" Copper  
1" Copper

## 45th Street

8" PVC

## At Y

2 6" Ductile Iron

## 44th Street

6" Cast Iron

## Ashbury

6" Ductile Iron

## 43rd Street

1" Copper

## 19th Street & Mack Avenue

6" Cast Iron

## Between 42nd and 43rd

6" PVC

## 42nd Street

1" Copper  
6" Ductile Iron

## 38th Street

6" Cast Iron

## 35th Street

6" Cast Iron

## Balmoral Road & Evans Drive

8" Cast Iron

## Evans Drive

1" Copper  
6" Cast Iron (Fire Hydrant)



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: There are no antenna leases.

Witness – James Leonard and Bruce Haas

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

19. Reference WSKK response to PSC DR-24. Provide annual lease payments to the referenced properties for 2010, 2011 and 2012.

Response: Please see the following table:

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Grand Total</b>
HOWERTON, HOLLY ANN	1,200	1,200	1,200	3,600
KENTUCKY UTILITIES COMPANY	2,400	2,400	2,400	7,200
NORFOLK SOUTHERN CORPORATION	194	194	194	581
<b>Grand Total</b>	<b>3,794</b>	<b>3,794</b>	<b>3,794</b>	<b>11,381</b>

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

20. Reference WSCK response to PSC DR-28. Please explain why no invoice is issued to WSCK by Water Service Corporation.

RESPONSE: Allocated costs are accounted for via intercompany transactions, and services provided by Water Service Corporation ("WSC") to WSCK do not include any markup for profit. Direct costs incurred by WSCK are paid directly by the parent and then booked to WSCK.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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).

REPOSNE: Utilities, Inc. ("UI") prepares an annual operating budget for each of its operating subsidiaries. The budgets are compiled by regional operations, then reviewed and approved by the Regional Vice President, from that point it is submitted to the Executive Team for final approval. The budgets are compared to actual operating expenses throughout the year, and any major variances are investigated by support personnel for accuracy and reasonableness.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

22. Please identify the members of WSCK's board of directors.

RESPONSE: WSCK's members of the Board of Directors are Lisa Sparrow and John Stover.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: There are none.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: They are no Directors of Utilities, Inc., but they are Officers of Utilities, Inc., with the following titles:

- Lisa Sparrow – President and CEO;
- John Stover – Vice President and Secretary.

Ms. Sparrow and Mr. Stover are also directors of, and hold the above described titles in, all other subsidiaries of UI, including WSCK.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

25. Please identify the officers of WSCK.

RESPONSE:

- Lisa A. Sparrow – President;
- John P. Hoy – Vice President Operations;
- Jim Japczyk –Vice President and Treasurer;
- John Stover – Vice President and Secretary;
- Don Sudduth – Vice President Customer Service; and
- Carl Daniel – Regional Vice President Operations.

Witness: Lowell Yap



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

26. Please provide a schedule for the outside consulting fees paid during the test period and for the post-test year to date.

RESPONSE:

DESCRIPTION	DOC	DATE	DEBIT	LVL7
AUS CONSULTANTS INC	536731	7/31/2013	\$18,299	RCIP - CONSULTING FEES
AUS CONSULTANTS INC	541191	8/20/2013	\$1,688	RCIP - CONSULTING FEES
AUS CONSULTANTS INC	548599	9/18/2013	\$1,782	RCIP - CONSULTING FEES
BARYENBRUCH & COMPANY, LLC	554754	10/16/2013	\$4,680	RCIP - CONSULTING FEES
AUS CONSULTANTS INC	556757	10/23/2013	\$3,986	RCIP - CONSULTING FEES

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

27. Please provide a narrative that identifies and explains any divestitures made by Utilities, Inc., since 1 January 2011.

RESPONSE: The following divestitures were made by UI since January 1, 2011.

SALE DATE	JDE CO	JDE BU	JDE COMPANY/BU NAME	W/S	COUNTY	STATE
7/18/2011	182	182116	CWS-NC (Outerbanks)	W	Currituck	NC
	182	182172	CWS-NC (Outerbanks)	W	Currituck	NC
	182	182210	CWS-NC (Outerbanks)	W	Currituck	NC
1/31/2012	182	182103	Cabarrus Woods/Steeplechase S	S	Mecklenburg	NC
	182	182229	Cabarrus Woods W	W	Cabarrus	NC
	182	182230	Cabarrus Woods/Steeplechase C	AD	Cabarrus	NC
	182	182169	Forest Ridge	S	Mecklenburg	NC
	182	182186	Lamplighter Village East W	W	Mecklenburg	NC
	182	182187	Lamplighter Village East S	S	Mecklenburg	NC
	182	182188	Lamplighter Village East C	AD	Mecklenburg	NC
	182	182200	Britley W	W	Cabarrus	NC
	182	182201	Britley S	S	Cabarrus	NC
	182	182202	Britley C	AD	Cabarrus	NC
	182	182168	Windsor Chase	W	Mecklenburg	NC
5/2/2012	257	257100	BAYSIDE UTILITY SERVICES	W	BAY	FL
	257	257101	BAYSIDE UTILITY SERVICES	S	BAY	FL
	257	257102	BAYSIDE UTILITY SERVICES	C	BAY	FL
5/2/2012	262	262100	SANDY CREEK UTILITY SERVICES INC	W	BAY	FL
	262	262101	SANDY CREEK UTILITY SERVICES INC	S	BAY	FL
	262	262102	SANDY CREEK UTILITY SERVICES INC	C	BAY	FL
7/2/2012	191	WOODBURY (SMALL SUB IN BU 191101)				NC

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: A divestiture would result in a lower total denominator for the Utilities, Inc. This would reduce the denominator in the allocation calculation which would result in an increase of the allocation percentage.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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?

RESPONSE: The Company does not track billing costs by customer. Billing costs are allocated the same way across all of UI's service areas, and therefore, the costs should be analogous.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: There have been none to date.

Witness – James Leonard and Bruce Haas

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Regional Manager James Leonard routinely meets with Mayor and City Administrator of Clinton, as well as the Mayor of Middlesboro, to discuss any upcoming matters.

Witness – James Leonard and Bruce Haas

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

32. Please provide results of on any customer satisfaction surveys conducted.

RESPONSE: There were none conducted.

Witness – James Leonard and Bruce Haas

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE:

Middlesboro

Eight Service Interruptions. Employees responded immediately to each of these, within the hour that they received notice.

Nine Customer Complaints. Within 2 to 4 hours.

Clinton

No Service Interruptions

Five Customer Complaints. Within 2 to 4 hours

Witness – James Leonard and Bruce Haas



**CASE NO. 2013-00237**

**WATER SERVICE CORPORATION OF KENTUCKY**

**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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;

RESPONSE: See the chart below. Each of the docket numbers are contained in the corresponding documents, which are being attached in response to Item 34(e) below.

Client Utility	State	Year
Long Island American Water	New York	2010
New Jersey American Water	New Jersey	2010
Tennessee American Water	Tennessee	2010
Virginia American Water	Virginia	2011
Virginia Natural Gas	Virginia	2010
WSCK-Utilities, Inc.	Kentucky	2010
WV American Water	West Virginia	2012

- b. Provide a copy of the request for proposal or other document through which Mr. Baryenbruch's assistance was sought;

RESPONSE: There was no written request for proposal through which Mr. Baryenbruch's assistance was sought. The scope of Mr. Baryenbruch's review was established via a phone call between him and Mr. Steve Lubertozi.

- c. Provide a copy of Mr. Baryenbruch's proposal;

RESPONSE: There was no written proposal by Mr. Baryenbruch.

- d. Provide a copy of the contract with Mr. Baryenbruch;

RESPONSE: There is no written 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;

RESPONSE: See attached file labeled as "AG DR 1-31(e)".

- f. Please provide a copy of Mr. Baryenbruch's work-papers for his testimony.

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

RESPONSE: Mr. Baryenbruch did not develop work papers in connection with his testimony. He developed the necessary understanding of Project Phoenix by reviewing data including the project's scope of work, business case, IT architecture, vendor evaluation, scoping and planning documentation, project kickoff presentation, change requests and project steering committee status reports. The documents that Mr. Baryenbruch reviewed will be provided, subject to a petition for confidentiality pending before the Commission and a confidentiality agreement with the parties.

- 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).

RESPONSE: Please see the table below.

Client Utility	Year	Type of Assignment
Kentucky American Water	2003	Rate Case (2004-00103)
Kentucky American Water	2006	Rate Case (2007-00143)
Kentucky American Water	2008	Rate Case (2008-00427)
Kentucky American Water	2009	Rate Case (2010-00036)
WSCK - Utilities, Inc.	2010	Rate Case (2010-00476)

Witness: Patrick Baryenbruch

**CASE No. 2013-00237**

**WATER SERVICE CORPORATION OF KENTUCKY**

**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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 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).

RESPONSE: The Company did not claim bonus depreciation for the 2011 tax year, but it did claim federal bonus depreciation (50%) for 2012.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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).

RESPONSE: There is \$100,000 Allocated in the 4<sup>th</sup> quarter of 2014 to begin installing plate settlers at the Middlesboro Water Treatment Plant.

Witness – James Leonard and Bruce Haas

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

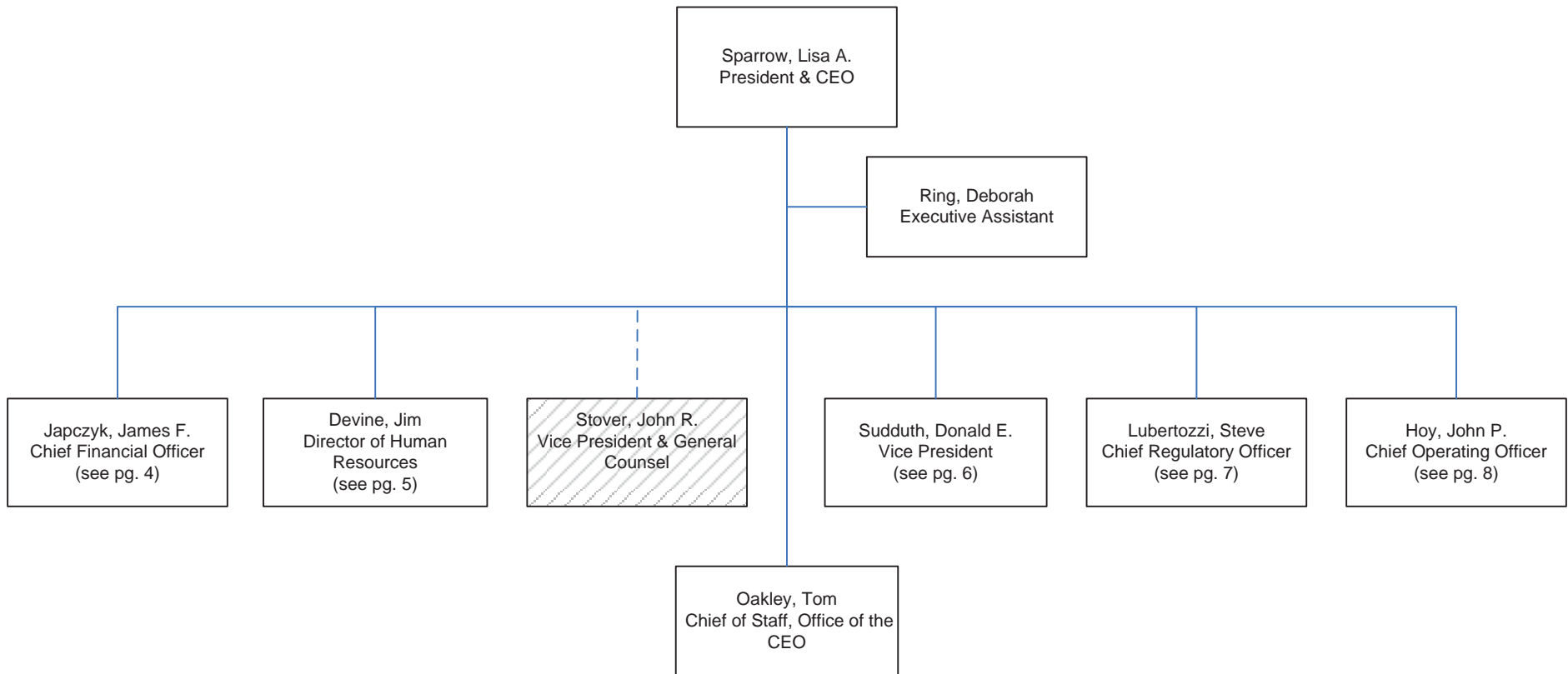
37. Please provide, by the departments listed in Exhibit B to Mr. Shambaugh's testimony, the number of employees at Water Service Corporation ("Service Company").

RESPONSE: Please see the following organizational chart for Water Service Corporation employee's listed by department.

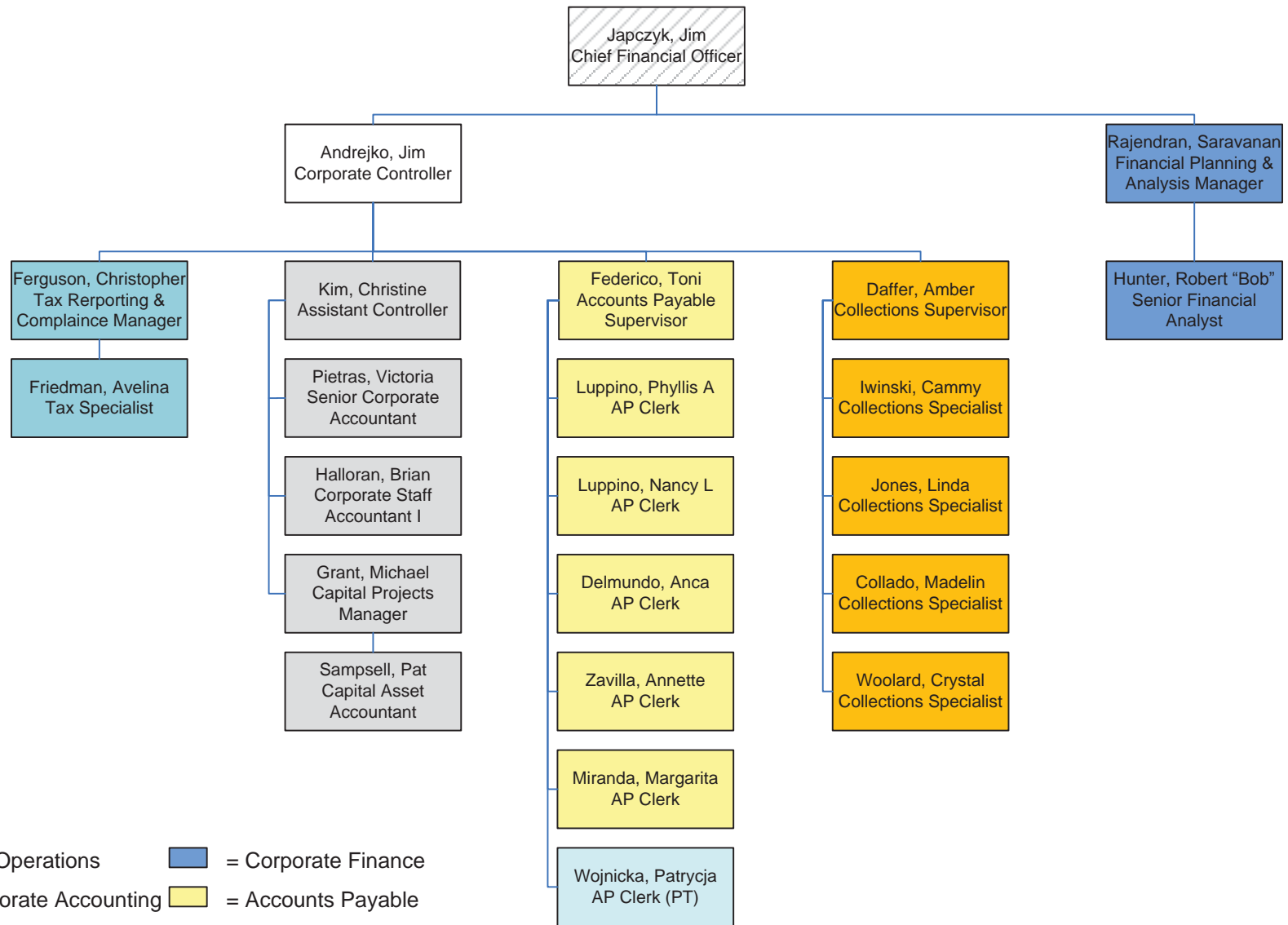
Witness: Lowell Yap

# Company Organizational Chart

# Executive Team

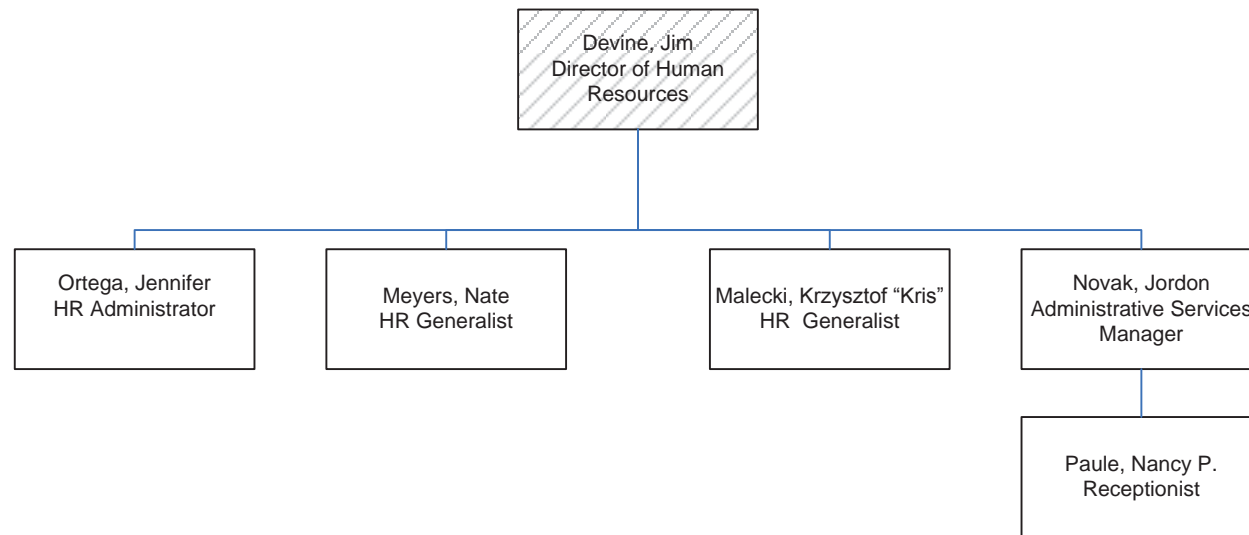


# Tax & Corporate Accounting, Finance, A/P & Collections





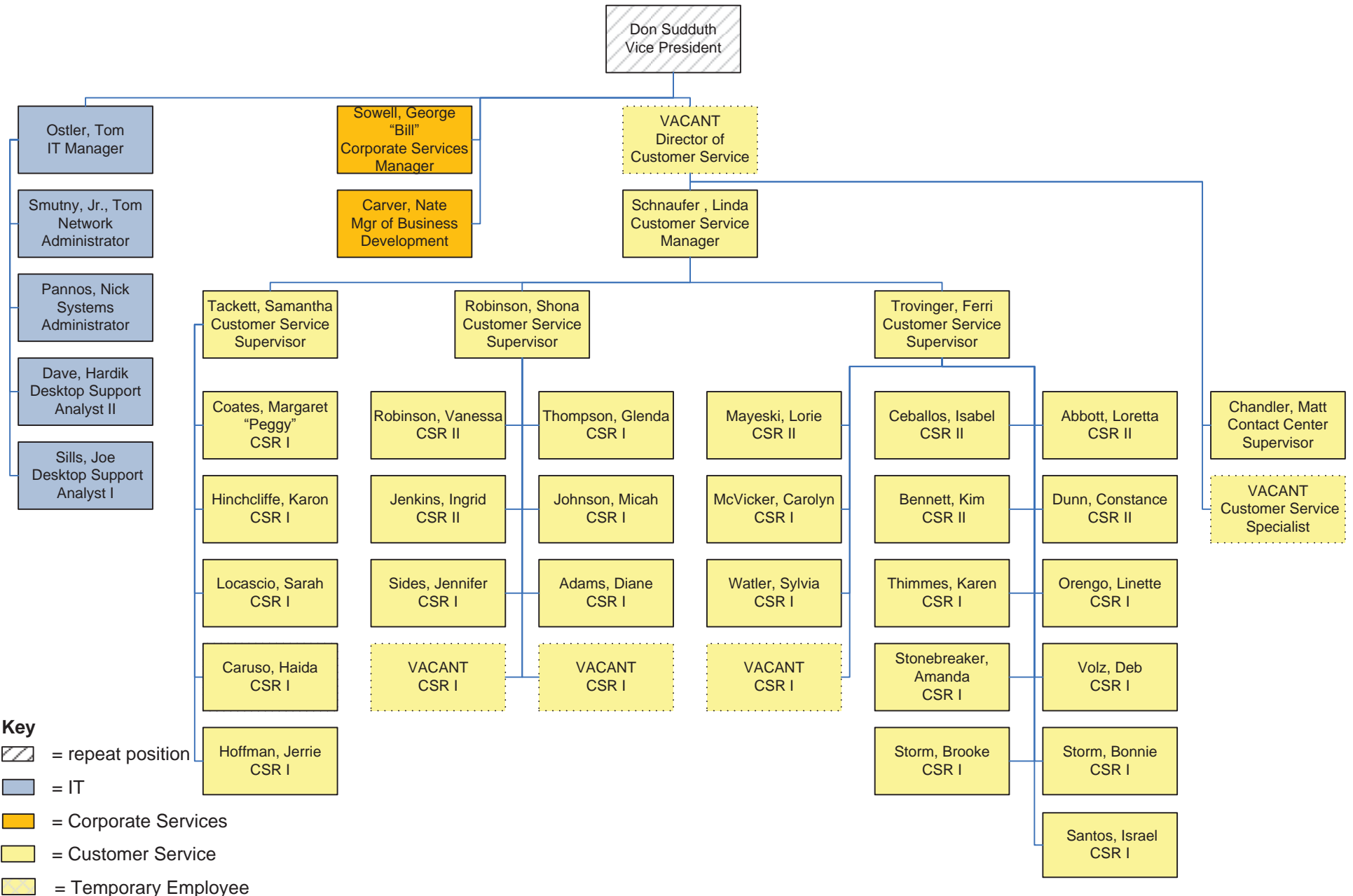
# Human Resources, Payroll & Administrative Services



