

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

1. Refer to the Commission's July 24, 2014 Order in Case No. 2013-002371 and to the Application in the instant proceeding, page 3, Item 15. In its Order, the Commission granted WSKY a rate increase that would increase annual revenues by 3.95 percent. At Item 15, WSKY states that the requested rates in this proceeding will generate additional annual revenues in the amount of \$516,989, a 24.62 percent increase. Identify, discuss, and quantify each change to WSKY's operations that has occurred since Case No. 2013-00237 that contributes to the need for such a significant rate increase at this time.

Response: Although the Company was issued an Order and began billing under the rates approved in Case No. 2013-00237 on July 24, 2014; the test year utilized in Case No. 2013-00237 ended December 31, 2012. The implication being, the Company already has an immediate need for revenue as the period of revenue recognition (July 24, 2014 – July 23, 2015) does not match the test year (January 01, 2012 – December 31, 2012).

Between its last case and its current case the Company has noticed increases in capital spending and decreases in its operating income. The drivers are listed below:

Capital Spending:

Plate Settler Project – Approximately a \$373,000 increase to plant in service.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

24th St Main Replacement Middlesboro Project – Approximately a \$69,000 increase to plant in service.

45th St Main Replacement Middlesboro Project – Approximately a \$101,000 increase to plant in service.

Operating Income:

Salaries, Wages, Pension and Other Benefits – Approximately a \$96,000 increase versus last case.

Depreciation and Amortization – Depreciation and Amortization expenses from Case No. 2013-00237 totaled \$195,291, and current proposed Depreciation and Amortization expense totals \$346,602. The difference in expense is \$151,311 which is caused by both, the proposed change in depreciation rates and increases in gross plant in service.

Operating Revenues – Although the Commission authorized recovery \$2,310,187, the Company recognizes only \$2,167,760 in operating revenue, which is a difference of \$142,427. The difference is caused by loss of customers, consumption declines and an incorrect proof of revenue from Case No. 2013-00237.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

2. Refer to the Application, Exhibit 3, and to the Application, Exhibit 5, Direct Testimony of Brian N. Halloran ("Halloran Testimony"), Page 15, lines 6-12. As shown on Exhibit 3, consolidating WSKY's current rates will result in a 29.31 percent rate increase to a typical residential customer in WSKY's Middlesboro service territory, but will result in a 14.80 percent rate decrease to a typical residential customer in WSKY's Clinton service territory. On page 15, Mr. Halloran states that rate consolidation is appropriate "because many of the operational and management costs are common amongst both territories."

a. Given the significant difference the proposed rate consolidation would have on the rates of the customers in WSKY's two service territories, discuss the consideration WSKY gave to gradually moving toward cost-based rates over multiple future rate filings instead of immediate implementation through this Application.

b. Discuss whether WSKY believes that a gradual move toward consolidated rates would reduce rate shock on its customers and, therefore, be more appropriate than an immediate implementation of consolidated rates.

c. Provide all documentation, e-mails, correspondence, or work papers that detail the consideration given to a gradual move toward consolidated rates.

Response:

a. WSKY did consider gradually moving toward cost-based rates over future rate filings. However, the overall revenue request increase in this filing, 24.62%, is very similar to the impact of consolidating rates for Middlesboro customer.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

b. WSKY does not believe a gradual move towards consolidated rates would be noticed by the customer base in Middlesboro as there is minimal difference between implementing consolidated rates or proposing an across the board increase of 24.62%.

c. N/A

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

3. Refer to the Application, Exhibit 4, Schedule A. An acquisition adjustment is reported in the amount of \$137,269.

- a. Provide the original entry used to record the acquisition adjustment.
- b. Discuss the details of the acquisition made by WKSJ that required the recording of the acquisition adjustment.
- c. Provide an amortization schedule that shows the acquisition adjustment's entire life.

Response:

- a. Please refer to the attached workbook labeled "*Staff DR 2.03 – Acquisition Adjustment*" for the Company's response.
- b. The acquisition adjustment was made to balance the acquisition entry of the system.
- c. Please refer to the attached workbook labeled "*Staff DR 2.03 – Acquisition Adjustment*" for the Company's response.

Witness: Brian Halloran

Staff DR 2.03

Acquisition Adjustment

(See attached Excel file)

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

4. Refer to the Application, Exhibit 4, Schedule A. Deferred Charges are reported at \$224,617. List each deferred charge included in this balance. For each deferred charge provide the following:

- a. a description of each charge;
- b. an amortization schedule for the charge's entire life.