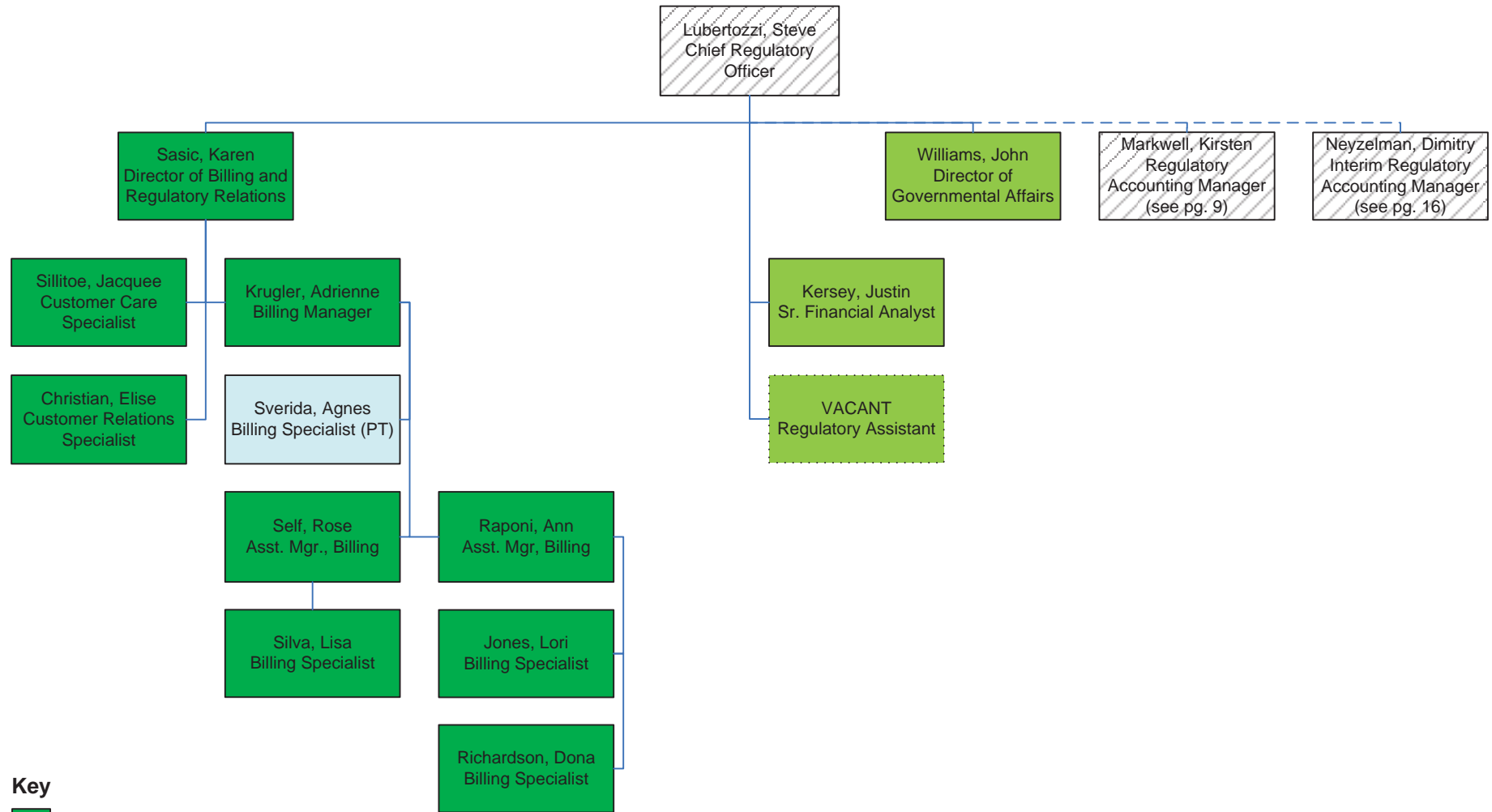
## Key

 = repeat position

# IT, Customer Service & Corporate Services



# Billing & Regulatory Relations



- Key**
- = Billing
  - = Regulatory
  - = Repeat Position
  - = Part-time position

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the attached schedule (Excel file "AG DR 1-38 WSC Annualized Allocations") for cost allocations from WSC to its subsidiaries. Please note that allocations are booked to each entity monthly. For the purposes of illustration, costs are allocated on an annual basis for this request.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the attached file (Excel file "AG DR 1-39 Customer Counts (ERC)").

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Neither Utilities, Inc., nor any other affiliated entity charges costs directly to WSCK. Please see the response to Item 38 above for costs allocated to WSCK from the Service Company.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Neither, Utilities, Inc. nor any other affiliated entity charges costs to WSCK. Costs are allocated from the WSC Cost Center, the RVP cost center, the Regional Cost Center and the State Cost Center. Please see the attached Cost center GLs. Please see the attached file for costs allocated to WSCK other than the Service Company. These files are identified as "AG DR 1-41 State Annualized Allocations," "AG DR 1-41 RVP Annualized Allocations," and "AG DR 1-41 Regional Annualized Allocations."

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE – There were no vacancies in Kentucky operations in 2012 or 2013.

Witness: Lowell Yap



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

43. Regarding w/p [b], for each position listed on this schedule, please provide the actual annual salary at December 31, 2012.

RESPONSE: Please see the attached file (Excel file "AG DR 1-43 Actual wp b salaries"), in which certain confidential information has been redacted and for which confidential treatment is being sought pursuant to Commission regulations. In addition, an additional file is being produced subject to a petition for confidentiality pending before the Commission and confidentiality agreement with the parties. Please note that the actual salaries may include bonuses but the amounts listed on w/p [b] of the Company's request did not.

Witness: Lowell Yap and Dimitry Neyzelman

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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).

RESPONSE: The Company has confirmed that all positions are shown and w/p [b] only reflects WSCK operators. Please note that all employees listed on w/p [b] are employees of the Service Company and work directly with WSCK.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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%".

RESPONSE: The 401(k) amount of 3% is intended to capture the amount of the Company's matching contribution to the employees' 401(k) plan. These amounts would not have been included in the employees' annualized salaries. The Company's Contribution of 4% is separate from the Company's matching 3% contribution. It is a Non-Elective Company Contribution which is made annually (in April) on 4% of an employee's eligible wages for each plan year into their 401(k) account regardless of whether they have contributed to their own 401(k).

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please refer to workpaper b – Salary for employees that provide services to water and workpaper q(2) for the employees who provide wastewater treatment under contract.

Please refer to the corresponding table for the allocation of employees between water and sewer. Address Number is the Employee ID #; Name is the name of the Employee; Business Unit relates to the State Business Unit Reference Number; Home Business Unit refers to the Company Business unit (in this case WSKY, 345101: Clinton Water, 345102: Middlesboro, 345103: Clinton Sewer); and the Percentage is the Percentage of Time spent in the service areas they respectively serve.

Address Number	Name	Business Unit	Home Business Unit	Percentage
1098824	Bolt, Gregory C.	860100	345102	100
1098821	Johnson, Harvey H.	860100	345102	100
1099689	Johnston, Joseph A	860100	345102	100
1099720	Leonard, James R.	860100	345101	9.27
1099720	Leonard, James R.	860100	345102	82.31
1099720	Leonard, James R.	860100	345103	8.42
1098825	Mills, Wendell G.	860100	345102	100
1098822	Onkst, James H.	860100	345102	100
1098942	Partin, Michael W.	860100	345102	100
1099936	Rushing, Ronald	860100	345101	52.42
1099936	Rushing, Ronald	860100	345103	47.58
1099394	Sandefur, Bryan K.	860100	345102	100
1098828	Turner, John R.	860100	345101	52.42
1098828	Turner, John R.	860100	345103	47.58
1099579	Vaughn, Stephen R.	860100	345101	9.27
1099579	Vaughn, Stephen R.	860100	345102	82.31
1099579	Vaughn, Stephen R.	860100	345103	8.42

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Yes, the amounts listed in Column [a] represent the actual amounts capitalized in the test year and are taken directly from the Company's per book amounts.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

48. Regarding w/p [q-2], please provide all supporting assumptions, workpapers, calculations and studies supporting the allocation factors shown in this workpaper.

RESPONSE: Please see the attached file (Excel file "AG DR 1-48 Operator Salary Allocations").

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

49. Provide the total payroll costs, separately for union and non-union employees, in each of the last three years.

RESPONSE: There are no union employees. Please see the salary amounts below.

	2010	2011	2012
Maintenance	\$ 449,861.41	\$ 486,911.38	\$ 460,337.63
General	\$ 178,698.46	\$ 212,740.09	\$ 229,319.14
Captive	\$ (68,352.77)	\$ (148,310.26)	\$ (132,209.91)
Total	\$ 560,207.10	\$ 551,341.21	\$ 557,446.86

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: There are no union personnel. Please see the attached file (Excel file "AG DR 1-50 Payroll Increases"), in which certain confidential information has been redacted and for which confidential treatment is being sought pursuant to Commission regulations. In addition, an additional file is being produced subject to a petition for confidentiality pending before the Commission and confidentiality agreement with the parties.

Witness: Lowell Yap and Dimitry Neyzelman



**CASE NO. 2013-00237**

**WATER SERVICE CORPORATION OF KENTUCKY**

**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

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.

RESPONSE: Please see tables below for the number of WSCK employee positions and Corporate employee positions from January 2011 through November 2013.

		2011											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Kentucky</b>		11	11	11	11	11	11	11	10	11	11	11	11
	Total	11	11	11	11	11	11	10	11	11	11	11	11
<b>Corporate</b>													
	Accounting	18	17	17	14	14	15	16	16	16	16	16	16
	HR/Payroll	3	3	3	5	5	5	4	5	5	5	5	5
	Executive	7	7	7	6	6	6	7	7	7	7	7	7
	IT	4	4	4	4	4	4	4	4	4	4	4	5
	Regulatory	14	14	14	14	14	15	15	15	15	15	15	16
	Billing	3	2	2	2	3	3	3	3	3	3	3	3
	Admin Services	3	2	2	2	2	2	2	2	2	2	2	2
	Ops Support	-	1	1	1	1	1	1	1	1	1	1	1
	Corp Service Adm	3	3	4	4	4	4	4	5	5	5	5	5
	Customer Service	28	30	33	32	32	33	33	31	31	32	32	32
	Ops Leadership	8	8	8	8	7	7	7	7	7	7	7	7
	Total	91	91	95	92	92	95	96	96	96	97	97	99
<b>Total</b>		102	102	106	103	103	106	106	107	107	108	108	110

		2012											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Kentucky</b>		11	11	11	11	11	10	10	11	11	11	11	11
	Total	11	11	11	11	11	10	10	11	11	11	11	11
<b>Corporate</b>													
	Accounting	16	16	16	16	16	15	15	14	14	14	20	21
	HR/Payroll	5	5	5	5	5	5	5	5	5	5	4	4
	Executive	7	7	7	7	7	7	7	7	7	7	9	9
	IT	5	5	5	5	5	5	5	5	5	5	5	5
	Regulatory	16	16	16	15	14	14	15	15	16	16	14	14
	Billing	3	3	3	3	3	3	3	3	3	3	9	10
	Admin Services	2	2	2	2	2	2	2	2	2	2	2	2
	Ops Support	1	1	1	1	1	1	1	1	1	1	1	1
	Corp Service Adm	5	5	6	5	6	6	6	6	6	6	1	1
	Customer Service	32	32	31	32	31	34	33	33	33	36	29	29
	Ops Leadership	7	7	7	7	7	7	7	7	7	7	7	7
	Total	99	99	99	98	97	99	99	98	99	102	101	103
<b>Total</b>		110	110	110	109	108	109	109	109	110	113	112	114

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

		2013											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
<b>Kentucky</b>		11	11	11	11	11	11	11	11	11	11	11	11
	Total	11	11	11	11	11	11	11	11	11	11	11	11
<b>Corporate</b>													
	Accounting	21	21	21	21	20	20	19	20	21	21	20	
	HR/Payroll	4	3	5	5	5	5	5	5	5	5	5	
	Executive	9	9	9	9	8	8	8	8	8	8	8	
	IT	5	5	5	5	5	5	5	5	5	5	5	
	Regulatory	15	15	16	16	16	16	14	14	14	14	14	
	Billing	9	9	9	9	9	9	8	8	9	9	9	
	Admin Services	2	2	1	1	-	-						
	Ops Support	1	1	1	1	1	1	1	1	1	1	1	
	Corp Service Adm	1	1	1	1	1	1	2	2	2	2	2	
	Customer Service	31	32	29	28	28	28	27	28	27	30	30	
	Ops Leadership	7	7	7	7	7	7	7	7	7	7	7	
	Total	105	105	104	103	100	100	96	98	99	102	101	
<b>Total</b>		116	116	115	114	111	111	107	109	110	113	112	

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

52. Regarding w/p[b-3], please identify any positions that are currently vacant.

RESPONSE: CSR 7 and CSR 17 are currently vacant; however, the Company has hired four additional Customer Service Personnel not included on workpaper w/p [b-3]. Please see the table below for positions not included on workpaper w/p [b-3].

CSR New Hires	Salary (\$)
CSR 41	18,720
CSR 42	25,002
CSR 43	25,002
CSR 44	25,002

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

53. Provide the total amount of employee severance expenses in each of the last three years and as reflected in the filing.

RESPONSE: The amounts below reflect the total amount for the Service Company. No severance expenses were included in the filing.

2010 – \$135,838.03

2011 – \$0.00

2012 – \$0.00

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: No severance expenses were included in the filing.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

55. Provide the total relocation expenses in each of the last three years and as reflected in the filing.

RESPONSE: There were no relocation expenses in the filing or in the last three years.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: WSCK has not included any incentive compensation in its claim. The other requested information in this item is, therefore, not relevant to this matter, and WSCK objects to providing responses thereto.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: WSCK has not included any incentive compensation in its claim. The other requested information in this item is, therefore, not relevant to this matter, and WSCK objects to providing responses thereto.

Witness: Lowell Yap



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

58. Describe any changes to employee incentive programs over the past five years or that are projected for the future.

RESPONSE: WSCK has not included any incentive compensation in its claim. The requested information in this item is, therefore, not relevant to this matter, and WSCK objects to providing additional information thereto.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the responses to Items 43 and 50 above. WSCK has not included any incentive awards or bonuses in its claim.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: WSCK does not have any SERP benefits. In addition to this response, please see the response provided to Item 45 above regarding the non-elective company contribution, which applies to all employees.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: The Board of Directors are not paid a separate compensation bonus or benefit for being a member on the Board.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

62. Provide copies of the most recent actuarial reports for FAS 87 and FAS 106 costs.

RESPONSE: No such documents exist.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: WSCK has no pension plan.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: WSCK has no post-retirement plans.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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?

RESPONSE: Yes. All employees are employed by WSC, the service company. Their salaries are allocated to specific operating subsidiaries.

Witness: Lowell Yap



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the attached file (Excel file "AG DR 1-66 Health Costs").

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

67. Identify the amount that employees contribute to their health care costs and state how that amount is determined.

RESPONSE: Please see the response provided to AG DR 1-66. The amount is determined by actuarial data provided by Blue Cross Blue Shield and the Company pays 80% of the cost.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

68. Provide a list of all benefits offered to employees.

RESPONSE: Please see WSKC's response to Staff's Initial Request for Information, Item 18.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

69. Provide a list of all benefits offered to officers.

RESPONSE: Please see WSCK's response to Staff's Initial Request for Information, Item 18.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the following files that describe changes in benefits for all full time employees from 2011-2014. The benefits packet for 2010 is unavailable.

Witness: Lowell Yap



# OPEN ENROLLMENT PACKET



# 2014

Plan Year 1/1/14 - 12/31/14

*(Revised 11/2013)*

*For Full Time Employees Only*

<b>Open Enrollment 2014</b>	<b>3</b>
<b>What Is Not Changing For 2014</b>	<b>4</b>
Medical and Dental Coverage Unchanged	4
<b>What is Changing For 2014</b>	<b>4</b>
Medical and Dental Plan Employee Contributions	4
Out of Pocket Maximum	4
Working Spouse Surcharge	4
<b>Preparing For Online Open Enrollment</b>	<b>5</b>
Medical, Dental and Vision Coverage	5
Flexible Spending Accounts (FSAs)	5
Life and Accidental Death & Dismemberment (AD&D)	5
Short-Term Disability	5
Long-Term Disability	5
Employee Assistance Program (EAP)	6
401(k) Retirement Plan	6
Supplemental Travel/Accident Insurance	6
Vacation Pay	6
Holiday Pay	6
<b>Open Enrollment Screen Shots on Paychex</b>	<b>7</b>
What You will See	7

## Open Enrollment 2014

Open Enrollment is the one time of year you can adjust your benefit elections for the medical and dental insurance without having experienced a Life Qualifying Event (see Benefits Guide for definition).

**Please mark your calendars for December 2<sup>nd</sup>.** This document along with the 2014 Employee Benefits Guide will have all of the information you will need for your benefit election decisions. The updated 2014 Employee Benefits Guide is posted to the UIWaterMain under the HR / Benefits drop down. The Benefits Guide will provide detailed information regarding all of the benefits offered by Utilities, Inc. You will have the next month to review these documents, ask questions, attend UI benefit webinars (to be scheduled) and compare these election decisions to spouse's plan coverage (if applicable). You will actually make the elections beginning on or around December 2<sup>nd</sup>.

**Online Enrollment** - All of the benefit choices will be on the **Paychex** website (same as last year). Once the open enrollment election period has begun in December, you will be directed to log in to the Paychex website, where it will take you step by step through the process. The only paper form is the "Working Spouse Medical Plan Affidavit" (link found on page 5 - which needs several signatures). This form is posted on the UIWaterMain and is also linked to the UIWaterMain at the bottom of this page.

**Informational Web Conferences** - Information sessions focusing on medical/prescription, dental, vision and flexible spending accounts will be held in November. Sessions will be held via telephone/web conference. Invitations to the sessions below will be emailed to you. You are encouraged to invite your spouse to call into the information sessions as well. You may also call the HR department at any time.

**November 1:** Open Enrollment Packet and 2014 Employee Benefits Guide posted to UIWaterMain.

**November 1 – December 2:** Review Packet and Benefits Guide, ask questions, compare with spouse's employer plan (if applicable), make decisions and prepare for Open Enrollment selection date.

**November (Date TBD):** Webinars will be set up to review the 2014 Employee Benefits Guide, answering any specific questions and help prepare you for the online Open Enrollment.

**December 2:** Online selection of your benefit choices through the Paychex website.

[Click here](#) for 2014 Open Enrollment Documents on the UIWaterMain. Please note that it MAY NOT be necessary to print any of these documents. The only paper document we will need is the Working Spouse Affidavit if you enroll a spouse.



## What Is Not Changing For 2014

### **Medical and Dental Coverage Unchanged**

Plan coverage designs for both the Plan A and the Plan B Medical plans are largely unchanged. The out of pocket maximums are the only item that have changed (see below for explanation). The Dental plan coverage is also unchanged for the 2014 plan year. While many employers are “cost shifting” by increasing deductibles and co-payments, or by reducing the share of the plan the employer covers, we are not following that trend. UI continues to believe that a strong benefits plan is essential to our recruitment and retention strategy and our current plan design aligns with that philosophy.

## What is Changing For 2014

### **Medical and Dental Plan Employee Contributions**

Healthcare costs have continued to increase. Nationwide, the medical trend cost increase is 5-7%. Our plan has experienced an increase of 10.5% because of our increased usage of the health coverage (i.e. more and higher claims). While administrative fees from Blue Cross Blue Shield have increased by around 2%, the largest cost driver for our plan is the claims of our participants at UI, which accounts for the other 8.5% (or 3.5 to 5.5 percentage points over national trend).

This year has been unusual in that we have a much larger portion of our total employee population with relatively expensive claims. Of those claims the top two drivers are poor nutrition and tobacco related health issues. The net increases in the employee paycheck contributions for 2014 are aligned to the actual costs that have been incurred. Employee contributions to each of the 4 coverage levels will remain approximately 20% of the cost of each plan, while Utilities, Inc. will continue to pay approximately 80% of the cost.

**It is very important to note, we want to encourage people to continue to use the medical plans (that is why we have them). We believe a healthy team environment is critical to our success and you should continue to use the plan.** However, we would encourage everyone to be selecting healthy lifestyle choices to avoid significant claims in the first place (to the extent they can be avoided). There are costs far beyond the dollars that can impact you and your family.

### **Out of Pocket Maximum**

In accordance with the Affordable Care Act (ACA), the Out of Pocket Maximum (OPM) now includes the deductible and co-payments. The term was somewhat of a misnomer in the healthcare industry prior to this rule change. For plan year 2014, with the exception of prescription drugs, all out of pocket costs will count toward your OPM. In 2015 prescription drugs will also count toward the OPM (also an ACA rule change for 2015).

### **Working Spouse Surcharge**

In accordance with the Affordable Care Act (ACA), unlike spouses, dependent children on your healthcare plan must have the option to be covered without being forced to or penalized for not taking their own coverage, including their own employer’s coverage. Children will not be required to fill out a working affidavit. Spouses, however, will continue to be charged for not enrolling in their own employer’s health plan when available.

## Preparing For Online Open Enrollment

### **Medical, Dental and Vision Coverage**

Even if you do not want to make any changes to the plan you are currently enrolled in or the dependents you are covering, you will still need to complete the [Working Spouse Medical Plan Affidavit](#) for covering a spouse on the UI Health Plan. This needs to be filled out annually and is the only paper document that needs to be returned to HR for Open Enrollment. This form can be faxed, emailed (scanned) or regular mailed to HR and must be received prior to January 1, 2014. If you wish to enroll for the first time, drop coverage, change the plan you are participating in, or add/remove dependents, you will have the opportunity to make those elections online in December for a January 1, 2014 effective date. Open enrollment elections will be made online through the Paychex website beginning December 2<sup>nd</sup>.

### **Flexible Spending Accounts (FSAs)**

If you wish to renew your participation in the FSA or want to enroll for the first time, you will have the opportunity to enroll online along with the rest of your benefit elections. Remember that you must enroll every year; previous enrollments do not carry over to the following year. You may contribute up to \$2,500 annually to the medical FSA and \$5,000 to the Dependant Care FSA. This is a "Use it or Lose It" program, so if you elect to contribute \$500 (for example) into the flexible spending account, then you must incur qualified expenses during the period of January 1, 2014 and March 15, 2015 for reimbursement of your election amount. If you do not incur expenses for the full FSA amount by March 15, 2015 then the remaining balance will be forfeited. There are 2 types of FSA accounts that are defined below.

**1) Healthcare Flexible Spending Accounts (\$2,500 max)**

This is a great way to contribute money every pay period on a pre-tax basis to pay for qualified health care expenses. Such expenses may include benefit plan deductibles, office and prescription co-payments and out-of-pocket medical and dental expenses. A detailed list of qualified expenses is included in the [Eligible Healthcare Flexible Spending Account Expenses](#).

**2) Dependent Care Flexible Spending Accounts (non medical, \$5,000 max)**

This is a great way to contribute money on a pre-tax basis to pay for qualified dependent care expenses. Such expenses may include Child and Elder care expenses, Nursery or Pre-School expenses, after school care, and in home care.

### **Life and Accidental Death & Dismemberment (AD&D)**

Life and AD&D insurance equal to 1.5 times your annual salary plus \$10,000 is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **Short-Term Disability**

Short-Term Disability insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **Long-Term Disability**

Long-Term Disability insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **Employee Assistance Program (EAP)**

The Employee Assistance Program is a benefit automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **401(k) Retirement Plan**

For 2014, the Company will continue to match \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum matching contribution equal to 3% of your base annual compensation. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **Supplemental Travel/Accident Insurance**

Travel/Accident Insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **Vacation Pay**

The vacation accrual policy for full time employees has not changed for 2014. Please refer to the Benefits Guide for more detailed information regarding vacation pay.

### **Holiday Pay**

Utilities, Inc. will continue to offer 8 paid holidays in 2014. Please refer to the Benefits Guide for the list of company paid holidays.

## Open Enrollment Screen Shots on Paychex

### What You will See

Below are some screen shots to give you an idea of what the benefits section of Paychex will look like during Open Enrollment. Keep in mind that some details may be different based on your selections, your pay schedule (Bi-weekly versus semi-monthly) and family member participants on the plan. We will also hold a live webinar in November to walk you through this user friendly process.

After you log in to [www.mypaychex.com](http://www.mypaychex.com), proceed to the "Benefits" tab.

The screenshot shows the Paychex interface with the 'Benefits' tab selected. A red arrow points to the 'Benefits' tab. Below the navigation bar, a message says 'Welcome James Devine!'. A 'LEGAL NOTICE: Please Read' box contains the following text:

Your User Name & Password is considered as your "Electronic Signature" and will serve as your confirmation of the accuracy of the information being submitted. When you click "I AGREE" below, you are certifying that

1. You understand that your benefit elections are legal and binding transactions.
2. You understand that all benefits are contingent upon your enrollment and acceptance by your HR representative and by your insurance carrier or benefit provider.
3. You understand that during this process you will have the opportunity to view a summary illustrating the status of your benefit elections as represented by this system and that if you wish to obtain a copy of the statement in paper form, it is your responsibility to print the summary while using this system.

At the bottom of the notice box are two buttons: 'I DO NOT AGREE' and 'I AGREE'. A red arrow points to the 'I AGREE' button.

You will be asked to Review your information

The screenshot shows the 'BENEFITS' review page. A red arrow points to the 'Benefits' tab in the navigation bar. The page title is 'Your Personal Information: James Devine'. Below this, there is an information box: 'Please review the information below. Add any family member you wish to enroll in your benefit offerings.' The 'Employee' section contains a table with the following data:

Name	SSN	Address	DOB	Gender	Contact	Approved
James P. Devine	[REDACTED]	Chicago, IL 60610	[REDACTED]	Male	<input checked="" type="checkbox"/>	10/9/2012

Below the table is a 'Dependents' section with links for 'Add A Family Member' and 'Add Spouse'. At the bottom right, there is an orange button labeled 'PROCEED TO MY BENEFITS »'. A red arrow points to this button.

After you “Proceed to My Benefits” you will see that all of the benefits are on one screen. You’ll need to confirm enrollment for each benefit and scroll down as you go. There are quick links on the left hand side if you need to navigate quickly to a specific benefit. You will also be able to make any changes to your family information. During Open Enrollment is the only time that you do not need a reason to add or remove a family member for a January 1 start date.

**PAYCHEX** | One-Source Solutions Welcome

Home Human Resources **Benefits** Payroll

---

**Utilities, Inc.** Proceed to Log Out

**BENEFITS** Election Summary Edit Family Resource Library News & Alerts

Your Personal Information ) **Benefits - James Devine** Finalized

**Quick Links (13 total)**

Medical

Dental

Vision

Health Care FSA

Dependent Care FSA

EE Assistance Program

Short Term Disability

Basic Life/AD&D

Long Term Disability

Voluntary Employee Life

---

**Costs**

Total Cost of Elections: **\$52.50**

[Go to Review & Finalize](#)

**Medical** Blue Cross Blue Shield IL PPO Plan A: Preventive [History](#) | [Enrollment Recap](#)

Status:	Active
Activity:	1/1/2012
Coverage:	Employee Only
Employer Cost:	\$177.00 (Semi-Monthly)
Employee Cost:	\$47.50 (Semi-Monthly)

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	P170220100 PPO A: Preventive		Change	1/1/2012	1/6/2012	2/22/2012

[To Top](#)

**Dental** Delta Dental of IL Dental PPO Plan [History](#) | [Enrollment Recap](#)

Status:	Active
Activity:	1/1/2012
Coverage:	Employee Only
Employer Cost:	\$9.21 (Semi-Monthly)
Employee Cost:	\$5.00 (Semi-Monthly)

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	20159 Dental DPO		Change	5/7/2010	1/12/2012	3/8/2012

**PAYCHEX** | One-Source Solutions Welcome

Home Human Resources **Benefits** Payroll

---

**Utilities, Inc.** Proceed to Log Out

**BENEFITS** Election Summary Edit Family Resource Library News & Alerts

Your Personal Information ) **Benefits - James Devine** Finalized

**Quick Links (13 total)**

Medical

Dental

Vision

Health Care FSA

Dependent Care FSA

EE Assistance Program

Short Term Disability

Basic Life/AD&D

Long Term Disability

Voluntary Employee Life

---

**Costs**

Total Cost of Elections: **\$52.50**

[Go to Review & Finalize](#)

**Vision** Vision Service Plan [History](#) | [Enrollment Recap](#)

The Manage Benefit options are based on your selections in Medical.

Status:	Active
Activity:	5/1/2010
Coverage:	Employee Only
Employer Cost:	\$2.77 (Semi-Monthly)
Employee Cost:	\$0.00 (Semi-Monthly)

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	12159678-0001-0001 Vision		Add	5/1/2010	11/29/2011	1/3/2012

[To Top](#)

**Health Care FSA** [History](#) | [Decline Recap](#)

Declined

This benefit has been declined

Status:	Declined
Activity:	1/1/2012
Coverage:	Declined

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	Declined		Decline	1/1/2012	1/6/2012	N/A

Plan Year 1/1/2014 – 12/31/2014 (Revised 11/2013)

Page 8



**BENEFITS**

Election Summary Edit Family Resource Library News & Alerts

Proceed to Log Out

Your Personal Information

Benefits - James Devine

Finalized

Quick Links (13 total)

- [Medical](#)
- [Dental](#)
- [Vision](#)
- [Health Care FSA](#)
- [Dependent Care FSA](#)
- [EE Assistance Program](#)
- [Short Term Disability](#)
- [Basic Life/AD&D](#)
- [Long Term Disability](#)
- [Voluntary Employee Life](#)

Costs

Total Cost of Elections: \$52.50

[Go to Review & Finalize](#)

**Basic Life/AD&D** MetLife Basic Life/AD&D Plan

[History](#) | [Change Beneficiaries](#) | [View Beneficiaries](#)



Status: Active  
 Activity: 10/1/2012  
 Coverage: ██████████  
 Employee Cost: \$0.00 (Semi-Monthly)

MANAGE BENEFIT

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	Basic Life/AD&D		Change	5/7/2010	10/1/2012	

[To Top](#)

**Long Term Disability** MetLife Long Term Disability

[History](#)



Status: Active  
 Activity: 11/7/2012  
 Coverage: ██████████  
 Employee Cost: \$0.00 (Semi-Monthly)

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	LTD		Change	5/7/2010	5/30/2012	

Below is a new feature on the Paychex Benefits site; 401(k) Plan Beneficiary Information. Use this section to identify who you are assigning as your retirement plan beneficiary. You can have multiple names listed with percentages of benefit.



**BENEFITS**

Election Summary Edit Family Resource Library News & Alerts

Proceed to Log Out

Your Personal Information

Benefits - James Devine

Finalized

Quick Links (13 total)

- [Medical](#)
- [Dental](#)
- [Vision](#)
- [Health Care FSA](#)
- [Dependent Care FSA](#)
- [EE Assistance Program](#)
- [Short Term Disability](#)
- [Basic Life/AD&D](#)
- [Long Term Disability](#)
- [Voluntary Employee Life](#)

Costs

Total Cost of Elections: \$52.50

[Go to Review & Finalize](#)

**401K** 401(k) Plan Beneficiary

[History](#) | [Change Beneficiaries](#) | [View Beneficiaries](#)



Status: Active  
 Activity: 10/1/2012  
 Coverages: Employee Only

MANAGE BENEFIT

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	401K Beneficiary		Change	1/1/2012	10/1/2012	

[To Top](#)

**SUMMATION** - Amounts per (Semi-Monthly) pay period

Total Cost of Elections:	\$52.50
--------------------------	---------

[To Top](#)



# OPEN ENROLLMENT PACKET



# 2013

Plan Year 1/1/13 – 12/31/13

*(Revised 11/2012)*

*For Full Time Employees Only*

<b>Open Enrollment 2013</b>	<b>3</b>
<b>What's New For 2013</b>	<b>4</b>
Removal of Mandatory Mail Order Maintenance Prescription Drugs	4
FREE Mail Order Generic Maintenance Prescription Drugs	4
Rx Options for 2013	4
401(k) Retirement Plan Beneficiary Information on Paychex	4
<b>What Is Not Changing For 2013</b>	<b>5</b>
“Employee Only” Levels for Medical and Dental Coverage	5
<b>What Current Benefits Are Changing For 2013</b>	<b>5</b>
Medical Plan Contributions (Other than “Employee Only” level)	5
Flexible Spending Account Maximums for Medical FSA	5
<b>Preparing For Online Open Enrollment</b>	<b>5</b>
Medical, Dental and Vision Coverage	5
Flexible Spending Accounts (FSAs)	5
Life and Accidental Death & Dismemberment (AD&D)	6
Short-Term Disability	6
Long-Term Disability	6
Employee Assistance Program (EAP)	6
401(k) Retirement Plan	6
Supplemental Travel/Accident Insurance	6
Vacation Pay	6
Holiday Pay	6
<b>Open Enrollment Screen Shots on Paychex</b>	<b>7</b>
What You will See	7



## Open Enrollment 2013

Open Enrollment is the one time of year you can adjust your benefit elections for the medical and dental insurance without having experienced a Life Qualifying Event (see Benefits Guide for definition).

**Important Note:** Despite rising health care costs, the Company has held the line on “Employee Only” level medical and dental plan contributions at the same dollar amount for the last 4 years! We have also kept benefit levels virtually unchanged during this same period. If you are enrolled in the Employee Only level of the medical plan your monthly contribution will remain the same.

**Please mark your calendars for December 3<sup>rd</sup>!** This document along with the 2013 Employee Benefits Guide will have all of the information for you to make your benefit election decisions. The updated 2013 Employee Benefits Guide is posted to the UIWaterMain under the HR / Benefits drop down. The Benefits Guide will provide detailed information regarding all of the benefits offered by Utilities, Inc. You will have the next month to review these documents, ask questions, attend UI benefit webinars (to be scheduled) and compare these election decisions to spouse’s plan coverage (if applicable). You will actually make the elections beginning on or around December 3<sup>rd</sup>.

**Online Enrollment** - All of the benefit choices will be on the **Paychex** website (same as last year). Once the open enrollment election period has begun in December, you will be directed to log in to the Paychex website, where it will take you step by step through the process. The only paper forms is the Working Dependant Medical Plan Affidavit (link found on page 5 - which needs several signatures). This form is posted on the UIWaterMain and is also linked to the UIWaterMain at the bottom of this page.

**Informational Web Conferences** - Information sessions focusing on medical/prescription, dental, vision and flexible spending accounts will be held in November. Sessions will be held via telephone/web conference. Invitations to the sessions below will be emailed to you. You are encouraged to invite your spouse to call into the information sessions as well. You may also call the HR department at any time.

**November 1:** Open Enrollment Packet and 2013 Employee Benefits Guide posted to UIWaterMain.

**November 1 – December 3:** Review Packet and Benefits Guide, ask questions, compare with spouse’s employer plan (if applicable), make decisions and prepare for Open Enrollment selection date.

**November (Date TBD):** Webinars will be set up to review the 2013 Employee Benefits Guide, answering any specific questions and help prepare you for the online Open Enrollment.

**December 3:** Online selection of your benefit choices through the Paychex website.

**[Click here](#)** for 2013 Open Enrollment Documents on the UIWaterMain. Please note that it MAY NOT be necessary to print any of these documents. The only paper document we will need is the Working Dependant Affidavit if you enroll a spouse or child on your medical plan who is 18 years of age or older.

## What's New For 2013

### **Removal of Mandatory Mail Order Maintenance Prescription Drugs**

In response to the UI Employee Satisfaction Survey and feedback throughout the year, we have decided to remove the requirement of mandatory mail order for maintenance drugs. You will continue to have the option of mail order maintenance drugs through Prime Mail, which is still a fraction of the cost versus in-store pharmacy pick up. However, the major change in 2013 is choice for whether you receive your maintenance medications by mail or not, instead of a requirement.

### **FREE Mail Order Generic Maintenance Prescription Drugs**

Mail order medications continue to be a cost savings to both you and the Company, which keeps the entire cost of our medical plan in check. For this reason we encourage you to consider using mail order for **generic** maintenance medications through "Rx 'n Go" (Please see Benefits Guide for details). Utilities, Inc. employees and their enrolled dependents are eligible to receive free generic maintenance medication by utilizing the Rx 'n Go mail order pharmacy service. Rx 'n Go offers a comprehensive listing of nearly 1,200 available generic maintenance medications. By filling your generic maintenance medication through Rx 'n Go, the Company will pay the entire cost of the medication. A ninety (90) day supply of medication will arrive directly at the member's home address or designated delivery location. Please consult with your physician or health care provider if you are not currently taking a generic medication to determine if any of the generic versions are offered through the Rx 'n Go pharmacy may be an option.

### **Rx Options for 2013**

- a) **Pharmacy** - option for all prescription medications for up to a 34 day supply. Co-pay applies.
- b) **Prime Mail** - option for all mail order prescription maintenance medications for a 90 day supply at roughly 30 day prices. Co-pay applies.
- c) **Rx 'n Go** - option for FREE mail order maintenance medications with generic drugs for a 90 day supply. Provided at no cost.

### **401(k) Retirement Plan Beneficiary Information on Paychex**

We have transitioned in large part from a paper open enrollment process to an online process through the use of Paychex. This year one of the former paper forms required for the 401(k) Beneficiary Information will now be available to you at any time on the Paychex / Benefits site (which includes open enrollment). This beneficiary information can be updated or changed at any time throughout the year. Please note that this does NOT affect your deferrals or allow you the ability to enroll in the 401(k) deferral program – this is simply for your beneficiary information.

## What Is Not Changing For 2013

### **“Employee Only” Levels for Medical and Dental Coverage**

As stated before there are no changes to the “Employee Only” level contributions. Despite rising health care costs, the Company has held the line on employee medical and dental plan contributions for the fourth year in a row. Utilities, Inc. has remained true to its commitment to try to keep the costs of health care as low and affordable as possible for every employee. On the 2012 UI Employee Satisfaction and Benefits Survey, the cost of insurance per paycheck was identified as the most important issue regarding UI medical insurance plan.

## What Current Benefits Are Changing For 2013

### **Medical Plan Contributions (Other than “Employee Only” level)**

Healthcare costs have continued to increase. The preventive measures that we have taken through the annual physicals have had quantitative results in holding overall medical costs down compared to national averages. Despite those successful efforts medical costs continue to rise. While administrative fees from Blue Cross Blue Shield as well as healthcare provider costs are rising, the largest cost driver continues to be the health of our participants. Our Preventive Incentive program is one way we are trying to control those costs. We will continue to implement other wellness related programs and communications that directly target the largest cost drivers of our plan. While the cost for the “Employee Only” level is remaining the same for the third straight year, the other 3 levels (Employee + Spouse, Employee + Child(ren) and Family) have increased. These net increases are aligned to the actual costs that have been incurred. Employee contributions to each of these tiers account for about 20% of the cost of each plan, while Utilities, Inc. pays for about 80% of the cost.

### **Flexible Spending Account Maximums for Medical FSA**

The FSA program is regulated by the IRS due to the program’s pre tax implications. For 2013, in accordance with the Affordable Care Act, the IRS has limited the maximum pre tax contribution to a medical FSA account to \$2,500 for the plan year.

## Preparing For Online Open Enrollment

### **Medical, Dental and Vision Coverage**

If you do not want to make any changes to the plan you are currently enrolled in or the dependents you are covering, you will need to complete the [Working Dependent Medical Plan Affidavit](#) for each of the covered dependents who are 18 years of age or older. This needs to be filled out annually and is the only paper document that needs to be returned to HR for Open Enrollment. This form can be faxed, emailed (scanned) or regular mailed to HR and must be received prior to January 1, 2013. If you wish to enroll for the first time, drop coverage, change the plan you are participating in, or add/remove dependents, you will have the opportunity to make those elections online in December for a January 1, 2013 effective date. Open enrollment elections will be made online through the Paychex website beginning December 3<sup>rd</sup>.

### **Flexible Spending Accounts (FSAs)**

If you wish to renew your participation in the FSA or want to enroll for the first time, you will have the opportunity to enroll online along with the rest of your benefit elections. Remember that you must enroll every year; previous enrollments do not carry over to the following year. You may contribute up to \$2,500 annually to the medical FSA and \$5,000 to the Dependant Care FSA. This is a “Use it or Lose It” program, so if you elect to contribute \$500 (for example) into the flexible spending account, then you must incur qualified expenses during the period of January 1, 2013 and March 15, 2014 for reimbursement of your election amount. If you do not

incur expenses for the full FSA amount by March 15, 2014 then the remaining balance will be forfeited. There are 2 types of FSA accounts that are defined below.

**1) Healthcare Flexible Spending Accounts (\$2,500 max)**

This is a great way to contribute money every pay period on a pre-tax basis to pay for qualified health care expenses. Such expenses may include benefit plan deductibles, office and prescription co-payments and out-of-pocket medical and dental expenses. A detailed list of qualified expenses is included in the [Eligible Healthcare Flexible Spending Account Expenses](#).

**2) Dependent Care Flexible Spending Accounts (non medical, \$5,000 max)**

This is a great way to contribute money on a pre-tax basis to pay for qualified dependent care expenses. Such expenses may include Child and Elder care expenses, Nursery or Pre-School expenses, after school care, and in home care.

**Life and Accidental Death & Dismemberment (AD&D)**

Life and AD&D insurance equal to 1.5 times your annual salary plus \$10,000 is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**Short-Term Disability**

Short-Term Disability insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**Long-Term Disability**

Long-Term Disability insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**Employee Assistance Program (EAP)**

The Employee Assistance Program is a benefit automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**401(k) Retirement Plan**

For 2013, the Company will continue to match \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum matching contribution equal to 3% of your base annual compensation. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**Supplemental Travel/Accident Insurance**

Travel/Accident Insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**Vacation Pay**

The vacation accrual policy for full time employees has not changed for 2013. Please refer to the Benefits Guide for more detailed information regarding vacation pay.

**Holiday Pay**

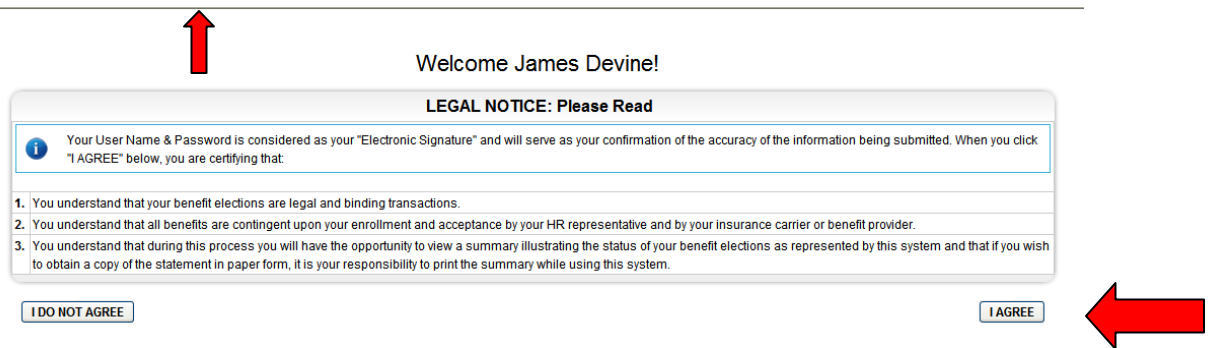
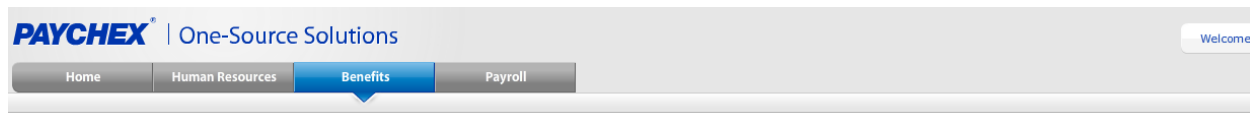
Utilities, Inc. will continue to offer 8 paid holidays in 2013. Please refer to the Benefits Guide for the list of company paid holidays.