Response:

- a. Please refer to the attached file labeled "*Staff DR 2.04 – Deferred Charges*" for the Company's response.
- b. Please refer to the attached file labeled "*Staff DR 2.04 – Deferred Charges*" for the Company's response.

Witness: Brian Halloran

Staff DR 2.04

Deferred Charges

(See attached Excel file)

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

5. Refer to the Application, Exhibit 4, Schedule D and Workpaper s. Column G on Schedule D demonstrates that WSKY's unadjusted test-year billing determinants (minimum bills and gallons sold) produce \$2,100,262 in annual water sales revenue when billed at present rates; however, Workpaper s demonstrates that pro forma present rate revenues are equal to \$2,100,262 after adjustments are made to test-year revenues to remove sales to the Clinton Detention Center and to reduce test-year sales for the "Usage Normalization Adjustment" proposed by WSKY.

a. State whether the billing determinates shown in Schedule D are the actual test-year amounts, or whether they are the test-year amounts after adjustments were made to remove sales to the detention center and to account for the "Usage Normalization Adjustment."

b. If Schedule D shows the unadjusted test-year billing determinants, explain why the resulting test-year revenue total of \$2,100,262 is equal to the adjusted amount shown on Workpaper s.

c. If Schedule D shows the test-year billing determinants after adjustments were made to remove sales to the detention center sales and the "Usage Normalization Adjustment," provide a billing analysis that shows separately the actual test-year billing determinants and the adjustments made thereto.

Response:

a. The billing determinates shown in Schedule D are the test-year amounts after adjustments were made to remove sales to the detention center and to account for the "Usage Normalization Adjustment".

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- b. N/A
- c. Please refer to the file provided in response to Staff DR 1.3 labeled "*Staff DR 1.3 – wps Revenue*". The tab labeled "Detailed Billing" shows the raw data of actual test-year billing determinants, less the removals of out-of-period adjustments and the detention center sales which are shown on the tab labeled "Removals". The "Detailed Billing" tab was then used to organize the tab labeled "Detailed Billing Pivot", which was used to produce the tab labeled "Schedule D", which shows what Schedule D in Exhibit 4 would be prior to any "Usage Normalization Adjustments". The tab labeled "Detailed Billing Pivot v2" shows same information as "Detailed Billing Pivot", but "Detailed Billing Pivot v2" applies the "Usage Normalization Adjustment". "Detailed Billing Pivot v2" was used to produce the tab labeled "Schedule D v2", which shows Schedule D in Exhibit 4 with all test-year billing determinants and adjustments that WSKY is proposing to revenue.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

6. Refer to the Application, Exhibit 4, Schedule D, Middlesboro Municipal Fire Protection WIND.

- a. Provide a detailed explanation of this information.
- b. Explain where this rate is in the current tariff on file with the Commission.

Response:

- a. This customer classification applies to one customer only and this customer is an industrial customer located in the S Side Industrial Park in Middlesboro who receives Fire Protection services.
- b. Although this rate is not in the current tariff on file with the Commission, the customer was being billed according to a historical service agreement that was effective prior to UI's acquisition of this system, and is consistent with what was approved in the last rate case.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

7. Refer to the Application Exhibit 4, Workpaper sand the Halloran Testimony, Page 4.
- a. Provide a copy of the consumption analysis for July 2008, through June 2015 ("consumption analysis") that is referred to on Page 4.
 - b. State the reason why WSKY began the analysis with July 2008, instead of an earlier date.
 - c. For any decline in consumption shown in the consumption analysis, identify and explain the reasons for the decline and provide evidence that additional consumption decline will continue into the future for each stated reason.
 - d. On Workpaper s, WSKY reduces "Per Books" revenue by \$13,737 to account for a "Usage Normalization Adjustment." Provide work papers that show the derivation of the \$13,737 adjustment using the results of the consumption analysis.
 - e. State whether any of Utilities, Inc.'s ("UI") other regulated subsidiaries have requested adjustments similar to the "Usage Normalization Adjustment" in rate applications filed with other state regulatory commissions. If yes, provide a copy of all commission orders that either authorized or denied the adjustment.
 - f. State whether WSKY agrees that, if the Commission accepts the proposed "Normalization Revenue Adjustment," matching adjustments are also warranted to decrease test-year purchased water, purchased power for pumping, and chemicals. If WSKY does not agree, explain. If WSKY agrees, quantify the adjustments that WSKY finds is appropriate, provide the

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

calculation for each adjustment, and explain why WSKY did not propose each adjustment in its Application.