## Open Enrollment Screen Shots on Paychex

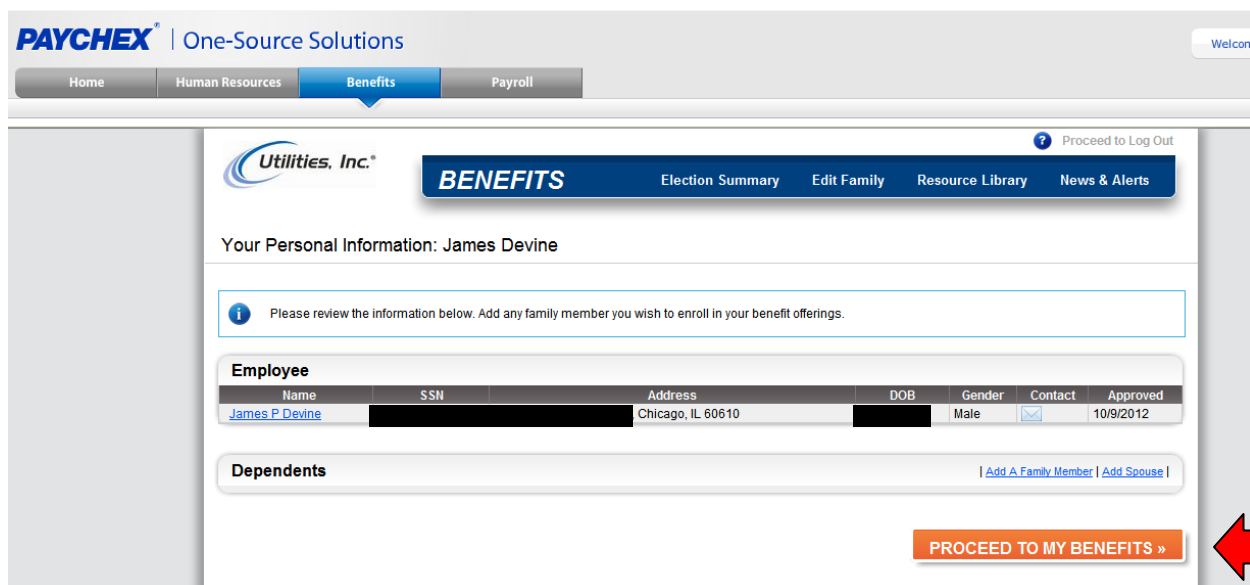
### What You will See

Below are some screen shots to give you an idea of what the benefits section of Paychex will look like during Open Enrollment. Keep in mind that some details may be different based on your selections, your pay schedule (Bi-weekly versus semi-monthly) and family member participants on the plan. We will also hold a live webinar in November to walk you through this user friendly process.

After you log in to [www.mypaychex.com](http://www.mypaychex.com), proceed to the "Benefits" tab.



You will be asked to Review your information



After you “Proceed to My Benefits” you will see that all of the benefits are on one screen. You’ll need to confirm enrollment for each benefit and scroll down as you go. There are quick links on the left hand side if you need to navigate quickly to a specific benefit. You will also be able to make any changes to your family information. During Open Enrollment is the only time that you do not need a reason to add or remove a family member for a January 1 start date.

**PAYCHEX** | One-Source Solutions Welcome

Home Human Resources **Benefits** Payroll

---

**Utilities, Inc.** Proceed to Log Out

**BENEFITS** Election Summary Edit Family Resource Library News & Alerts

Your Personal Information ) **Benefits - James Devine** Finalized

**Quick Links (13 total)**

Medical

Dental

Vision

Health Care FSA

Dependent Care FSA

EE Assistance Program

Short Term Disability

Basic Life/AD&D

Long Term Disability

Voluntary Employee Life

**Medical** Blue Cross Blue Shield IL PPO Plan A: Preventive [History](#) | [Enrollment Recap](#)

Status:	Active
Activity:	1/1/2012
Coverage:	Employee Only
Employer Cost:	\$177.00 (Semi-Monthly)
Employee Cost:	\$47.50 (Semi-Monthly)

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	P170220100 PPO A: Preventive		Change	1/1/2012	1/6/2012	2/22/2012

[To Top](#)

**Dental** Delta Dental of IL Dental PPO Plan [History](#) | [Enrollment Recap](#)

Status:	Active
Activity:	1/1/2012
Coverage:	Employee Only
Employer Cost:	\$9.21 (Semi-Monthly)
Employee Cost:	\$5.00 (Semi-Monthly)

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	20159 Dental DPO		Change	5/7/2010	1/12/2012	3/8/2012

**Costs**

Total Cost of Elections: **\$52.50**

[Go to Review & Finalize](#)

**PAYCHEX** | One-Source Solutions Welcome

Home Human Resources **Benefits** Payroll

---

**Utilities, Inc.** Proceed to Log Out

**BENEFITS** Election Summary Edit Family Resource Library News & Alerts

Your Personal Information ) **Benefits - James Devine** Finalized

**Quick Links (13 total)**

Medical

Dental

Vision

Health Care FSA

Dependent Care FSA

EE Assistance Program

Short Term Disability

Basic Life/AD&D

Long Term Disability

Voluntary Employee Life

**Vision** Vision Service Plan [History](#) | [Enrollment Recap](#)

The Manage Benefit options are based on your selections in Medical.

Status:	Active
Activity:	5/1/2010
Coverage:	Employee Only
Employer Cost:	\$2.77 (Semi-Monthly)
Employee Cost:	\$0.00 (Semi-Monthly)

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	12159678-0001-0001 Vision		Add	5/1/2010	11/29/2011	1/3/2012

[To Top](#)

**Health Care FSA** [History](#) | [Decline Recap](#)

Declined

This benefit has been declined

Status:	Declined
Activity:	1/1/2012
Coverage:	Declined

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	Declined		Decline	1/1/2012	1/6/2012	N/A

**Costs**

Total Cost of Elections: **\$52.50**

[Go to Review & Finalize](#)



**BENEFITS**

Election Summary Edit Family Resource Library News & Alerts

Proceed to Log Out

Your Personal Information

Benefits - James Devine

Finalized

Quick Links (13 total)

- [Medical](#)
- [Dental](#)
- [Vision](#)
- [Health Care FSA](#)
- [Dependent Care FSA](#)
- [EE Assistance Program](#)
- [Short Term Disability](#)
- [Basic Life/AD&D](#)
- [Long Term Disability](#)
- [Voluntary Employee Life](#)

Costs

Total Cost of Elections: \$52.50

[Go to Review & Finalize](#)

**Basic Life/AD&D** MetLife Basic Life/AD&D Plan

[History](#) | [Change Beneficiaries](#) | [View Beneficiaries](#)



Status: Active  
 Activity: 10/1/2012  
 Coverage: ██████████  
 Employee Cost: \$0.00 (Semi-Monthly)

MANAGE BENEFIT

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	Basic Life/AD&D		Change	5/7/2010	10/1/2012	

[To Top](#)

**Long Term Disability** MetLife Long Term Disability

[History](#)



Status: Active  
 Activity: 11/7/2012  
 Coverage: ██████████  
 Employee Cost: \$0.00 (Semi-Monthly)

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	LTD		Change	5/7/2010	5/30/2012	

Below is a new feature on the Paychex Benefits site; 401(k) Plan Beneficiary Information. Use this section to identify who you are assigning as your retirement plan beneficiary. You can have multiple names listed with percentages of benefit.



**BENEFITS**

Election Summary Edit Family Resource Library News & Alerts

Proceed to Log Out

Your Personal Information

Benefits - James Devine

Finalized

Quick Links (13 total)

- [Medical](#)
- [Dental](#)
- [Vision](#)
- [Health Care FSA](#)
- [Dependent Care FSA](#)
- [EE Assistance Program](#)
- [Short Term Disability](#)
- [Basic Life/AD&D](#)
- [Long Term Disability](#)
- [Voluntary Employee Life](#)

Costs

Total Cost of Elections: \$52.50

[Go to Review & Finalize](#)

**401K** 401(k) Plan Beneficiary

[History](#) | [Change Beneficiaries](#) | [View Beneficiaries](#)



Status: Active  
 Activity: 10/1/2012  
 Coverages: Employee Only

MANAGE BENEFIT

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	401K Beneficiary		Change	1/1/2012	10/1/2012	

[To Top](#)

**SUMMATION** - Amounts per (Semi-Monthly) pay period

Total Cost of Elections: \$52.50

[To Top](#)





# OPEN ENROLLMENT PACKET



# 2012

Plan Year 1/1/12 - 12/31/12

*(Revised 11/2011)*

*For Full Time Employees Only*



<b>Open Enrollment 2012</b>	<b>3</b>
<b>What's New For 2012</b>	<b>4</b>
Online Benefits Enrollment	4
Flexible Spending Accounts (FSAs) Online Enrollment & Debit Cards	4
<b>What Is Not Changing For 2012</b>	<b>4</b>
Dental Plan & "Employee Only" Plan A Medical Contributions	4
Preventive Incentive (Formerly Named Wellness Incentive)	4
<b>What Is Changing For 2012</b>	<b>5</b>
Medical - Plan B Benefit Design	5
Medical Plan Contributions (Other than "Employee Only" level)	5
NON Preventive Rates	5
<b>Preparing For Open Enrollment</b>	<b>5</b>
Medical, Dental and Vision Coverage	5
Flexible Spending Accounts (FSAs)	5
Life and Accidental Death & Dismemberment (AD&D)	6
Short-Term Disability	6
Long-Term Disability	6
Employee Assistance Program (EAP)	6
401(k) Retirement Plan	6
Supplemental Travel/Accident Insurance	6
Vacation Pay	6
Holiday Pay	6
<b>Contact Information</b>	<b>7</b>

## Open Enrollment 2012

Open Enrollment is the one time of year you can adjust your benefit elections for the medical and dental insurance without having experienced a Life Qualifying Event. This is also the time to enroll in for the first time or re-enroll for a new plan year into the flexible spending accounts (FSA). If you are currently enrolled in a flexible spending account, and wish to continue to participate for the 2012 year, you must re-enroll. Flexible spending account enrollment will not automatically roll over into 2012.

**Important Note:** Despite rising health care costs, the Company has held the line on “Employee Only” medical plan contributions for the second year in a row! If you are enrolled in the Employee Only level of the medical plan your monthly contribution will remain the same.

**Please mark your calendars for December 15th!** This document along with the 2012 Employee Benefits Guide will have all of the information for you to make your benefit election decisions. The updated 2012 Employee Benefits Guide is posted to the UIWaterMain under the HR / Benefits drop down. The Benefits Guide will provide detailed information regarding all of the benefits offered by Utilities, Inc. You will have the next month and a half to review these documents, ask questions, attend UI benefit webinars (to be scheduled) and compare these election decisions to spouse’s plan coverage (if applicable). You will actually make the elections beginning on or around December 15<sup>th</sup>. We will keep you posted as to the exact date of open enrollment benefit election period. In the meantime, we recommend having all of your questions addressed and your decisions made before we get to that point.

**Online Enrollment** - You may notice that there are no enrollment forms in this packet. That is because we are implementing online enrollment beginning with this Open Enrollment period. All of the benefit choices will be on the Paychex website. Once the open enrollment election period has begun in December, you will be directed to log in to the Paychex website, where it will take you step by step through the process. The only paper forms will be the Routine Physical Verification Form (link found on page 4 - which needs a physician’s signature) and the Working Dependant Medical Plan Affidavit (link found on page 5 - which needs several signatures). Both of these forms are posted on the UIWaterMain and are also linked to the UIWaterMain at the bottom of this page.

**Informational Web Conferences** - Information sessions focusing on medical/prescription, dental, vision and flexible spending accounts will be held in November. Sessions will be held via telephone/web conference. Invitations to the sessions below will be emailed to you. You are encouraged to invite your spouse to call into the information sessions as well. You may also call the HR department at any time.

**November 1:** Open Enrollment Packet, 2012 Employee Benefits Guide posted to UIWaterMain.

**November 1 – December 15:** Review Packet and Benefits Guide, ask questions, compare with spouse’s employer plan (if applicable), make decisions and prepare for Open Enrollment selection date.

**November (Date TBD):** Webinars will be set up to review the 2012 Employee Benefits Guide, answering any specific questions and help prepare you for the online Open Enrollment.

**December 15:** Online selection of your benefit choices through the Paychex website.

**[Click here](#)** for 2012 Open Enrollment Documents on the UIWaterMain.

## What's New For 2012

### **Online Benefits Enrollment**

Beginning this December our open enrollment elections will be made online using the Paychex website (the same site that you use for your pay check information). When we get closer to the enrollment period we will be sending detailed instructions how to use the site. We believe that you will find the enrollment on Paychex to be very user friendly.

### **Flexible Spending Accounts (FSAs) Online Enrollment & Debit Cards**

We have moved our FSA account from Ceridian to Paychex for the 2012 benefit year. There are 2 significant advantages that you will find. The first will be the ease of online enrollment at the same time that you are making your other online benefit elections on the same website. The second advantage will be the use of a debit card. The FSA debit card will allow you to make transactions without having out of pocket expenses. The debit card will be linked to your FSA account directly which means for any transaction your entire FSA account will be accessible through the debit card. This is true regardless whether the charge is \$10 or if the charge is for your full account balance (whatever you decided to put into your FSA) for any given transaction. IRS / FSA approved expenses are automatically coded and will only allow approved FSA expenses to be charged to the card.

## What Is Not Changing For 2012

### **Dental Plan & “Employee Only” Plan A Medical Contributions**

**Dental** - There are no changes being made to the dental plan design and we are pleased to announce that the cost of dental insurance will remain unchanged for 2012.

**Health** – As stated before there are no changes to the Plan A “Employee Only” contributions. Despite rising health care costs, the Company has held the line on employee medical plan contributions for the second year in a row. Utilities, Inc. has remained true to its commitment to try to keep the costs of healthcare as low and affordable as possible for every employee.

### **Preventive Incentive (Formerly Named Wellness Incentive)**

In a continued effort to promote taking proactive preventive measures that save lives and contain costs, we are once again encouraging everyone to receive a routine annual physical with routine blood draw. It is important to maintain a healthy lifestyle and monitor your health on a regular basis. Having an annual physical is the first step toward taking control of your health. Your annual routine physical date is being tracked by HR and you will be reminded 30 days in advance of your exam anniversary date to make an appointment with your medical provider. You will have 60 days from the notification date to return the [Routine Physical Verification Form](#) to HR (30 days advanced notice plus 30 days from the anniversary date of your last routine physical). Having your annual form completed and on file with HR will ensure you maintain the Preventive Incentive rates. Without the completed form, your rate will default to the NON Preventive rates. See 2012 Employee Benefits Guide for the monthly and pay period amounts for Preventive and NON Preventive rates.

## What Is Changing For 2012

### **Medical - Plan B Benefit Design**

Please refer to the 2012 Employee Benefits Guide for a detailed plan design breakdown for the Plan B option. Significant changes have occurred for this plan.

### **Medical Plan Contributions (Other than “Employee Only” level)**

Healthcare costs have continued to increase. The preventive measures that we have taken through the annual physicals have had quantitative results in holding overall medical costs down compared to national averages. Despite those successful efforts medical costs continue to rise. While administrative fees from Blue Cross Blue Shield as well as healthcare provider costs are rising, the largest cost driver continues to be the health of our participants. Our Preventive Incentive program is one way we are trying to control those costs. We will strive to implement other wellness related programs and communications that target the largest cost drivers of our plan. While the cost for the “Employee Only” tier is remaining the same for the second straight year, the other 3 tiers (Employee + Spouse, Employee + Child(ren) and Family) have increased. Some tiers have a larger or smaller increase over last year depending on the tier. These net increases are aligned to the actual costs that have been incurred according to each tier. Employee contributions to each of these tiers account for about 20% of the cost of each plan, while Utilities, Inc. pays for about 80% of the cost.

### **NON Preventive Rates**

An annual routine physical exam and blood draw has many benefits, the most important of which is the early detection of disease. Many major life changing health problems, such as cancer, diabetes and high blood pressure, may be present for years before they cause any symptoms. Finding and treating them early enough can save your life. It also saves money because the money we spend on the front end through prevention saves money on the back end because of the high cost of major medical events. Thus the people who get the preventive routine physical are helping all of us keep the costs of health care in check, which keeps the employee contribution to that plan in check. People who choose not to take an active preventive approach, may in turn help the costs increase – for all of us. Therefore the employee contribution rates for NON Preventive healthcare will be increased to the full cost of the plan. This can be avoided by making sure you are having your annual physical and blood draw. Consistent with last year, there are no out of pocket costs for this routine exam. To receive the Preventive rates, you need only to have the physical and blood draw, there are no outcomes required. The outcome of the examination is a discussion between you and your doctor.

## Preparing For Open Enrollment

### **Medical, Dental and Vision Coverage**

If you do not want to make any changes to the plan you are currently enrolled in or the dependents you are covering, you will need to complete the [Working Dependent Medical Plan Affidavit](#) for each of the covered dependents who are 18 years of age or older (this needs to be filled out annually). If you wish to enroll for the first time, drop coverage, change the plan you are participating in, or add/remove dependents, you will have the opportunity to make those elections online in December for a January 1, 2012 effective date. Open enrollment elections will be made online through the Paychex website beginning December 15<sup>th</sup>.

### **Flexible Spending Accounts (FSAs)**

If you wish to renew your participation in the FSA or want to enroll for the first time, you will have the opportunity to enroll online along with the rest of your benefit elections. Remember that you must enroll every year; previous enrollments do not carry over to the following year.

#### **Healthcare Flexible Spending Accounts**

This is a great way to contribute money every pay period on a pre-tax basis to pay for qualified healthcare expenses. Such expenses may include benefit plan deductibles, office and prescription co-

payments and out-of-pocket medical and dental expenses. A detailed list of qualified expenses is included in the [Eligible Healthcare Flexible Spending Account Expenses](#).

### **Dependent Care Flexible Spending Accounts**

This is a great way to contribute money on a pre-tax basis to pay for qualified dependent care expenses. Such expenses may include Child and Elder care expenses, Nursery or Pre-School expenses, after school care, and in home care.

### **2012 Annual Election Amounts**

You may contribute up to \$5,000 annually to each of the spending accounts. This is a "Use it or Lose It" program, so if you elect to contribute \$500 (for example) into the flexible spending account, then you must incur qualified expenses during the period of January 1, 2012 and December 31, 2012 for reimbursement of your election amount. There is a grace period from January 1, 2013 and March 15, 2013 to allow additional time to incur expenses reimbursable from the 2012 Plan Year election. If you do not incur expenses for the full \$500 by March 15, 2013 then the remaining balance will be forfeited.

### **Life and Accidental Death & Dismemberment (AD&D)**

Life and AD&D insurance equal to 1.5 times your annual salary plus \$10,000 is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **Short-Term Disability**

Short-Term Disability insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **Long-Term Disability**

Long-Term Disability insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **Employee Assistance Program (EAP)**

The Employee Assistance Program is a benefit automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **401(k) Retirement Plan**

For 2012, the Company will continue to match \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum matching contribution equal to 3% of your base annual compensation. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **Supplemental Travel/Accident Insurance**

Travel/Accident Insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

### **Vacation Pay**

The vacation accrual policy for full time employees has not changed for 2012. However, vacation time for part time employees has been more clearly defined. Please refer to the Benefits Guide for more detailed information regarding vacation pay.

### **Holiday Pay**

Utilities, Inc. will continue to offer 8 paid holidays in 2012. Please refer to the Benefits Guide for the list of company paid holidays.

## Contact Information

Blue Cross Blue Shield – Medical		
Medical Claim and Benefit Information	(800)828-3116	www.bcbsil.com
Prime Therapeutics – Prescription		
Prescription Drug Inquiries	(800)423-1973	www.myprime.com
Delta Dental – Dental		
Dental Claim and Benefit Information	(800)323-1743	www.deltadentalil.com
Vision Service Plan – Vision		
Vision Claim and Benefit Information	(800)877-7195	www.vsp.com
MetLife – Life and AD&D Insurance		
Life Insurance Claims	(800)638-6420	www.metlife.com
MetLife – Long Term Disability		
Disability Contact	(800)300-4296	www.metlife.com
Employee Assistance Program - MetLife		
Confidential Hotline	(800)511-3920	www.metlife.com
JP Morgan – 401(k)		
Plan Details Enrollment Account Information	(800)854-0647	www.jpmorgan.viewmyretirement.com
Travel Accident Insurance – Ace American Insurance		
Inside the USA	(800)243-6124	www.ACETravelAssistance.com
Outside the USA Call Collect	(202)659-7803	
Human Resources Department		
Human Resources Generalist	(847)897-6443	nkmeyers@uiwater.com
Human Resources Manager	(847)897-6503	jpdevine@uiwater.com



# OPEN ENROLLMENT PACKET



# 2013

Plan Year 1/1/13 – 12/31/13

*(Revised 11/2012)*

*For Full Time Employees Only*



<b>Open Enrollment 2013</b>	<b>3</b>
<b>What's New For 2013</b>	<b>4</b>
Removal of Mandatory Mail Order Maintenance Prescription Drugs	4
FREE Mail Order Generic Maintenance Prescription Drugs	4
Rx Options for 2013	4
401(k) Retirement Plan Beneficiary Information on Paychex	4
<b>What Is Not Changing For 2013</b>	<b>5</b>
“Employee Only” Levels for Medical and Dental Coverage	5
<b>What Current Benefits Are Changing For 2013</b>	<b>5</b>
Medical Plan Contributions (Other than “Employee Only” level)	5
Flexible Spending Account Maximums for Medical FSA	5
<b>Preparing For Online Open Enrollment</b>	<b>5</b>
Medical, Dental and Vision Coverage	5
Flexible Spending Accounts (FSAs)	5
Life and Accidental Death & Dismemberment (AD&D)	6
Short-Term Disability	6
Long-Term Disability	6
Employee Assistance Program (EAP)	6
401(k) Retirement Plan	6
Supplemental Travel/Accident Insurance	6
Vacation Pay	6
Holiday Pay	6
<b>Open Enrollment Screen Shots on Paychex</b>	<b>7</b>
What You will See	7



## Open Enrollment 2013

Open Enrollment is the one time of year you can adjust your benefit elections for the medical and dental insurance without having experienced a Life Qualifying Event (see Benefits Guide for definition).

**Important Note:** Despite rising health care costs, the Company has held the line on “Employee Only” level medical and dental plan contributions at the same dollar amount for the last 4 years! We have also kept benefit levels virtually unchanged during this same period. If you are enrolled in the Employee Only level of the medical plan your monthly contribution will remain the same.

**Please mark your calendars for December 3<sup>rd</sup>!** This document along with the 2013 Employee Benefits Guide will have all of the information for you to make your benefit election decisions. The updated 2013 Employee Benefits Guide is posted to the UIWaterMain under the HR / Benefits drop down. The Benefits Guide will provide detailed information regarding all of the benefits offered by Utilities, Inc. You will have the next month to review these documents, ask questions, attend UI benefit webinars (to be scheduled) and compare these election decisions to spouse’s plan coverage (if applicable). You will actually make the elections beginning on or around December 3<sup>rd</sup>.

**Online Enrollment** - All of the benefit choices will be on the **Paychex** website (same as last year). Once the open enrollment election period has begun in December, you will be directed to log in to the Paychex website, where it will take you step by step through the process. The only paper forms is the Working Dependant Medical Plan Affidavit (link found on page 5 - which needs several signatures). This form is posted on the UIWaterMain and is also linked to the UIWaterMain at the bottom of this page.

**Informational Web Conferences** - Information sessions focusing on medical/prescription, dental, vision and flexible spending accounts will be held in November. Sessions will be held via telephone/web conference. Invitations to the sessions below will be emailed to you. You are encouraged to invite your spouse to call into the information sessions as well. You may also call the HR department at any time.

**November 1:** Open Enrollment Packet and 2013 Employee Benefits Guide posted to UIWaterMain.

**November 1 – December 3:** Review Packet and Benefits Guide, ask questions, compare with spouse’s employer plan (if applicable), make decisions and prepare for Open Enrollment selection date.

**November (Date TBD):** Webinars will be set up to review the 2013 Employee Benefits Guide, answering any specific questions and help prepare you for the online Open Enrollment.

**December 3:** Online selection of your benefit choices through the Paychex website.

**[Click here](#)** for 2013 Open Enrollment Documents on the UIWaterMain. Please note that it MAY NOT be necessary to print any of these documents. The only paper document we will need is the Working Dependant Affidavit if you enroll a spouse or child on your medical plan who is 18 years of age or older.

## What's New For 2013

### **Removal of Mandatory Mail Order Maintenance Prescription Drugs**

In response to the UI Employee Satisfaction Survey and feedback throughout the year, we have decided to remove the requirement of mandatory mail order for maintenance drugs. You will continue to have the option of mail order maintenance drugs through Prime Mail, which is still a fraction of the cost versus in-store pharmacy pick up. However, the major change in 2013 is choice for whether you receive your maintenance medications by mail or not, instead of a requirement.

### **FREE Mail Order Generic Maintenance Prescription Drugs**

Mail order medications continue to be a cost savings to both you and the Company, which keeps the entire cost of our medical plan in check. For this reason we encourage you to consider using mail order for **generic** maintenance medications through "Rx 'n Go" (Please see Benefits Guide for details). Utilities, Inc. employees and their enrolled dependents are eligible to receive free generic maintenance medication by utilizing the Rx 'n Go mail order pharmacy service. Rx 'n Go offers a comprehensive listing of nearly 1,200 available generic maintenance medications. By filling your generic maintenance medication through Rx 'n Go, the Company will pay the entire cost of the medication. A ninety (90) day supply of medication will arrive directly at the member's home address or designated delivery location. Please consult with your physician or health care provider if you are not currently taking a generic medication to determine if any of the generic versions are offered through the Rx 'n Go pharmacy may be an option.

### **Rx Options for 2013**

- a) **Pharmacy** - option for all prescription medications for up to a 34 day supply. Co-pay applies.
- b) **Prime Mail** - option for all mail order prescription maintenance medications for a 90 day supply at roughly 30 day prices. Co-pay applies.
- c) **Rx 'n Go** - option for FREE mail order maintenance medications with generic drugs for a 90 day supply. Provided at no cost.

### **401(k) Retirement Plan Beneficiary Information on Paychex**

We have transitioned in large part from a paper open enrollment process to an online process through the use of Paychex. This year one of the former paper forms required for the 401(k) Beneficiary Information will now be available to you at any time on the Paychex / Benefits site (which includes open enrollment). This beneficiary information can be updated or changed at any time throughout the year. Please note that this does NOT affect your deferrals or allow you the ability to enroll in the 401(k) deferral program – this is simply for your beneficiary information.

## What Is Not Changing For 2013

### **“Employee Only” Levels for Medical and Dental Coverage**

As stated before there are no changes to the “Employee Only” level contributions. Despite rising health care costs, the Company has held the line on employee medical and dental plan contributions for the fourth year in a row. Utilities, Inc. has remained true to its commitment to try to keep the costs of health care as low and affordable as possible for every employee. On the 2012 UI Employee Satisfaction and Benefits Survey, the cost of insurance per paycheck was identified as the most important issue regarding UI medical insurance plan.

## What Current Benefits Are Changing For 2013

### **Medical Plan Contributions (Other than “Employee Only” level)**

Healthcare costs have continued to increase. The preventive measures that we have taken through the annual physicals have had quantitative results in holding overall medical costs down compared to national averages. Despite those successful efforts medical costs continue to rise. While administrative fees from Blue Cross Blue Shield as well as healthcare provider costs are rising, the largest cost driver continues to be the health of our participants. Our Preventive Incentive program is one way we are trying to control those costs. We will continue to implement other wellness related programs and communications that directly target the largest cost drivers of our plan. While the cost for the “Employee Only” level is remaining the same for the third straight year, the other 3 levels (Employee + Spouse, Employee + Child(ren) and Family) have increased. These net increases are aligned to the actual costs that have been incurred. Employee contributions to each of these tiers account for about 20% of the cost of each plan, while Utilities, Inc. pays for about 80% of the cost.

### **Flexible Spending Account Maximums for Medical FSA**

The FSA program is regulated by the IRS due to the program’s pre tax implications. For 2013, in accordance with the Affordable Care Act, the IRS has limited the maximum pre tax contribution to a medical FSA account to \$2,500 for the plan year.

## Preparing For Online Open Enrollment

### **Medical, Dental and Vision Coverage**

If you do not want to make any changes to the plan you are currently enrolled in or the dependents you are covering, you will need to complete the [Working Dependent Medical Plan Affidavit](#) for each of the covered dependents who are 18 years of age or older. This needs to be filled out annually and is the only paper document that needs to be returned to HR for Open Enrollment. This form can be faxed, emailed (scanned) or regular mailed to HR and must be received prior to January 1, 2013. If you wish to enroll for the first time, drop coverage, change the plan you are participating in, or add/remove dependents, you will have the opportunity to make those elections online in December for a January 1, 2013 effective date. Open enrollment elections will be made online through the Paychex website beginning December 3<sup>rd</sup>.

### **Flexible Spending Accounts (FSAs)**

If you wish to renew your participation in the FSA or want to enroll for the first time, you will have the opportunity to enroll online along with the rest of your benefit elections. Remember that you must enroll every year; previous enrollments do not carry over to the following year. You may contribute up to \$2,500 annually to the medical FSA and \$5,000 to the Dependant Care FSA. This is a “Use it or Lose It” program, so if you elect to contribute \$500 (for example) into the flexible spending account, then you must incur qualified expenses during the period of January 1, 2013 and March 15, 2014 for reimbursement of your election amount. If you do not

incur expenses for the full FSA amount by March 15, 2014 then the remaining balance will be forfeited. There are 2 types of FSA accounts that are defined below.

**1) Healthcare Flexible Spending Accounts (\$2,500 max)**

This is a great way to contribute money every pay period on a pre-tax basis to pay for qualified health care expenses. Such expenses may include benefit plan deductibles, office and prescription co-payments and out-of-pocket medical and dental expenses. A detailed list of qualified expenses is included in the [Eligible Healthcare Flexible Spending Account Expenses](#).

**2) Dependent Care Flexible Spending Accounts (non medical, \$5,000 max)**

This is a great way to contribute money on a pre-tax basis to pay for qualified dependent care expenses. Such expenses may include Child and Elder care expenses, Nursery or Pre-School expenses, after school care, and in home care.

**Life and Accidental Death & Dismemberment (AD&D)**

Life and AD&D insurance equal to 1.5 times your annual salary plus \$10,000 is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**Short-Term Disability**

Short-Term Disability insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**Long-Term Disability**

Long-Term Disability insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**Employee Assistance Program (EAP)**

The Employee Assistance Program is a benefit automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**401(k) Retirement Plan**

For 2013, the Company will continue to match \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum matching contribution equal to 3% of your base annual compensation. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**Supplemental Travel/Accident Insurance**

Travel/Accident Insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

**Vacation Pay**

The vacation accrual policy for full time employees has not changed for 2013. Please refer to the Benefits Guide for more detailed information regarding vacation pay.

**Holiday Pay**

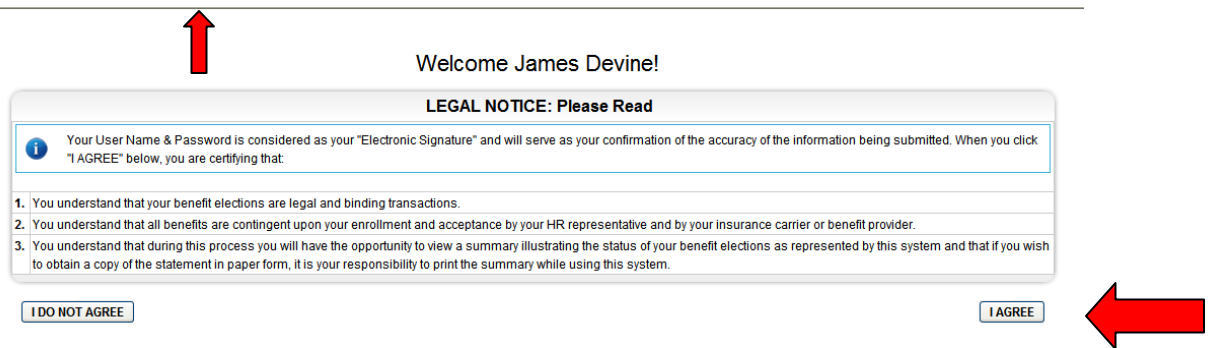
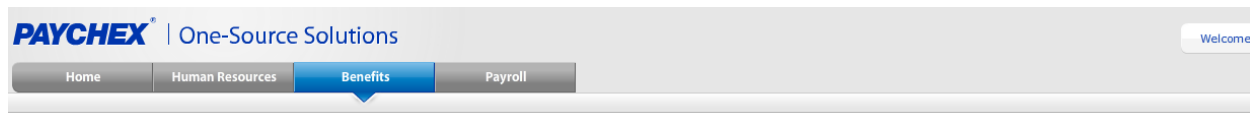
Utilities, Inc. will continue to offer 8 paid holidays in 2013. Please refer to the Benefits Guide for the list of company paid holidays.

## Open Enrollment Screen Shots on Paychex

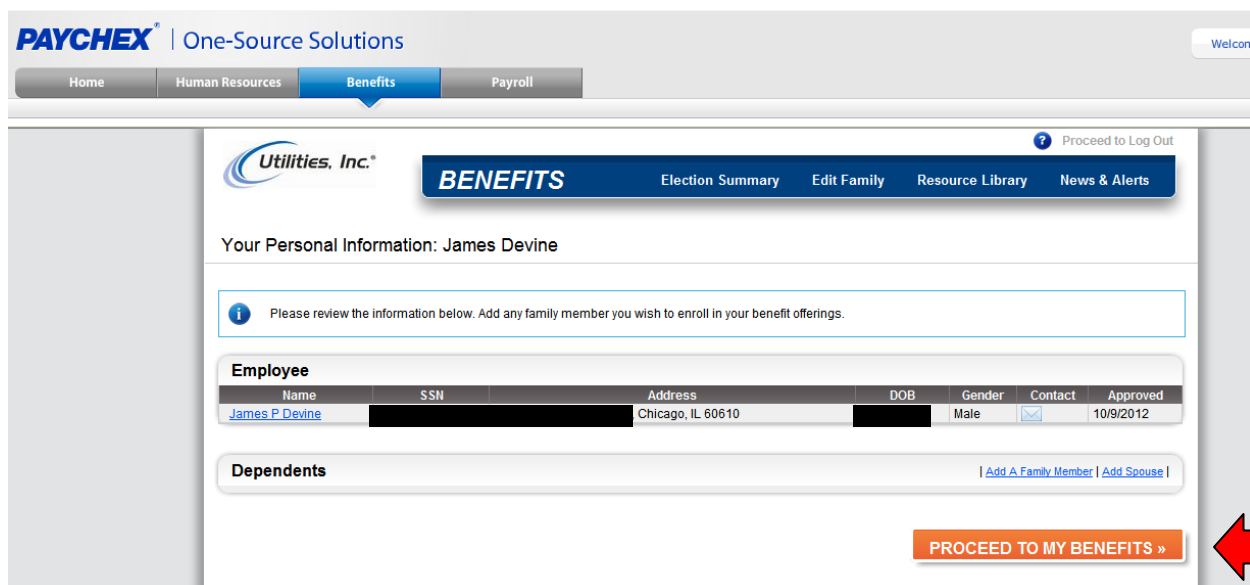
### What You will See

Below are some screen shots to give you an idea of what the benefits section of Paychex will look like during Open Enrollment. Keep in mind that some details may be different based on your selections, your pay schedule (Bi-weekly versus semi-monthly) and family member participants on the plan. We will also hold a live webinar in November to walk you through this user friendly process.

After you log in to [www.mypaychex.com](http://www.mypaychex.com), proceed to the "Benefits" tab.



You will be asked to Review your information



After you “Proceed to My Benefits” you will see that all of the benefits are on one screen. You’ll need to confirm enrollment for each benefit and scroll down as you go. There are quick links on the left hand side if you need to navigate quickly to a specific benefit. You will also be able to make any changes to your family information. During Open Enrollment is the only time that you do not need a reason to add or remove a family member for a January 1 start date.

**PAYCHEX** | One-Source Solutions Welcome

Home Human Resources **Benefits** Payroll

---

**Utilities, Inc.** Proceed to Log Out

**BENEFITS** Election Summary Edit Family Resource Library News & Alerts

Your Personal Information ) **Benefits - James Devine** Finalized

**Quick Links (13 total)**

Medical

Dental

Vision

Health Care FSA

Dependent Care FSA

EE Assistance Program

Short Term Disability

Basic Life/AD&D

Long Term Disability

Voluntary Employee Life

**Medical** Blue Cross Blue Shield IL PPO Plan A: Preventive [History](#) | [Enrollment Recap](#)

Status:	Active
Activity:	1/1/2012
Coverage:	Employee Only
Employer Cost:	\$177.00 (Semi-Monthly)
Employee Cost:	\$47.50 (Semi-Monthly)

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	P170220100 PPO A: Preventive		Change	1/1/2012	1/6/2012	2/22/2012

[To Top](#)

**Dental** Delta Dental of IL Dental PPO Plan [History](#) | [Enrollment Recap](#)

Status:	Active
Activity:	1/1/2012
Coverage:	Employee Only
Employer Cost:	\$9.21 (Semi-Monthly)
Employee Cost:	\$5.00 (Semi-Monthly)

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	20159 Dental DPO		Change	5/7/2010	1/12/2012	3/8/2012

**PAYCHEX** | One-Source Solutions Welcome

Home Human Resources **Benefits** Payroll

---

**Utilities, Inc.** Proceed to Log Out

**BENEFITS** Election Summary Edit Family Resource Library News & Alerts

Your Personal Information ) **Benefits - James Devine** Finalized

**Quick Links (13 total)**

Medical

Dental

Vision

Health Care FSA

Dependent Care FSA

EE Assistance Program

Short Term Disability

Basic Life/AD&D

Long Term Disability

Voluntary Employee Life

**Vision** Vision Service Plan [History](#) | [Enrollment Recap](#)

The Manage Benefit options are based on your selections in Medical.

Status:	Active
Activity:	5/1/2010
Coverage:	Employee Only
Employer Cost:	\$2.77 (Semi-Monthly)
Employee Cost:	\$0.00 (Semi-Monthly)

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	12159678-0001-0001 Vision		Add	5/1/2010	11/29/2011	1/3/2012

[To Top](#)

**Health Care FSA** [History](#) | [Decline Recap](#)

Declined

This benefit has been declined

Status:	Declined
Activity:	1/1/2012
Coverage:	Declined

**MANAGE BENEFIT** ⌵

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	Declined		Decline	1/1/2012	1/6/2012	N/A

Plan Year 1/1/2013 – 12/31/2013 (Revised 11/2012)

Page 8



**BENEFITS**

Election Summary Edit Family Resource Library News & Alerts

Proceed to Log Out

Your Personal Information

Benefits - James Devine

Finalized

Quick Links (13 total)

- [Medical](#)
- [Dental](#)
- [Vision](#)
- [Health Care FSA](#)
- [Dependent Care FSA](#)
- [EE Assistance Program](#)
- [Short Term Disability](#)
- [Basic Life/AD&D](#)
- [Long Term Disability](#)
- [Voluntary Employee Life](#)

Costs

Total Cost of Elections: \$52.50

[Go to Review & Finalize](#)

**Basic Life/AD&D** MetLife Basic Life/AD&D Plan

[History](#) | [Change Beneficiaries](#) | [View Beneficiaries](#)



Status: Active  
 Activity: 10/1/2012  
 Coverage: ██████████  
 Employee Cost: \$0.00 (Semi-Monthly)

MANAGE BENEFIT

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	Basic Life/AD&D		Change	5/7/2010	10/1/2012	

[To Top](#)

**Long Term Disability** MetLife Long Term Disability

[History](#)



Status: Active  
 Activity: 11/7/2012  
 Coverage: ██████████  
 Employee Cost: \$0.00 (Semi-Monthly)

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	LTD		Change	5/7/2010	5/30/2012	

Below is a new feature on the Paychex Benefits site; 401(k) Plan Beneficiary Information. Use this section to identify who you are assigning as your retirement plan beneficiary. You can have multiple names listed with percentages of benefit.



**BENEFITS**

Election Summary Edit Family Resource Library News & Alerts

Proceed to Log Out

Your Personal Information

Benefits - James Devine

Finalized

Quick Links (13 total)

- [Medical](#)
- [Dental](#)
- [Vision](#)
- [Health Care FSA](#)
- [Dependent Care FSA](#)
- [EE Assistance Program](#)
- [Short Term Disability](#)
- [Basic Life/AD&D](#)
- [Long Term Disability](#)
- [Voluntary Employee Life](#)

Costs

Total Cost of Elections: \$52.50

[Go to Review & Finalize](#)

**401K** 401(k) Plan Beneficiary

[History](#) | [Change Beneficiaries](#) | [View Beneficiaries](#)



Status: Active  
 Activity: 10/1/2012  
 Coverages: Employee Only

MANAGE BENEFIT

Name	Type	Group Number	Provider	Action	Effective	Approved	Sent
James	EMP	401K Beneficiary		Change	1/1/2012	10/1/2012	

[To Top](#)

**SUMMATION** - Amounts per (Semi-Monthly) pay period

Total Cost of Elections:	\$52.50
--------------------------	---------

[To Top](#)





# OPEN ENROLLMENT PACKET



# 2011

Plan Year 1/1/11 - 12/31/11

*(Revised 11/2010)*

*For Full Time Employees Only*



<b>OPEN ENROLLMENT 2011</b>	3
<b>WHAT'S NEW FOR 2011?</b>	3
Medical Plan Changes Relating to Health Care Reform	3
Flexible Spending Account Plan Changes Relating to Health Care Reform	3
<b>WHAT ISN'T CHANGING FOR 2011?</b>	3
Medical Plan Design	3
Dental Plan & Contributions	3
Wellness Incentive	4
<b>WHAT IS CHANGING FOR 2011?</b>	4
Employee Medical Contributions	4
*Working Dependent Surcharge	4
<b>HOW TO PREPARE FOR OPEN ENROLLMENT</b>	5
Medical	5
Dental	5
Vision	5
Flexible Spending Accounts (FSAs)	5
Life and Accidental Death & Dismemberment (AD&D)	5
Short-Term Disability	5
Long-Term Disability	5
Employee Assistance Program (EAP)	6
401(k) Retirement Plan	6
Supplemental Travel/Accident Insurance	6
Vacation Pay	6
Holiday Pay	6
<b>ENROLLMENT FORMS</b>	7
Medical Enrollment Form (PAGE 1)	7
Medical Enrollment Form (PAGE 2)	8
2011 Routine Physical Verification Form	9
Working Dependent Medical Plan Affidavit	10
Dental Enrollment Form	11
Flexible Spending Account Enrollment Form	12
Flexible Spending Account Direct Deposit Authorization Form	13
Flexible Spending Account Automatic Claim Submission Authorization Form	14
<b>CONTACT INFORMATION</b>	17

## OPEN ENROLLMENT 2011

Open Enrollment is the one time of year you can adjust your benefit elections for the medical and dental insurance without having experienced a Life Qualifying Event. This is also the time to enroll in for the first time or re-enroll for a new plan year into the flexible spending accounts. If you are currently enrolled in a flexible spending account, and wish to continue to participate for the 2011 year, you must re-enroll. Flexible spending Account enrollment will not roll over into 2011. **Please mark your calendars for December 1 – 15!** You will need to make time to review your benefit options and make your elections during this time. If you do not wish to make any changes to your current medical and dental benefit elections, all you need to do is complete the Working Dependent Medical Plan Affidavit, for each dependent you choose to cover, found on page 10 of this packet. You will also need to return a 2011 Routine Physical Verification form, found on page 9 of this packet, if you wish to receive the Wellness Incentive.