Response:

Please reference the zipped folder labeled "*Staff DR 2.07*" for the files mentioned in response to the questions below. Due to the large file size and limitations on uploading documents, the majority of these files will be produced on compact disc.

- a. Please refer to the attached workbook, "WSKY Consumption Analysis".
The rates used to adjust usage can be found on tab, "Consumption Change", cells L45:L52.

Supporting workbooks are labeled, "WSKY Customer Counts" and "WSKY yyyy Bills".
- b. WSC's Customer Care and Billing ("CC&B") software was implemented in June of 2008. The Company has used July 2008 as the start date for this analysis as that marks the beginning of its reliable and consistent customer consumption data.
- c. Reasons for consumption decline include, but are not limited to the following:
 - i. The gradual movement toward household low-flow appliances and fixtures such as dishwashers, washing machines and toilets.
 - ii. Household conservation efforts from environmental awareness.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

iii. Price increase for water service.

Declining consumption is not just a reality facing WSKY. The Water Research Foundation (“WRF”) and the U.S. Environmental Protection Agency (“EPA”) jointly sponsored a study entitled North America Residential Water Usage Trends Since 1992 (“the Study”). The Study summarizes there is “...a pervasive trend toward lower water usage per household. The Magnitude of the decline is consistent across North American utilities and is confirmed by more detailed data provided by the study’s partner utilities,” (p. xxvii). The Study stated that “many water utilities across the United States and elsewhere are experiencing declining water sales among households. This study is available at <http://www.waterrf.org/Pages/Projects.aspx?PID=4031>.

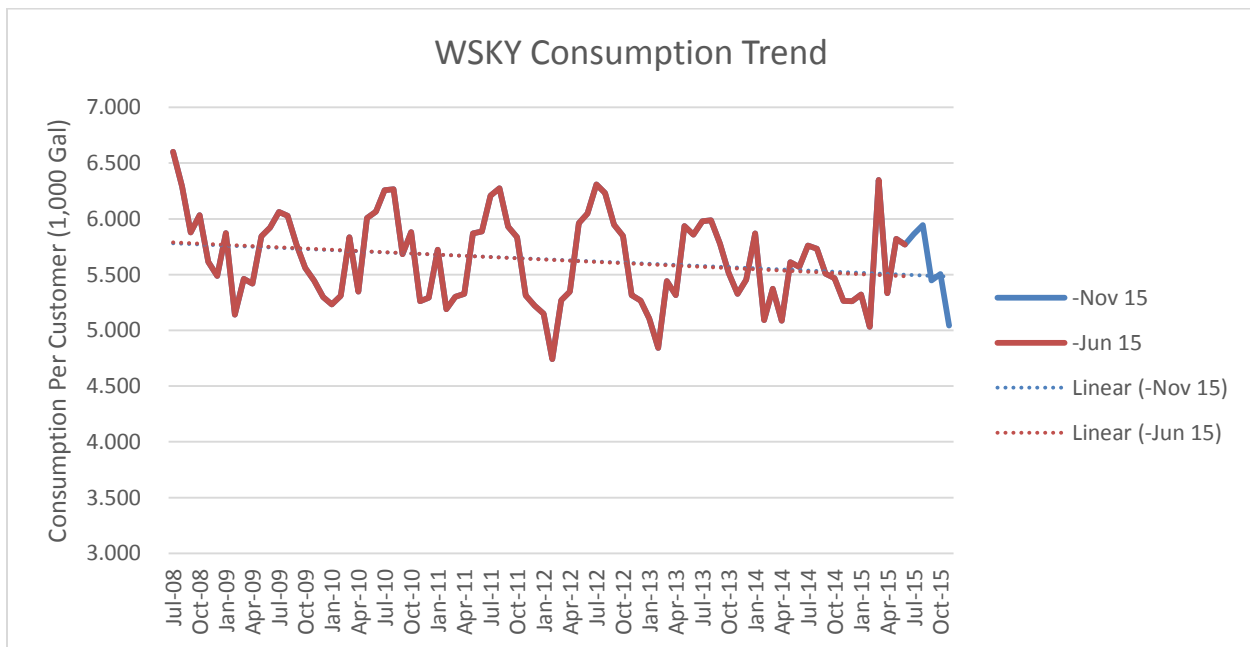
Further, one of the water utilities central to this study was the Louisville Water Company (“LWC”), which serves customers in the Louisville area. The study shows that water consumption per household declined by 21 gallons per day, when comparing data from 1990 through 2007 (p. 64). This translates into an annual “conservation” effect of .62% per household per year, compounded. These results are remarkably similar to WSKY’s internal analysis, which shows an average annual “conservation” effect of .72% per customer per year. The study also found that the impact of low-flow appliances translate “into an annual

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

average “conservation” effect of .56% per household per year, compounded.” (p. 61). And that “Louisville is still between the innovation and maturity period for the Ultra-Low-Flush toilets and efficient clothes washers.” (p.61).