The updated 2011 Benefits Guide is attached. The Benefits Guide will provide detailed information regarding all of the benefits offered by Utilities, Inc.

Information sessions focusing on medical/prescription, dental, vision and flexible spending accounts will be held during the week of December 6<sup>th</sup>. Sessions will be held via telephone/web conference. Invitations to the sessions below will be emailed to you. You are encouraged to invite your spouse to call into the information sessions as well.

Tuesday, December 6, 2010, 10:00 AM (CENTRAL STANDARD TIME)

Thursday, December 8, 2010, 3:00 PM (CENTRAL STANDARD TIME)

## WHAT'S NEW FOR 2011?

### **Medical Plan Changes Relating to Health Care Reform**

For our medical plans, we have made some adjustments to comply with health care reform under the Affordable Care Act (ACA). These changes include:

- The removal of a lifetime maximum.
- Removal of pre-existing condition clause for anyone under the age of 19.
- Dependent coverage to the age of 26. *Please note: If you have a dependent not currently on the plan and under the age of 26, additional information on enrollment rights can be found on page 15 of this packet.*
- The removal of all annual dollar limits on covered essential benefits such as rehabilitation, mental and substance abuse.

### **Flexible Spending Account Plan Changes Relating to Health Care Reform**

For our healthcare flexible spending accounts, we have made some adjustments to comply with health care reform under the ACA. These changes include:

- In order to be reimbursed for over-the-counter (OTC) drugs and medicines, you must provide supporting documentation, such as a doctor's prescription.

## WHAT ISN'T CHANGING FOR 2011?

### **Medical Plan Design**

Office co-payments, deductibles, out-of-pocket maximums and prescription drug benefits will remain the same on both medical plans A & B. For a summary of the medical plans A & B, please refer to the 2011 Benefits Guide.

### **Dental Plan & Contributions**

There are no changes being made to the dental plan design and we are pleased to announce that the cost of dental insurance will remain unchanged from 2010.

Dental Insurance	Hourly Employees	Salaried Employees
	Bi-weekly Pay Period	Semi-monthly Pay Period
Employee Only	\$4.62	\$5.00
Employee + Child(ren)	\$6.92	\$7.50
Employee + Spouse	\$9.23	\$10.00
Family	\$13.85	\$15.00

## Wellness Incentive

In a continued effort to promote a healthy lifestyle, we are once again encouraging everyone to receive a routine annual physical with routine blood draw. It is important to maintain a healthy lifestyle and monitor your health on a regular basis. Having an annual physical is the first step toward taking control of your health.

If you choose to enroll in one of the two medical plans offered by UI and complete a routine annual physical with blood draw, you will once again enjoy employee contribution amounts less than the standard cost. Depending on the plan you choose and the number of dependents you cover, this incentive will save you anywhere from \$240-\$1,034.88 per year!

Both medical plans offer a benefit to cover the cost of your physical and blood draw under the Well Adult Care benefit. The plan will pay 100% with no co-payment up to the allowed annual maximum of \$300. Please note the following tips to keep in mind to ensure you receive this level of benefit:

1. You must receive these services by an in-network provider
2. All services billed on the date you obtain your annual routine physical with blood draw must be billed as "routine". Any services billed on this date of service that are not "routine" will be subject to co-pays and deductibles.
3. You are allowed one routine annual physical per *calendar* year. If you have already had a physical in the 2010 calendar year, you will need to wait until the 2011 calendar year to obtain your physical.

In order to continue to qualify for the wellness incentive, you and your spouse, if you choose to cover your spouse, must have a routine annual physical with blood draw documented with a date of service between April 1, 2010 and March 31, 2011. The 2011 Routine Physical Verification Form found on page 9 of this packet must be completed for both yourself and your spouse by the physician and returned to the HR Department no later than March 31, 2011. 2011 Routine Physical Verification Forms not received or received after March 31, 2011 will result in your employee contributions defaulting to the standard employee contribution amounts effective April 1, 2011.

## WHAT IS CHANGING FOR 2011?

### Employee Medical Contributions

Utilities, Inc. has remained true to its commitment to try to keep the costs of healthcare as low as possible for every employee. With that, UI has been able to keep the employee portion of contributions the same as 2010.

Medical Insurance - PPO Plan A	With Wellness Incentive		Without Wellness Incentive	
	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	Bi-weekly Pay Period	Semi-monthly Pay Period	Bi-weekly Pay Period	Semi-monthly Pay Period
Employee Only	\$43.85	\$47.50	\$55.98	\$60.64
Employee + Child(ren)	\$78.72	\$85.28	\$98.36	\$106.56
Employee + Spouse	\$97.85	\$106.00	\$124.73	\$135.12
Family	\$145.40	\$157.52	\$185.21	\$200.64
*Working Dependent Surcharge	\$129.23	\$140.00	\$129.23	\$140.00

Medical Insurance - PPO Plan B	With Wellness Incentive		Without Wellness Incentive	
	Hourly Employees	Salaried Employees	Hourly Employees	Salaried Employees
	Bi-weekly Pay Period	Semi-monthly Pay Period	Bi-weekly Pay Period	Semi-monthly Pay Period
Employee Only	\$36.92	\$40.00	\$46.15	\$50.00
Employee + Child(ren)	\$69.42	\$75.20	\$88.54	\$95.92
Employee + Spouse	\$88.54	\$95.92	\$112.32	\$121.68
Family	\$126.79	\$137.36	\$159.88	\$173.20
*Working Dependent Surcharge	\$129.23	\$140.00	\$129.23	\$140.00

### \*Working Dependent Surcharge

A working dependent surcharge is an additional contribution that Utilities, Inc. will begin charging an employee to cover a working dependent that has other coverage available, such as through his or her own employer, and chooses not to enroll in that coverage. The surcharge amount listed above will be applied to each dependent you choose to cover that has other coverage available (ex: if you choose to cover a spouse and a dependent child that both have other health coverage available, you will be charged the applicable surcharge times two.). The dependent surcharge does not apply to dependents who are unemployed or whose employers do not offer health insurance. The surcharge is designed to encourage dependents to use the health coverage available through their own employer. The surcharge is used to contribute to the added cost of covering dependents on our plan who choose not to participate in their employer's coverage. Every employee choosing to enroll in a medical plan with UI, and is covering a dependent, must complete the Working Dependent Medical Plan Affidavit found on page 10 of this packet. All forms must be returned to the Human Resources Department by December 15, 2010. The surcharge will automatically be charged effective January 1, 2011 to all employees choosing to cover a working dependent that did not return the Working Dependent Medical Plan Affidavit by December 15, 2010.

# **HOW TO PREPARE FOR OPEN ENROLLMENT**

## **Medical**

If you do not want to make any changes to the plan you are currently enrolled in or the dependents you are covering, you will only need to complete the Working Dependent Medical Plan Affidavit for each of the dependents you are covering. If you wish to enroll for the first time, drop coverage, change the plan you are participating in, or add/remove dependents, then you must return a Medical Enrollment Form found on pages 7 & 8 of this packet indicating your new election.

## **Dental**

If you do not want to make any changes to your current election, you do not have to do anything. Your current enrollment will automatically roll over into the 2011 Plan Year. If you wish to drop coverage, enroll for the first time, or add/remove dependents then you must return a Dental Enrollment Form found on page 11 of this packet indicating your new election.

## **Vision**

Vision insurance will continue to be provided at no cost automatically upon enrollment into the medical insurance.

## **Flexible Spending Accounts (FSAs)**

If you wish to renew your participation in the FSA or want to enroll for the first time, please return the completed enrollment form found on page 12 of this packet. Remember that you must enroll every year; previous enrollments do not carry over to the following year. For more detailed information regarding each of the spending accounts, please refer to the [Interactive Information Brochure](#).

### Healthcare Flexible Spending Accounts

This is a great way to contribute money every pay period on a pre-tax basis to pay for qualified healthcare expenses. Such expenses may include benefit plan deductibles, office and prescription co-payments and out-of-pocket expenses. A detailed list of qualified expenses is included in the [Eligible Healthcare Flexible Spending Account Expenses](#).

### Dependent Care Flexible Spending Accounts

This is a great way to contribute money on a pre-tax basis to pay for qualified dependent care expenses. Such expenses may include Child and Elder care expenses, Nursery or Pre-School expenses, after school care, and in home care.

### 2011 Annual Election Amounts

You may contribute up to \$5,000 annually to each of the spending accounts. This is a "Use it or Lose It" program, so if you elect to contribute \$500 (for example) into the flexible spending account, then you must incur qualified expenses during the period of January 1, 2011 and December 31, 2011 for reimbursement of your election amount. There is a grace period from January 1, 2012 and March 15, 2012 to allow additional time to incur expenses reimbursable from the 2011 Plan Year election. If you do not incur expenses for the full \$500 by March 15, 2012 then the remaining balance will be forfeited. The FSA Calculator included in the [Interactive Information Brochure](#) is a great resource to use to help calculate a realistic annual contribution amount.

### Convenience

If you enroll in Automatic Claim Submission and have an eligible health care expense billed through Blue Cross Blue Shield, you do not have to submit a claim for reimbursement, you will automatically be reimbursed! With automatic claim submission, once you incur an eligible health care expense, the provider of services will submit a claim to Blue Cross Blue Shield for payment. After reviewing this claim, Blue Cross Blue Shield will automatically submit the patient responsibility amount to Ceridian for reimbursement from your healthcare FSA. The automatic claims process does not apply to Dependent Care FSA's. To enroll in the Automatic Claim Submission, please return the completed authorization found on page 14 of this packet.

If you would like to take advantage of the option to have your reimbursement directly deposited into your bank account instead of receiving a paper check please return the completed authorization form found on page 13 of this packet.

## **Life and Accidental Death & Dismemberment (AD&D)**

Life and AD&D insurance equal to 1.5 times your annual salary plus \$10,000 is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

## **Short-Term Disability**

Short-Term Disability insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

## **Long-Term Disability**

Long-Term Disability insurance is automatically provided to you at no cost. There is nothing you need to do receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

## **Employee Assistance Program (EAP)**

The Employee Assistance Program is a benefit automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

## **401(k) Retirement Plan**

For 2011, the Company will continue to match \$.50 on every \$1.00 you contribute to the 401(k) Plan up to a maximum contribution equal to 3% of your base annual compensation. Please refer to the Benefits Guide for more detailed information regarding this benefit.

## **Supplemental Travel/Accident Insurance**

Travel/Accident Insurance is automatically provided to you at no cost. There is nothing you need to do to receive this benefit. Please refer to the Benefits Guide for more detailed information regarding this benefit.

## **Vacation Pay**

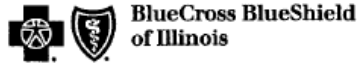
The vacation accrual policy has not changed for 2011. Please refer to the Benefits Guide for more detailed information regarding vacation pay.

## **Holiday Pay**

Utilities, Inc. will continue to offer 8 paid holidays in 2011. Please refer to the Benefits Guide for the list of company paid holidays.

# ENROLLMENT FORMS

## Medical Enrollment Form (PAGE 1)



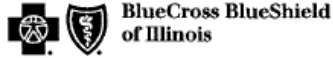
### APPLICATION AND POLICY CHANGE

PLEASE PRINT — USE BLACK OR BLUE BALLPOINT PEN ONLY — PRESS HARD.

<b>① ENROLLEE:</b> New Enrollment: <input type="checkbox"/> Timely <input type="checkbox"/> Special <input type="checkbox"/> Late		Open Enrollment: <input type="checkbox"/> New Member <input type="checkbox"/> Plan Change <input type="checkbox"/> Add Dependents	
<b>② EFFECTIVE DATE:</b> ___/___/___		<b>Group Number:</b> _____	
<b>③ COBRA / Illinois Continuation Section</b>		<b>Employee Status:</b> <input type="checkbox"/> Active Employee <input type="checkbox"/> COBRA Continuation <input type="checkbox"/> IL Continuation <input type="checkbox"/> Retiree, retirement date ___/___/___	
<input type="checkbox"/> COBRA: Start Date ___/___/___ Projected End Date ___/___/___		<input type="checkbox"/> IL Continuation Privilege: Start Date ___/___/___ Projected End Date ___/___/___	
Previously covered with group as: <input type="checkbox"/> 1. Employee (termination of employment, reduction in hours, other.) <input type="checkbox"/> 3. Dependent (reach age limit, married, no longer full-time student, other.) <input type="checkbox"/> 2. Spouse (divorce from employee, death of employee, other.) <input type="checkbox"/> 4. Spouse and Dependents (divorce from employee, death of employee, other.)			
<b>④ COVERAGE APPLIED FOR:</b>		<b>⑤ CHANGES TO EXISTING MEMBERSHIP: Check all that apply.</b>	
After checking coverage applied for or making changes to existing membership, complete Group Number, Section Number, Social Security Number and Name.			
MEDICAL:  ___ PLAN A      ___ PLAN B  ___ Decline Coverage* *Requires signature in Section 11  COVERAGE:  ___ Employee Only ___ Employee + Child(ren) ___ Employee + Spouse ___ Family	<b>CHANGES</b> Date: ___/___/___  <input type="checkbox"/> Name <input type="checkbox"/> Address <input type="checkbox"/> Telephone <input type="checkbox"/> Reinstatement	<b>ADD DEPENDENTS</b> Date: ___/___/___  <input type="checkbox"/> Marriage <input type="checkbox"/> Newborn <input type="checkbox"/> Adoption/Placement <input type="checkbox"/> Legal Guardianship <input type="checkbox"/> Other: _____	<b>CANCEL DEPENDENTS</b> Date: ___/___/___  <input type="checkbox"/> Marriage <input type="checkbox"/> Divorce <input type="checkbox"/> Age Limit <input type="checkbox"/> Other: _____  <b>CANCEL</b> (Check all that apply) <input type="checkbox"/> Terminate Coverage <input type="checkbox"/> Waive Coverage** <input type="checkbox"/> Leave/Layoff <input type="checkbox"/> Out of Service Area Move <input type="checkbox"/> Other: _____  NOTE: Only list dependents to be added or dropped in the Family Coverage Information Section ⑦.
<b>⑥ EMPLOYEE INFORMATION:</b> Company Name: <u>Utilities, Inc.</u>			
Last Name: _____		First Name: _____ Mid. Initial: _____ E-Mail Address: _____	
Street Address: _____		Apt. No.: _____ City: _____ State: _____ Zip: _____	
Date of Birth: ___/___/___ Are You Eligible for Family Coverage: <input type="checkbox"/> No <input type="checkbox"/> Yes Health Coverage Elected: <input type="checkbox"/> Individual/Employee <input type="checkbox"/> Employee & Spouse <input type="checkbox"/> Employee & Child(ren) <input type="checkbox"/> Family Gender: <input type="checkbox"/> Male <input type="checkbox"/> Female Employee Social Security Number: _____ Employee Identification Number (if known): _____ Telephone No.: Bus.: (_____) _____ Home: (_____) _____ Date of Hire: ___/___/___ Dept. No.: _____ Payroll Location: _____ Employee Clock No.: _____			
Employment Status: <input type="checkbox"/> Actively at Work <input type="checkbox"/> Retired If retired, retirement date: _____ <input type="checkbox"/> COBRA/IL Continuation Are you covered under your employer's health care plan and also covered by Medicare? <input type="checkbox"/> No <input type="checkbox"/> Yes If Yes, the section below <u>must</u> be completed: HIC #: _____ MEDICARE B: _____ ESRD DIALYSIS: _____ DISABILITY: _____ MEDICARE A: _____ Start Date: ___/___/___ Start Date: ___/___/___ Start Date: ___/___/___ Start Date: ___/___/___ End Date: ___/___/___ End Date: ___/___/___ End Date: ___/___/___			
<b>⑦ FAMILY COVERAGE INFORMATION: List All Eligible Dependents.</b>			
<b>⑦ (A) SPOUSE:</b> Date of Birth: ___/___/___ Last Name (Only if Different): _____ First Name: _____ Social Security Number: _____			
Is this dependent covered under your employer's health care plan and also covered by Medicare? <input type="checkbox"/> No <input type="checkbox"/> Yes If Yes, the section below <u>must</u> be completed: HIC #: _____ MEDICARE B: _____ ESRD DIALYSIS: _____ DISABILITY: _____ MEDICARE A: _____ Start Date: ___/___/___ Start Date: ___/___/___ Start Date: ___/___/___ Start Date: ___/___/___ End Date: ___/___/___ End Date: ___/___/___ End Date: ___/___/___			

A Division of Health Care Service Corporation, a Mutual Legal Reserve Company, an Independent Licensee of the Blue Cross and Blue Shield Association  
 20005.0805 White - HCSC Yellow - FDL Pink - GROUP

# Medical Enrollment Form (PAGE 2)



<b>EMPLOYEE AND DEPENDENT INFORMATION:</b>		Company Name: <u>Utilities, Inc.</u>	Group #:
Employee Last Name: _____		Employee First Name: _____	Mid. Initial: _____
<b>7 FAMILY COVERAGE INFORMATION: List All Eligible Dependents.</b>			
<b>7 B</b> <input type="checkbox"/> SON <input type="checkbox"/> DAUGHTER: Date of Birth: ____/____/____ Last Name (Only If Different): _____ First Name: _____ Social Security Number: _____			
Is this dependent covered under your employer's health care plan and also covered by Medicare? <input type="checkbox"/> No <input type="checkbox"/> Yes If Yes, the section below <b>must</b> be completed:			
HIC #: _____	MEDICARE B: _____	ESRD DIALYSIS: _____	DISABILITY: _____
MEDICARE A: _____	Start Date: ____/____/____	Start Date: ____/____/____	Start Date: ____/____/____
Start Date: ____/____/____	End Date: ____/____/____	End Date: ____/____/____	End Date: ____/____/____
<input type="checkbox"/> SON <input type="checkbox"/> DAUGHTER: Date of Birth: ____/____/____ Last Name (Only If Different): _____ First Name: _____ Social Security Number: _____			
Is this dependent covered under your employer's health care plan and also covered by Medicare? <input type="checkbox"/> No <input type="checkbox"/> Yes If Yes, the section below <b>must</b> be completed:			
HIC #: _____	MEDICARE B: _____	ESRD DIALYSIS: _____	DISABILITY: _____
MEDICARE A: _____	Start Date: ____/____/____	Start Date: ____/____/____	Start Date: ____/____/____
Start Date: ____/____/____	End Date: ____/____/____	End Date: ____/____/____	End Date: ____/____/____
<input type="checkbox"/> SON <input type="checkbox"/> DAUGHTER: Date of Birth: ____/____/____ Last Name (Only If Different): _____ First Name: _____ Social Security Number: _____			
Is this dependent covered under your employer's health care plan and also covered by Medicare? <input type="checkbox"/> No <input type="checkbox"/> Yes If Yes, the section below <b>must</b> be completed:			
HIC #: _____	MEDICARE B: _____	ESRD DIALYSIS: _____	DISABILITY: _____
MEDICARE A: _____	Start Date: ____/____/____	Start Date: ____/____/____	Start Date: ____/____/____
Start Date: ____/____/____	End Date: ____/____/____	End Date: ____/____/____	End Date: ____/____/____
<b>8 OTHER INSURANCE INFORMATION:</b>			
If you or any of your family members have OTHER GROUP COVERAGE, CHECK all that apply. <input type="checkbox"/> Health: Policy #: _____ <input type="checkbox"/> Dental: Policy #: _____ <input type="checkbox"/> Prescription Drug Coverage: Policy #: _____ <input type="checkbox"/> Vision: Policy #: _____ <input type="checkbox"/> Hearing: Policy #: _____			
If Yes: Is the other insurance: <input type="checkbox"/> Single Coverage <input type="checkbox"/> Family Coverage			
EMPLOYED BY: _____ Insured's Name: _____ Date of Birth: ____/____/____			
Insurance Company Name: _____ Address: _____			
City: _____ State: _____ Zip: _____ Telephone Number: _____			
<b>9 FORT DEARBORN LIFE:</b>			
<b>10 I APPLY FOR COVERAGE AS INDICATED ABOVE</b> , for which I am or may become eligible under the agreement with Health Care Service Corporation (providing hospital and medical, dental coverage and health maintenance coverage), and/or Fort Dearborn Life Insurance Company (providing the life and disability insurance) (the Company). I have read the above statements and represent they are true and complete to the best of my knowledge. I authorize my employer/group to deduct from my pay and remit any required contribution for the cost of said coverage. This authorization is to remain in effect until the Company is notified by me in writing to the contrary. I understand that the benefits listed in the Certificate(s) will be available subject to the Terms and Conditions thereof effective as listed in the Certificate(s) of Coverage. Date Signed: ____/____/____ Signature of Applicant: _____			
<b>11</b> If you are declining enrollment for yourself or your dependents (including your spouse) because of other health insurance coverage, you may in the future be able to enroll yourself or your dependents in this plan, provided that you request enrollment within 31 days after your other coverage ends. In addition, if you have a new dependent as a result of marriage, birth, adoption, or placement for adoption, you may be able to enroll yourself and your dependents, provided that you request enrollment within 31 days after the marriage, birth, adoption, or placement for adoption. <b>I DO NOT WISH TO ENROLL at this time and understand that the opportunity to enroll at any future time will be subject to such arrangements as may be made with the Company.</b> Not enrolling for: <input type="checkbox"/> Myself <input type="checkbox"/> My spouse <input type="checkbox"/> My spouse and dependents <input type="checkbox"/> My dependents <input type="checkbox"/> Myself, my spouse and my dependents Reason: <input type="checkbox"/> Covered under spouse's employer-based health insurance plan (complete "Other Insurance Information" in (8)) <input type="checkbox"/> Covered under a Medicare supplement plan <input type="checkbox"/> Other (please explain) _____ Date Signed: ____/____/____ Signature of Applicant: _____			



# 2011 Routine Physical Verification Form



## 2011 ROUTINE PHYSICAL VERIFICATION FORM

To Be Completed by the Employee:

Patient Name: \_\_\_\_\_

Employee Name: \_\_\_\_\_

Date of Routine Physical/Blood Draw: \_\_\_\_\_

Physician Name (printed): \_\_\_\_\_

\*\*\*Please be aware that the Utilities, Inc. medical plans cover a routine annual physical with routine blood draw 100% up to \$300 annually with no co-pay under the Well Adult Care Benefit. Services other than the routine annual physical and routine blood draw billed on the same date of service could be subject to co-pays and deductibles.\*\*\*

Physician Statement:

I hereby attest that the patient named above received a routine physical and blood draw on the date indicated.

\_\_\_\_\_  
Physician's Signature

\_\_\_\_\_  
Date

**Please complete and return this form to your Human Resources Department no later than March 31, 2011.**

Email to: [kmmcloughlin@uiwater.com](mailto:kmmcloughlin@uiwater.com)

Fax to: (847)498-1309

Mail to: Kristi McLoughlin

Utilities, Inc.

2335 Sanders Road

Northbrook, IL 60062

-----  
To be completed by the HR Department Only

Date returned to HR: \_\_\_\_\_



# Working Dependent Medical Plan Affidavit



## WORKING DEPENDENT MEDICAL PLAN AFFIDAVIT

(Working Dependent Surcharge)

Effective 1/1/2011 employees who choose to cover a dependent (spouse or child) on either of the Utilities, Inc. medical plans, and **the dependent has coverage available through their own employer but chooses not to enroll in that coverage** will be subject to an additional payroll deduction/surcharge. The actual amount of the surcharge varies depending on the frequency of the employee's paycheck: bi-weekly, or semi-monthly.

Pay Frequency	Bi-weekly	Semi-monthly
2011 Working Dependent Surcharge Amount	\$129.23	\$140.00

**ALL** employees choosing to cover a dependent must return this form (one form for each dependent to be covered) to Kristi McLoughlin in Human Resources by December 15, 2010. The surcharge will be automatically applied effective January 1, 2011 to all employees that do not return an affidavit for each dependent covered on Utilities, Inc. Medical plan.

Identity of the dependent to be covered:

Dependent Name: \_\_\_\_\_

Dependent Employer (if applicable): \_\_\_\_\_

Dependent Employer Phone # (if applicable): \_\_\_\_\_

Please check only the one (1) box in items 1 or 2 below that applies to your enrollment:

1. I should NOT be charged the Dependent Surcharge because one of the following applies:

- I have elected medical coverage and my dependent identified above is also an employee of Utilities, Inc.
- I have elected medical coverage and I have chosen to enroll my dependent identified above on a Utilities, Inc. medical plan and my dependent is not eligible for other employer-sponsored medical insurance. (For example: My dependent is unemployed or self-employed, or my dependent works part-time with no medical insurance benefits).

2. I should be charged the Dependent Surcharge because:

- I have chosen to enroll my dependent identified above on a Utilities, Inc. medical plan, and my dependent is eligible for their employer-sponsored medical insurance and he/she elected not to enroll in his/her medical coverage. **I understand that by checking this box, I will have the surcharge identified in the first paragraph of this form deducted from my paycheck on a pre-tax basis.**

If your dependent loses or obtains medical coverage through his/her employer, you have 31 days to notify Utilities, Inc. of the change. Please contact the HR department for information on making these changes. Family status changes must also be made within 31 days of when the change occurred. Failure to notify the HR Department will prohibit you from making any changes until the next annual open enrollment period.

Your signature below indicates the facts set forth on this form are true and complete to the best of your knowledge, and that you understand that if your dependent's group medical insurance coverage status changes, it is your responsibility to notify the HR department within 31 days of such change. Any false statements on this form or on future forms as it relates to spousal health information shall be considered grounds for discipline, up to and including termination.

Employee Signature: \_\_\_\_\_ Date: \_\_\_\_\_

# Dental Enrollment Form

## ENROLLMENT/CHANGE OF STATUS/WAIVER FORM

PLEASE KEEP A COPY FOR YOUR FILES.

Please note that completing this form does not guarantee coverage.



### ALL GROUPS MUST COMPLETE THIS SECTION

Note: Incomplete forms will be returned.

Delta Dental Group Number 20159 Sublocation Number N/A  
 Effective Date \_\_\_\_\_ Date of Hire \_\_\_\_\_ OR Date of Rehire \_\_\_\_\_  
 Name of Employer Utilities, Inc. Location/Department N/A  
 Group Contact Kristi McLoughlin Phone (847)498-6440 Email kmmcloughlin@uiwater.com

### ALL ENROLLEES MUST COMPLETE THE FOLLOWING SECTIONS

Please check one of the options below.

- Yes, I want to enroll in the dental plan offered by Delta Dental of Illinois. (Please select a network below.)  
 Delta Dental PPO/Delta Dental Premier  
 DeltaCare DHMO (If selecting DeltaCare DHMO, please complete the DeltaCare DHMO Facility Election section below.)  
 No, I do not want to enroll in the dental plan offered by Delta Dental of Illinois. (If you are declining, please write your name below and sign at the bottom of this form)

Social Security Number \_\_\_\_\_ Employee's Name \_\_\_\_\_  
 Mailing Address \_\_\_\_\_  
 Phone Number \_\_\_\_\_ Marital Status:  S  M  Other Date of Birth \_\_\_\_/\_\_\_\_/\_\_\_\_  Male  Female

### REASON FOR SUBMITTING THIS FORM

- Reinstatement Due to Qualifying Event?  Yes  No If yes, please describe \_\_\_\_\_  
 Open Enrollment  COBRA If COBRA, End Date \_\_\_\_/\_\_\_\_/\_\_\_\_  
 New Employee  Reinstatement  Change If this is for a change, what is the reason? \_\_\_\_\_  
 Address Change  Termination (Reason: \_\_\_\_\_) Termination Date \_\_\_\_/\_\_\_\_/\_\_\_\_  
 Add Dependent Coverage (List Dependents below)\* (Reason: \_\_\_\_\_) Date of Event \_\_\_\_/\_\_\_\_/\_\_\_\_  
 Drop Dependent Coverage (List Dependents below)\* (Reason: \_\_\_\_\_) Date of Event \_\_\_\_/\_\_\_\_/\_\_\_\_  
 \*If you are adding or dropping a dependent due to a qualifying event, please describe: \_\_\_\_\_  
 Name Change (Former Name: \_\_\_\_\_)

### COVERAGE DESIRED

- Employee Only  Employee & Spouse  Employee & One Child  Employee & Children  Entire Family  
 Effective Date: \_\_\_\_/\_\_\_\_/\_\_\_\_ Does spouse have a dental plan?  Yes  No Are dependents covered by spouse's plan?  Yes  No  
 Spouse's Employer: \_\_\_\_\_ Spouse's Carrier: \_\_\_\_\_

### PLEASE LIST ALL ELIGIBLE DEPENDENTS TO BE COVERED

ADD	DELETE	FIRST NAME	LAST NAME (if different)	BIRTH DATE (Month/Day/Year)	SEX (M or F)
		1. Spouse:			
		2. Child:			
		3.			
		4.			
		5.			

I agree to continue membership in this program until the next open enrollment period and authorize payroll deduction where applicable.

Signature of applicant: \_\_\_\_\_ Date: \_\_\_\_\_

Delta Dental of Illinois

# Flexible Spending Account Enrollment Form



## Flexible Spending Account Enrollment Form

### Employee Information

Please provide your SSN if you are completing this form as part of your first Ceridian FSA election. Otherwise, you may provide your Account ID. Your Account ID is the 10 digit number found on most FSA correspondence from Ceridian. Please include the leading zeros. Example: 0000012345 correspondence from Ceridian.			Account ID _____
			Social Security Number _____
Last Name	First Name	M.I.	
Mailing Address Number	Street	Apt.	Daytime Phone (     )
City		State	Zip Code

### FSA Election Plan Year 1/1/2011 to 12/31/2011

### FSA Plan Benefit Amount

<b>Health Care FSA</b>	
<input type="checkbox"/> I elect to participate. My annual contribution is \$ _____	Minimum Plan Year Contribution Amount: <b>\$0.00</b>
<input type="checkbox"/> I elect not to participate.	Maximum Plan Year Contribution Amount: <b>\$5,000.00</b>
<b>Dependent Care FSA</b>	
<input type="checkbox"/> I elect to participate. My annual contribution is \$ _____	Minimum Plan Year Contribution Amount: <b>\$0.00</b>
<input type="checkbox"/> I elect not to participate.	Maximum Plan Year Contribution Amount: <b>\$5,000.00*</b>
* If you are married and file jointly, your combined contributions may not exceed \$5000.00. If you are married and file separately, your individual contributions may not exceed \$2500.00.	

### Authorization

I understand that by signing and submitting this form, I authorize the adjustment of my annual taxable salary based on my elections above, with the "tax protected" funds being transferred into my Flexible Spending Account. My election cannot be changed during the plan year, unless I experience an eligible change in status. I further understand that this form must be signed and dated prior to my plan effective date to be eligible to participate in this plan year. Any unused amounts remaining in my account at the end of the plan year will be forfeited. However, I will have a specified period of time (indicated in the FSA enrollment materials) after the end of the plan year or date of my termination to submit receipts for reimbursement for services received during the plan year or coverage period.

Employee Signature X \_\_\_\_\_ Date \_\_\_\_\_

TO BE COMPLETED BY EMPLOYER			
Company Name <b>Utilities, Inc. (LH1) (G)</b>	Division	Class	Effective Date
Client ID <b>L02353</b>	Plan Year <b>From 1/1/2011 to 12/31/2011</b>	Pay ID	

RBA1922



# Flexible Spending Account Automatic Claim Submission Authorization Form

Health Flexible Spending Account (HFSA)  
Automatic Claim Submission Authorization Form



<p><u>For Office Use Only</u> <b>For:</b> BCBS-IL <b>Group Name:</b> Utilities, Inc. (LH1) (G) <b>Group Number:</b> L02353 <b>Plan Year:</b> 01/01/2011 - 12/31/2011</p>
--

<p><b>Employee Name:</b> _____ <b>SSN:</b> _____</p> <p><b>Address:</b> _____ <b>City:</b> _____</p> <p>_____ <b>State:</b> _____ <b>Zip:</b> _____</p>
---

You can elect to have expenses that are not covered by your insurance carrier automatically submitted to Ceridian for payment through your HFSA. **The benefit of Auto Claim Submission is that you do not need to submit paper claims for these expenses.** Please sign and return this form to take advantage of this option.

<p>By my signature below, I request that my insurance carrier present a report, detailing each medical expense I have presented under its plan for myself, my spouse, my dependent or adult child (as defined by the plan) that it does not consider reimbursable, to Ceridian. I authorize my Insurance Carrier to disclose information about the medical care, diagnosis, treatment, or advice provided to me, my spouse, my dependent(s) and/or adult children including, without limitation, information about AIDS or HIV, mental illness, and/or the use of drugs or alcohol. I understand that this authorization is valid for the plan year listed above and may be revoked at any time. I also understand that any information disclosed under this authorization will be made available to me upon request. I further understand that without this authorization my Insurance Carrier cannot automatically submit my claims and claims for my spouse, dependent(s) and/or adult children to Ceridian for reimbursement from my HFSA.</p> <p>I certify that each such reported medical expense represents a legitimate medical expense as defined by my employer's HFSA plan. I further certify that I will not seek reimbursement from any other plan of any such medical expense so presented to my FSA, nor will I seek to claim any federal income tax deduction or credit.</p> <p>I acknowledge that such reports may contain Protected Health Information ("PHI"), as such term is described under the Health Insurance Portability and Accountability Act of 1996 (Public Law 104-191) and the regulations promulgated there under, all as amended from time to time (collectively, "HIPAA"). To the extent such authorization may be required by HIPAA or other law, I authorize my carrier to release such information to Ceridian.</p> <p><b>Employee Signature:</b> _____ <b>Date:</b> _____</p>
<p><b>Please return this Authorization Form via fax to 1-866-377-4261</b> <b>Ceridian Benefits Services</b> <b>Attn: Reimbursement Benefits Services</b></p>

RBA1912

© 2008 Ceridian Corporation. All rights reserved 08/10





**Notice of Opportunity to Enroll in connection with  
Extension of Dependent Coverage to Age 26**

Individuals whose coverage ended, or who were denied coverage (or was not eligible for coverage), because the availability of dependent coverage of children ended before attainment of age 26 are eligible to enroll in either of the Utilities, Inc. Medical Plans A & B. Individuals may request enrollment for such children for 30 days from the date of this notice. Enrollment will be effective January 1, 2011. For more information contact the Kristi McLoughlin at (847)897-6471.

Date of Notice: December 1, 2010



**Notice: Lifetime Limit No Longer Applies and Enrollment Opportunity**

The lifetime limit on the dollar value of benefits under both the Utilities, Inc. Medical Plans A & B no longer applies. Individuals whose coverage ended by reason of reaching a lifetime limit under the plan are eligible to enroll in the plan. Individuals have 30 days from the date of this notice to request enrollment. For more information contact Kristi McLoughlin at (847)897-6471.

Date of Notice: December 1, 2010

## CONTACT INFORMATION

<b>Blue Cross Blue Shield – Medical</b>		
Medical Claim and Benefit Information	(800)828-3116	www.bcbsil.com
<b>Prime Therapeutics – Prescription</b>		
Prescription Drug Inquiries	(800)423-1973	
Mail Order Inquiries	(800)275-7204	
<b>Delta Dental – Dental</b>		
Dental Claim and Benefit Information	(800)323-1743	www.deltadentalil.com
<b>Vision Service Plan – Vision</b>		
Vision Claim and Benefit Information	(800)877-7195	www.vsp.com
<b>MetLife – Life and AD&amp;D Insurance</b>		
Life Insurance Claims	(800)638-6420	www.metlife.com
<b>Ceridian – Flexible Spending Account</b>		
Healthcare and Dependent Care FSA Questions and Information	(877)799-8820	www.ceridian-benefits.com
<b>Human Resources Department</b>		
Benefits Administrator	(847)897-6471	kmmcloughlin@uiwater.com
Human Resources Generalist	(847)897-6443	lblomquist@uiwater.com
Human Resources Manager	(847)897-6503	jpdevine@uiwater.com



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

71. For each type of employee benefit, please provide the costs incurred in each of the past three years.

RESPONSE: Please see the attached file (Excel file "AG DR 1-71 Employee Benefits").

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

72. Please provide a three year history of legal costs.

RESPONSE: Please see the attached file (Excel file "AG DR 1-72 Legal Fees").

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

73. Provide a three-year history of any legal settlements paid or received and explain how such amounts are reflected in the filing.

RESPONSE: Objection. To the extent that WSCK has paid any legal settlement, the terms of such would be confidential. Notwithstanding this objection, WSCK states that it is not seeking to recover in rates any amounts for any possible settlements paid.

Witness: Lowell Yap (Objection: Legal)

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

**RESPONSE:**

- a. 2012-\$73,995.33, 2011-\$96,159.39, 2010-\$52,346.19
- b. 2012-\$6,709.49, 2011-\$4,185.72, 2010-\$2,705.26
- c. Please see response to 75 a. below for the change in reserves by year.
- d. 2012-\$2,032,339.54, 2011-\$1,987,939.69, 2010-\$1,988,863.34

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Reserves – Uncollectible

- a. 2012 - \$30,044.88, 2011 - \$35,914.28, 2010 \$46,960.00
- b. There are no reserve additions included in the Company's filing. The Company's filing included a reduction to reserves.
- c. Please see the response provided to AG DR 1-8.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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

RESPONSE: There are no expenses for injuries or damages sought to be recovered in rates in this proceeding. Such expenses would have been covered by insurance.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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

RESPONSE: Please refer to the corresponding attachment (Excel file "AG DR 1-77 ERC Calculation") and the calculation below.

WSCK: 7,362.4 divided by total RVP (Atlantic/Midwest Region): 105,519.79 = 6.98%

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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

RESPONSE: Please refer to workpaper [d]-Rate Case Expense, previously provided in response to Staff's Initial Request for Information, Item3.

Witness: Lowell Yap



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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

RESPONSE: Please refer to workpaper [d]-Rate Case Expense, previously provided in response to the Staff's Initial Request for Information, Item 3. There is \$27,505 of Unamortized Rate Case Expense included. Please see the following table for calculation of the Unamortized Rate Case Expense.

Total Granted		198,033				
Amort period		3				
Annual exp		66,011				
Monthly amort		5,501				
Amortization start		12/1/2011				
Amortization end		11/30/2014	Filed	Effective	Remaining	
Accumulated Amort months		31	9/1/2013	7/1/2014	5.0000	
Amortized		170,528				
Unamortized		27,505				

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the table below.

	2005	2008	2010
a. the amount of the increase requested,	825,423	807,006	448,723
b. the percentage increase requested,	60.18%	50.08%	22%
c. the amount of increase granted,	453,982	473,182	68,898
d. whether the case was litigated or settled,	Settled	Litigated	Litigated
e. the total rate case costs incurred, and	88,660	145,604	141,408
f. the effective date of new rates.	3/1/2007	11/9/2009	11/23/2011

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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

RESPONSE: Please see the attached engagement letter between WSCK and AUS Consulting. There was no specific contract with Mr. Baryenbruch. Please see the Testimony of Mr. Baryenbruch which describes the scope of work performed for this rate case and the response to Item 34 above. There is no written contract with the law firm of Sturgill, Turner, Barker, and Moloney related to legal fees for this rate case.

Witness: Lowell Yap



**GARY D. SHAMBAUGH**  
Principal & Director

**AUS CONSULTANTS**

275 Grandview Avenue, Suite 100  
Camp Hill, PA 17011  
717.763.9890 • Tel  
717.763.9931 • Fax  
gshambaugh@ausinc.com

June 7, 2013

Mr. Steve M. Lubertozzi  
Exec. Director of Regulatory Acct. & Affairs  
Utilities, Inc.  
2335 Sanders Road  
Northbrook, IL 60062-6196

RE: Water Services Corporation  
of Kentucky

Dear Mr. Lubertozzi:

We understand that Utilities, Inc. (the “Company”) wishes to retain AUS Consultants to prepare the support for the indirect expense allocations to Water Services Corporation of Kentucky (“WSKY”) from the parent company, Utilities, Inc.

Scope of the Project

It appears that the Public Service Commission is holding WSKY to a higher standard with regard to affiliated transactions. By virtue of the Attorney General’s arguments the Commission disallowed the entire allocation of indirect costs (\$169,886) which are largely composed of corporate salaries. AUS Consultants would propose the following approach to the project:

- A complete review of UI’s allocation process including the costs and the basis for the allocations.
- Provide a breakdown of the claimed allocation of salaries and wages relative to the services provided by operating

category such as engineering, accounting, management, etc., and

- Search for accepted costs by category in other Kentucky water cases.

I would suggest that the approaches outlined above will make it difficult for the Attorney General to disallow, in total, all indirect allocation of corporate costs.

We have considered that the Company will assist in providing the affiliated corporate cost allocations, the review of the corporate allocation process and in researching other similar sized Kentucky water utilities for comparative costs.

#### Cost Estimate

AUS Consultants estimates that the professional fees for ready-to-file work including direct testimony will be approximately \$15,000 to \$18,000. Based upon our projected estimate of hours required to complete the work, our effective hourly rate would be approximately \$200.

Out-of-pocket expenses for clerical, travel, communication and production will be invoiced at cost, in addition to the professional fee quote. Our invoices are due and payable upon receipt. Interest will accrue at the prime rate plus two point on all invoices not paid within 30 days. AUS Consultants reserves the right to cease work on the projects for non-payment on all outstanding invoices.

Post filing work will be invoiced based upon the level of expertise and consultants assigned to the task. The hourly rates for our professional staff are as follows:

	<u>Rate per Hour</u>
Gary D. Shambaugh	\$225
Dylan W. D'Ascendis	160
Selby P. Jones	140



AUS Consultants appreciates the opportunity to again provide our services to Utilities, Inc. Upon the acceptance of our engagement letter, AUS Consultants will provide an initial data request and set a tentative date for a meeting in the Company's offices.

Respectfully submitted,  
AUS Consultants

By: Gary D. Shambaugh

Accepted by:  
Utilities, Inc.

Stewart 6/18/13  
Signature & Title

\_\_\_\_\_  
Date



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: No such documents exist.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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 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.

RESPONSE: There are no research and development costs.

Witness: Lowell Yap



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see corresponding attachment (Excel file "AG DR 1-84 Contributions"). The attachment includes the general ledger of the allocated amounts to WSCK and the cost center general ledgers.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the attached files (Excel files "AG DR 1-85 Outside Services Expense" and "AG DR 1-85 Outside Service Expense (Cost Center)").

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the attached file (Excel file "AG DR 1-86 Memberships").

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: The Service Company allocated \$3,263.80 in NAWC (National Association of Water Companies) membership dues to WSCK during the test year, of which, \$359.02 is classified as lobbying expense by the NAWC. Eleven percent of the amount due to NAWC are recognized as lobbying fees.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: WSCK does not incur any direct lobbying costs. Please see the response to Item 87 above for the NAWC membership fee portion that is considered lobbying by the NAWC.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

89. Provide the amount of meals expenses included in the Test Year but disallowed for tax purposes.

RESPONSE: Please see the attached ledger detailing meal expenses (Excel file "AG DR 1-89 Meals"). Please note that any items that were related expense reports in workpaper w/p [r], which was included in response to Item 3 of the Staff's Initial Request for Information, were removed for rate making purposes. The Company has also included meals expense booked to all cost centers for reference.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

90. For each of the past five years and as projected for 2013, identify the Alternative Minimum Tax paid by the Company.

RESPONSE: Please see the Federal income tax returns that are being filed in conjunction with a petition for confidentiality and subject to a confidentiality agreement with the parties.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the documents below.

Witness: Lowell Yap



**COMMONWEALTH OF KENTUCKY**  
**DEPARTMENT OF REVENUE**  
OFFICE OF PROPERTY VALUATION  
PUBLIC SERVICE SECTION  
Station 32 4Th FL, 501 HIGH STREET  
FRANKFORT, KY 40601-2103  
Phone (502) 564-8175 Fax (502) 564-8192

## NOTICE OF ASSESSMENT

**WATER SERVICE CORP OF KENTUCKY**  
**2335 SANDERS RD**  
**NORTHBROOK, IL 60062-6108**

**GNC: 006000**  
**TYPE CO: W**  
**TAX TYPE: 035**  
**TAX ID: 611421099**

This Notice of Assessment will become final on 09/28/2013, 45 days from the notice date. A corresponding Notice of Tax Due is being sent from the Compliance and Accounts Receivable System based on the Total Assessment shown below. The Notice of Tax Due will provide the state tax liability, any applicable interest and/or filing penalties that may be assessed. Local taxes will be billed separately by the local taxing jurisdictions where your property is located.