WSKY’s actual results of declining usage is consistent with WRF and EPA’s findings and the trend, which WSKY has noticed over the last seven years will remain a trend, until it is no longer a trend.

The Company has updated its consumption analysis to incorporate the most recent data it has available, which is consumption through November 2015. As can be seen by the below graph, WSKY continues its declining consumption trend.



CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- d. Please refer to the file provided in response to Staff DR 1.3 labeled “*Staff DR 1.3 – wps Revenue*”. The “Usage Normalization Adjustment” of \$13,737 is calculated by taking the difference between the total test-year revenues by customer class and meter size shown in Column P of the tab labeled “Schedule D v2” and the total test-year revenues by customer class and meter size shown in Column P of the tab labeled “Schedule D”. The tab labeled “Schedule D v2” is the calculation of test-year revenues and proposed revenues by customer class and meter size that shows the test-year billing determinants after adjustments were made to remove sales to the detention center sales and the “Usage Normalization Adjustment”. The tab labeled “Schedule D” is the same calculation as the tab labeled “Schedule D v2”, as described above, but the tab labeled “Schedule D” doesn’t incorporate the “Usage Normalization Adjustment”.
- e. UI’s sub, Utility Services of Illinois, Inc. (“USI”) was granted a usage decline adjustment of 2.65% annually, in its most recent rate application. Per page 23 on the attached order (“USI Docket 14-0741”) the Commission found, “USI has provided ample support for its projected decrease in water consumption for the 2015 test year, including six years of historical data from 2008 to 2014 showing annual consumption declines. The Company also provided industry studies, reports, executive

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

orders, and other governmental policies indicating a trend throughout the industry toward lower water usage. Additionally, the Company presented a demonstration that shows weather normalization is unnecessary in this situation where the Company's analysis includes several years of data since any variations in the weather during this time period are likely to offset each other."

- f. The Company agrees matching adjustments are warranted to decrease test-year purchased power for pumping and chemical expense. The Company does not agree it is prudent to reduce purchased water expense, as that expense is a fixed expense with no variable component. The Company did not include an adjustment for chemical expense nor purchased power expense as the Company's analysis showed its historical data does not appear to be statistically significant. Chemical-to-pumped data is not statistically significant because chemicals are sometimes purchased in bulk in an effort to save costs and the use of chemicals may be impacted by weather in addition to consumption. Purchased power-to-pumped data is not statistically significant because purchased power costs are typically higher in colder periods, due to the heating needs of the plants, which are the same periods consumption is lowest.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

However, after more consideration the Company agrees adjustments are warranted and is proposing both a -.72% reduction to purchased power expense and chemical expense, which is consistent with the overall average customer consumption reduction proposed by the Company. A -.72% reduction to purchased power expense results in a proposed expense reduction of \$646.36 ($\$89,773 * -.72\%$). A -.72% reduction of chemical expense results in a proposed expense reduction of \$823.02 ($\$114,308 * -.72\%$).

Witness: Brian Halloran

CASE No. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Staff DR 2.07

USI Docket 14-0741

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Utility Services of Illinois, Inc.	:	
	:	
Proposed Rate Increases for Water and Sewer Service. (tariffs filed November 10, 2014)	:	14-0741
	:	