If you protest this assessment, see enclosed 61F009 Notification-Protesting your Assessment. You must submit a written protest in accordance with KRS 131.110; and as required by KRS 132.825(10) and KRS136.180(2), your protest must specify the valuation you claim to be true. Your written protest stating your claimed value and your payment of tax for your claimed value must be submitted to the Department of Revenue on or before 09/28/2013 or no further remedies will be available regarding this assessment per KRS 134.590. Submit your protest and payment to: ATTN Public Service Section, State Valuation Branch, Office of Property Valuation, Department of Revenue, Station 32 4Th FL, 501 High Street, Frankfort, KY 40601-2103. You may contact the Public Service Section at Phone (502) 564-8175 and Fax (502) 564-8192.

**NOTICE DATE: 08/14/2013 TAX YEAR: 2013 (For Year Ending December 31, 2012)**

PROPERTY CLASS	TAX RATE Per \$100	ASSESSED VALUE	STATE TAX DUE
Subject to State and Local Tax			
Real Estate	0.122	\$3,054,689.00	\$3,726.72
**Tangible Personal Property	0.45	\$2,263,088.00	\$10,183.90
Business Inventory	0.05	\$0.00	\$0.00
Inventory In Translt	0.00	\$0.00	\$0.00
Subject to State Tax Only			
Foreign Trade Zone Property	0.001	\$0.00	\$0.00
Recycling Equipment	0.45	\$0.00	\$0.00
Manufacturing Machinery	0.15	\$243,170.00	\$364.76
Pollution Control Equipment	0.15	\$0.00	\$0.00
Telephonic Equipment	0.15	\$0.00	\$0.00
Business Inventory (MM)	0.05	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
IRB Property	0.015	\$0.00	\$0.00
IRB Property Nontaxable	0.00	\$0.00	\$0.00
TOTALS		\$5,560,947.00	\$14,275.37

\*\* Excludes Motor Vehicles \$149,053.00

A 10% penalty is charged for late filed returns per KRS 132.290(3). A 20% penalty is charged for omitted property per KRS 132.290(4). Applicable interest will be applied when late or omitted.

**COMMONWEALTH OF KENTUCKY**  
**DEPARTMENT OF REVENUE**  
OFFICE OF PROPERTY VALUATION  
PUBLIC SERVICE SECTION  
Station 32 4Th FL, 501 HIGH STREET  
FRANKFORT, KY 40601-2103  
Phone (502) 564-8175 Fax (502) 564-8192

## NOTICE OF ASSESSMENT

**WATER SERVICE CORP OF KENTUCKY**  
**2335 SANDERS RD**  
**NORTHBROOK, IL 60062-6108**

**GNC: 006000**  
**TYPE CO: W**  
**TAX TYPE: 035**  
**TAX ID: 611421099**

This Notice of Assessment will become final on 08/30/2012, 45 days from the notice date. A corresponding Notice of Tax Due is being sent from the Compliance and Accounts Receivable System based on the Total Assessment shown below. The Notice of Tax Due will provide the state tax liability, any applicable interest and/or filing penalties that may be assessed. Local taxes will be billed separately by the local taxing jurisdictions where your property is located.

If you protest this assessment, see enclosed 61F009 Notification-Protesting your Assessment. You must submit a written protest in accordance with KRS 131.110; and as required by KRS 132.825, your protest must specify the valuation you claim to be true. Your written protest stating your claimed value and your payment of tax for your claimed value must be submitted to the Department of Revenue on or before 08/30/2012 or no further remedies will be available regarding this assessment per KRS 134.590. Submit your protest and payment to: ATTN Public Service Section, State Valuation Branch, Office of Property Valuation, Department of Revenue, Station 32 4Th FL, 501 High Street, Frankfort, KY 40601-2103. You may contact the Public Service Section at Phone (502) 564-8175 and Fax (502) 564-8192.

**NOTICE DATE: 07/16/2012 TAX YEAR: 2012 (For Year Ending December 31, 2011)**

PROPERTY CLASS	TAX RATE Per \$100	ASSESSED VALUE	STATE TAX DUE
Subject to State and Local Tax			
Real Estate	0.122	\$3,050,439.00	\$3,721.54
**Tangible Personal Property	0.45	\$2,304,386.00	\$10,369.74
Business Inventory	0.05	\$0.00	\$0.00
Inventory In Transit	0.00	\$0.00	\$0.00
Subject to State Tax Only			
Foreign Trade Zone Property	0.001	\$0.00	\$0.00
Recycling Equipment	0.45	\$0.00	\$0.00
Manufacturing Machinery	0.15	\$313,315.00	\$469.97
Pollution Control Equipment	0.15	\$0.00	\$0.00
Telephonic Equipment	0.15	\$0.00	\$0.00
Business Inventory (MM)	0.05	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
IRB Property	0.015	\$0.00	\$0.00
IRB Property Nontaxable	0.00	\$0.00	\$0.00
<b>TOTALS</b>		<b>\$5,668,140.00</b>	<b>\$14,561.25</b>

\*\* Excludes Motor Vehicles \$101,860.00

A 10% penalty is charged for late filed returns per KRS 132.290(3). A 20% penalty is charged for omitted property per KRS 132.290(4). Applicable interest will be applied when late or omitted.

**COMMONWEALTH OF KENTUCKY**  
**DEPARTMENT OF REVENUE**  
OFFICE OF PROPERTY VALUATION  
PUBLIC SERVICE SECTION  
Station 32 4Th FL, 501 HIGH STREET  
FRANKFORT, KY 40601-2103  
Phone (502) 564-8175 Fax (502) 564-8192

## NOTICE OF ASSESSMENT

**WATER SERVICE CORP OF KENTUCKY**  
**2335 SANDERS RD**  
**NORTHBROOK, IL 60062-6108**

**GNC: 006000**  
**TYPE CO: W**  
**TAX TYPE: 035**  
**TAX ID: 611421099**

This Notice of Assessment will become final on 10/29/2011, 45 days from the notice date. A corresponding Notice of Tax Due is being sent from the Compliance and Accounts Receivable System based on the Total Assessment shown below. The Notice of Tax Due will provide the state tax liability, any applicable interest and/or filing penalties that may be assessed. Local taxes will be billed separately by the local taxing jurisdictions where your property is located.

If you protest this assessment, see enclosed 61F009 Notification-Protesting your Assessment. You must submit a written protest in accordance with KRS 131.110; and as required by KRS 132.825, your protest must specify the valuation you claim to be true. Your written protest stating your claimed value and your payment of tax for your claimed value must be submitted to the Department of Revenue on or before 10/29/2011 or no further remedies will be available regarding this assessment per KRS 134.590. Submit your protest and payment to: ATTN Public Service Section, State Valuation Branch, Office of Property Valuation, Department of Revenue, Station 32 4Th FL, 501 High Street, Frankfort, KY 40601-2103. You may contact the Public Service Section at Phone (502) 564-8175 and Fax (502) 564-8192.

**NOTICE DATE: 09/14/2011 TAX YEAR: 2011 (For Year Ending December 31, 2010)**

PROPERTY CLASS	TAX RATE Per \$100	ASSESSED VALUE	STATE TAX DUE
Subject to State and Local Tax			
Real Estate	0.122	\$3,176,636.00	\$3,875.50
**Tangible Personal Property	0.45	\$2,266,378.00	\$10,198.70
Business Inventory	0.05	\$0.00	\$0.00
Inventory In Transit	0.00	\$0.00	\$0.00
Subject to State Tax Only			
Foreign Trade Zone Property	0.001	\$0.00	\$0.00
Recycling Equipment	0.45	\$0.00	\$0.00
Manufacturing Machinery	0.15	\$371,464.00	\$557.20
Pollution Control Equipment	0.15	\$0.00	\$0.00
Telephonic Equipment	0.15	\$0.00	\$0.00
Business Inventory (MM)	0.05	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
IRB Property	0.015	\$0.00	\$0.00
IRB Property Nontaxable	0.00	\$0.00	\$0.00
TOTALS		\$5,814,478.00	\$14,631.39

\*\* Excludes Motor Vehicles \$0.00

A 10% penalty is charged for late filed returns per KRS 132.290(3). A 20% penalty is charged for omitted property per KRS 132.290(4). Applicable interest will be applied when late or omitted.

**COMMONWEALTH OF KENTUCKY**  
**DEPARTMENT OF REVENUE**  
OFFICE OF PROPERTY VALUATION  
PUBLIC SERVICE SECTION  
Station 32 4th Floor, 501 High Street  
Frankfort, KY 40620  
Phone (502) 564-8175 Fax (502) 564-8192

## NOTICE OF ASSESSMENT

**WATER SERVICE CORP OF KENTUCKY**  
**2335 SANDERS RD**  
**NORTHBROOK, IL 60062-6108**

**GNC: 006000**  
**TYPE CO: W**  
**TAX TYPE: 035**  
**TAX ID: 611421099**

This Notice of Assessment will become final on 09/04/2010, 45 days from the notice date. A corresponding Notice of Tax Due is being sent from the Compliance and Accounts Receivable System based on the Total Assessment shown below. The Notice of Tax Due will provide the state tax liability, any applicable interest and/or filing penalties that may be assessed. Local taxes will be billed separately by the local taxing jurisdictions where your property is located.

If you protest this assessment, see enclosed 61F009 Notification-Protesting your Assessment. You must submit a written protest in accordance with KRS 131.110; and as required by KRS 132.825, your protest must specify the valuation you claim to be true. Your written protest stating your claimed value and your payment of tax for your claimed value must be submitted to the Division of Protest Resolution on or before 09/04/2010 or no further remedies will be available regarding this assessment per KRS 134.590. Submit your protest and payment to: ATTN Property Tax Section, Protest Resolution Branch, Division of Collections, Department of Revenue, Station 7, 10th FL, P O BOX 3, Frankfort, KY 40602-0003. You may contact the division at Phone (502) 564-6734 and FAX (502) 564-3788.

**NOTICE DATE: 07/21/2010 TAX YEAR: 2010 (For Year Ending December 31, 2009)**

PROPERTY CLASS	TAX RATE Per \$100	ASSESSED VALUE	STATE TAX DUE
Subject to State and Local Tax			
Real Estate	0.122	\$2,801,020.00	\$3,417.24
**Tangible Personal Property	0.45	\$1,961,465.00	\$8,826.59
Business Inventory	0.05	\$0.00	\$0.00
Inventory In Transit	0.00	\$0.00	\$0.00
Subject to State Tax Only			
Foreign Trade Zone Property	0.001	\$0.00	\$0.00
Recycling Equipment	0.45	\$0.00	\$0.00
Manufacturing Machinery	0.15	\$333,824.00	\$500.74
Pollution Control Equipment	0.15	\$0.00	\$0.00
Telephonic Equipment	0.15	\$0.00	\$0.00
Business Inventory (MM)	0.05	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
Intangible NonOp	0.00	\$0.00	\$0.00
IRB Property	0.015	\$0.00	\$0.00
IRB Property Nontaxable	0.00	\$0.00	\$0.00
TOTALS		\$5,096,309.00	\$12,744.57

\*\* Excludes Motor Vehicles \$72,000.00

A 10% penalty is charged for late filed returns per KRS 132.290(3). A 20% penalty is charged for omitted property per KRS 132.290(4). Applicable interest will be applied when late or omitted.

**COMMONWEALTH OF KENTUCKY**  
**DEPARTMENT OF REVENUE**  
OFFICE OF PROPERTY VALUATION  
PUBLIC SERVICE SECTION  
501 High Street, 4th Floor, Station 32  
Frankfort, KY 40620  
Phone (502) 564-8175 Fax (502) 564-8192

## NOTICE OF ASSESSMENT

**WATER SERVICE CORP OF KENTUCKY**  
**2335 SANDERS RD**  
**NORTHBROOK, IL 60062-6108**

**GNC: 006000**  
**TYPE CO: W**  
**TAX TYPE: 035**  
**TAX ID: 611421099**

This Notice of Assessment will become final on 09/03/2009, 45 days from the notice date. A corresponding Notice of Tax Due is being sent from the Compliance and Accounts Receivable System based on the Total Assessment shown below. The Notice of Tax Due will provide the state tax liability, any applicable interest and/or filing penalties that may be assessed. Local taxes will be billed separately by the local taxing jurisdictions where your property is located.

If you protest this assessment, see enclosed 61F009 Notification-Protesting your Assessment. You must submit a written protest in accordance with KRS 131.110; and as required by KRS 132.825, your protest must specify the valuation you claim to be true. Your written protest stating your claimed value and your payment of tax for your claimed value must be submitted to the Division of Protest Resolution on or before 09/03/2009 or no further remedies will be available regarding this assessment per KRS 134.590. Submit your protest and payment to: ATTN Property Tax Section, Protest Resolution Branch, Division of Collections, Department of Revenue, Station 7, 10th FL, P O BOX 3, Frankfort, KY 40602-0003. You may contact the division at Phone (502) 564-6734 and FAX (502) 564-3788.

**NOTICE DATE: 07/20/2009 TAX YEAR: 2009 (For Year Ending December 31, 2008)**

PROPERTY CLASS	TAX RATE Per \$100	ASSESSED VALUE	STATE TAX DUE
Subject to State and Local Tax			
Real Estate	0.122	\$3,662,125.00	\$4,467.79
**Tangible Personal Property	0.45	\$900,289.00	\$4,051.30
Business Inventory	0.05	\$0.00	\$0.00
Inventory In Transit	0.00	\$0.00	\$0.00
Subject to State Tax Only			
Foreign Trade Zone Property	0.001	\$0.00	\$0.00
Recycling Equipment	0.45	\$0.00	\$0.00
Manufacturing Machinery	0.15	\$437,586.00	\$656.38
Pollution Control Equipment	0.15	\$0.00	\$0.00
Telephonic Equipment	0.15	\$0.00	\$0.00
Business Inventory (MM)	0.05	\$0.00	\$0.00
Intangible NonOp	0.25	\$0.00	\$0.00
Intangible NonOp	0.015	\$0.00	\$0.00
IRB Property	0.015	\$0.00	\$0.00
IRB Property Nontaxable	0.00	\$0.00	\$0.00
<b>TOTALS</b>		<b>\$5,000,000.00</b>	<b>\$9,175.47</b>

\*\* Excludes Motor Vehicles \$0.00

A 10% penalty is charged for late filed returns per KRS 132.290(3). A 20% penalty is charged for omitted property per KRS 132.290(4). Applicable interest will be applied when late or omitted.

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

92. Please provide the December 31 balances for customer deposits at December 31, 2010, 2011, and 2012, as well as the latest amount available.

RESPONSE: Please refer to the corresponding attachment (Excel file "AG DR 1-92 Customer Deposit 2010-2013").

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please refer to the table below.

	<b>2009 Original Budget</b>	<b>2010 Original Budget</b>	<b>2011 Original Budget</b>	<b>2012 Original Budget</b>	<b>2013 Original Budget</b>
<b>Plant Spending</b>	38,000.00	80,000.00	80,000.00	80,000.00	80,000.00
<b>Cap Time</b>	40,000.00	60,000.00	60,000.00	60,100.00	60,100.00
<b>Transportation</b>	56,000.00	28,000.00	70,000.00	-	35,000.00
<b>Capital Projects</b>					
<i>Replace Water Main on Alpine Road</i>	-	-	-	60,000.00	-
	<b>2009 Actuals</b>	<b>2010 Actuals</b>	<b>2011 Actuals</b>	<b>2012 Actuals</b>	<b>2013 Actuals through 10/31/13</b>
<b>Plant Spending</b>	36,558.57	60,828.29	39,370.58	72,215.65	84,529.97
<b>Plant Cap Time</b>	49,924.48	57,931.82	71,296.27	91,672.39	118,904.05
<b>Transportation</b>	-	-	85,895.67	1,433.26	59,819.00
<b>Capital Projects</b>					
<i>Auto Meter Read Install (CIAC)</i>	-	74,243.77	32,676.50	-	-
<i>Replace Water Main on Alpine Road</i>	-	-	-	45,367.13	-
<i>Paint 178,000 gal Standpipe @ Grubbs Subdivision</i>	-	-	-	67,118.89	(503.15)
<i>Install Scada system at Beansfork water Tank</i>	-	-	-	58,169.62	-

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

94. For each of the three five years, please provide:
- a. actual plant-in-service additions,
  - b. actual retirements

RESPONSE: Please see the attached file (Excel file "AG DR 1-94 Plant"). Please note that the "Additions" tab is net of retirements.

Witness: Lowell Yap



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

95. Provide a description of major assets included in intangible plant.

RESPONSE: Organization costs are the costs included in intangible plant and associated with the acquisition of WSCK.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

96. Provide the balance in intangible plant in each of the last three years.

RESPONSE: Organization balance remained the same at 12/31/2009, 12/31/2010, 12/31/2011, and 12/31/2012 at \$128,111.40.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: The Company has no plant held for future use.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: There have been no gains and losses of asset dispositions in the last five-years for WSCK. However, for ratemaking purposes, if there were gains/losses, they would be shown as Other Income (credit for gains, debit for losses).

- a. Please refer to workpaper [q] – Clinton that was filed in response to Staff's Initial Request for Information, Item 3.
- b. Please refer to 98.a.
- c. Please refer to 98.a.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please refer to the corresponding attachments. Information is provided by the Company's billing system, then that information is inputted into the schedules provided (Excel files "AG DR 1-99 Consumption report Middlesboro" and "AG DR 1-99 Consumption report Clinton"), and brought together into the Excel file "AG DR 1-99 Pro Forma Present Revenue Schedule D".

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Yes. See the confidential tax returns filed in response to Item 90 above.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: See the confidential tax returns filed in response to Item 90 above.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please refer to the Company's response to Staff's Initial Request for Information, Item 25.

Witness: Lowell Yap



**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: See the confidential tax returns filed in response to Item 90 above.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: See the confidential tax returns filed in response to Item 90 above.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: a. Please see the attached file (Excel file "AG DR 1-105a Federal Income Taxes").  
b. Please see the response provided to AG DR 1-102.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: See the confidential tax returns filed in response to Item 90 above.

Witness: Lowell Yap

**CASE NO. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: See the confidential tax returns filed in response to Item 90 above.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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,
  - 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.

RESPONSE: Please refer to workpaper [p-5a]: Plant Restatement from Case No. 2010 – 00476 in the filing for the restatement of CIAC and also refer to the corresponding attachment (Excel file "AG DR 1-108 Amortization Schedule"). A final order in Case No. 2010-00476 was entered on November 23, 2011.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

RESPONSE: Please see the table below containing the advertising expense booked during the test year. The Company does not differentiate advertising expense by category, e.g. educational, conservation, institutional, etc.

DESCRIPTION	TY	DOC	DATE	DEBIT	CREDIT	NET	LVL6	LVL7
Midwest Region-800100.5785	JA	248640	5/31/2012		(11)	(11)	5780 - MISCELLANEOUS EXPENSE	ADVERTISING/MARKETING
WSC-102108.5785	JA	3999	4/30/2012	7		7	5780 - MISCELLANEOUS EXPENSE	ADVERTISING/MARKETING
Midwest Region-800100.5785	JA	248640	4/30/2012	11		11	5780 - MISCELLANEOUS EXPENSE	ADVERTISING/MARKETING
Midwest Region-800100.5785	JA	248640	5/31/2012		(98)	(98)	5780 - MISCELLANEOUS EXPENSE	ADVERTISING/MARKETING
WSC-102108.5785	JA	3999	4/30/2012	64		64	5780 - MISCELLANEOUS EXPENSE	ADVERTISING/MARKETING
Midwest Region-800100.5785	JA	248640	4/30/2012	98		98	5780 - MISCELLANEOUS EXPENSE	ADVERTISING/MARKETING
HICKMAN COUNTY GAZETTE	PV	476788	11/7/2012	33		33	5780 - MISCELLANEOUS EXPENSE	ADVERTISING/MARKETING
HEARTLAND PUBLICATIONS LLC	PV	454905	8/7/2012	56		56	5780 - MISCELLANEOUS EXPENSE	ADVERTISING/MARKETING
						160		

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

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.

**RESPONSE:**

Clinton Tank #1 (Grubbs Subdivision)

- A. 12/20/2012
- B. \$66,615.74
- C. 60 months
- D. 12/1/2012
- E. \$13,323.12

Clinton Tank #2 (Washington Street)

- A. 11/1/2004
- B. \$50,000.00
- C. 60 months
- D. 11/1/2004
- E. \$10,000.00 (Fully amortized, not included in the rate case)

Middlesboro Tank #1

- A. 7/11/2005
- B. \$20,000.00
- C. 60 months
- D. 7/1/2005
- E. \$4,000.00 (Fully amortized, not included in the rate case)

Witness: James Leonard and Bruce Haas



**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

111. What is the basis for the 2% depreciation rate referenced on page 6, lines 15-16 of Mr. Yap's testimony?

RESPONSE: Please refer to the response provided to Staff's Second Request for Information, Item 7.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

112. Please provide all supporting documentation for the use of the 88% Operating Ratio shown in Exhibit E.

RESPONSE: Please refer to Revenue Requirement workpaper attachment provided with this response (Excel file "AG DR 1-112 Revenue Requirement"). The Company used the same calculations for Operating Ratio in the last rate case.

Witness: Lowell Yap

**CASE No. 2013-00237**  
**WATER SERVICE CORPORATION OF KENTUCKY**  
**RESPONSES TO THE ATTORNEY GENERAL'S INITIAL REQUEST FOR INFORMATION**

---

113. Regarding w/p [p-5], please provide a key identifying each of the abbreviations used in the column headings of this workpaper.

**RESPONSE:**

A/A = Accumulated Amortization

A/D = Accumulated Depreciation

UC = AA general ledger + UA general ledger + UR general ledger

AA = General Ledger of direct costs of the WSKY (GAAP Ledger)

UA = General Ledger of allocated costs from the cost centers to WSKY (Allocations Ledger)

UR = Commission Ordered adjustments (not applicable for WSKY)

TB = Trial Balance

Witness: Lowell Yap