ORDER

September 22, 2015

Table of Contents

I.	INTRODUCTION	1
A.	Procedural History	1
B.	Nature of Operations.....	2
C.	Test Year	3
D.	Requested Increase.....	3
II.	RATE BASE	3
A.	Uncontested Issues	3
1.	Working Capital.....	3
2.	Plant Disallowances from Prior Proceedings (Including Derivative Impacts)	3
3.	Capitalized Time in Plant Accounts with No Assets	4
4.	Derivative Impact of Illinois State Income Tax Rate Change	4
5.	Derivative Impact of 2014 Bonus Depreciation	4
6.	Oakwood Main Project.....	4
7.	Capitalization of Costs Associated with 83 Ill. Adm. Code 280	4
8.	Original Cost Determination	5
B.	Contested Issues	5
1.	Deferred Charges.....	5
C.	Commission Analysis and Conclusion	6
III.	OPERATING EXPENSES	6
A.	Uncontested Issues	6
1.	Add-On Taxes / Public Utility Tax.....	6
2.	Illinois State Income Tax Rate Change	6
3.	Lake Marian Loss of Prudent Abandonment Amortization	6
4.	2014 Bonus Depreciation.....	6
5.	Holiday Parties, Events & Picnics Expense	7
6.	Customer Service Expense.....	7
7.	Unaccounted-For Water Expenses	7
8.	Rent Expense.....	7
9.	Rate Case Expense	7
10.	Fuel Expense	9
B.	Contested Issues	9
1.	Deferred Maintenance Expense.....	9
2.	Rate Case Expense – WSC Personnel.....	12
3.	Insurance Expense	14
4.	Wages & Salaries Expense – WSC Personnel	16
5.	Uncollectibles Expense	18
6.	Sales Adjustment	20
C.	Commission Conclusions on Operating Revenues and Expense Statement	23
IV.	RATE OF RETURN	23
A.	Capital Structure	23
B.	Cost of Debt.....	23
C.	Return on Equity	24

D.	Commission Analysis and Conclusion	24
V.	RATE DESIGN	24
A.	Uncontested Issues	24
1.	Availability Charges.....	24
2.	Provision of an Updated Cost of Service Study in the Company's Next Rate Case.....	25
B.	Contested Issues	25
1.	Consolidated Rate Structure	25
VI.	OTHER.....	33
A.	Elimination of Purchased Water and Purchased Sewer Surcharges	33
B.	Final Reconciliations of Purchased Water and Purchased Sewer Surcharges	34
C.	Proposed Depreciation Rates	36
D.	Maximum Allowable Unaccounted-for Water Percentage.....	36
E.	Other Tariff Change Proposals	36
VII.	FINDINGS AND ORDERING PARAGRAPHS.....	37

STATE OF ILLINOIS

ILLINOIS COMMERCE COMMISSION

Utility Services of Illinois, Inc. :
: **14-0741**
Proposed Rate Increases for Water :
and Sewer Service. (tariffs filed :
November 10, 2014) :

ORDER

By the Commission:

I. INTRODUCTION

A. Procedural History

On November 10, 2014, Utility Services of Illinois, Inc. (“USI” or the “Company”) filed tariff sheets with the Illinois Commerce Commission (“Commission”), pursuant to Section 9-201 of the Public Utilities Act (“Act”). In these tariff sheets – ILL.C.C. No. 3 First Revised Title Sheet, First Revised Sheet Nos. 1 through 4 and ILL.C.C. No. 4 First Revised Title Sheet, First Revised Sheet Nos. 1 and 2 – USI proposed a general increase in rates for water and sewer service as well as other proposed changes.

Notice of the proposed changes reflected in the tariff sheets was sent to customers, posted in USI’s business offices, and published in a newspaper of general circulation in its service areas, in accordance with the requirements of Section 9-201(a) of the Act and the provisions of 83 Ill. Adm. Code Part 255. The Commission issued an Order on December 17, 2014 suspending the tariffs up to and including April 10, 2015 and initiating this proceeding. Subsequently, the Commission re-suspended the tariffs on March 25, 2015 up to and including October 10, 2015.

On December 19, 2014, the Attorney General of the State of Illinois (the “AG”) filed an appearance. On January 16, 2015, the Company filed a Motion for Entry of a Protective Order in this proceeding, which was granted on February 18, 2015. On January 6, 2015, the Galena Territory Association (“GTA”) filed a verified petition to intervene. On April 23, 2015, Westlake Village Master Homeowners Association, Inc. (“WVMHA”) filed a verified petition to intervene. On April 30, 2015, Westlake Village Limited Partnership (“WVLP”) filed a verified petition to intervene. On July 6, 2015, Lake Holiday Property Owners Association, Inc. (“LHPOA”) filed a verified petition to intervene. All of the petitions were granted.

Pursuant to notice as required by the law and rules and regulations of the Commission, an evidentiary hearing was held before a duly authorized Administrative Law Judge (“ALJ”) of the Commission at its offices in Chicago, Illinois on May 20, 2015. At the evidentiary hearing, the Company, the AG, Staff of the Commission (“Staff”), GTA, WVMHA, and WVLP (collectively, GTA, WVMHA, and WVLP are the “Intervenors”), appeared and presented testimony.

The Company presented the following witnesses: Steven Lubertozzi, President of USI; Dimitry I. Neyzelman, a Financial Planning and Analysis Manager at Utilities, Inc. (“UI”); Justin Kersey, the Financial Planning and Analysis Manager of USI; Bruce T. Haas, Vice President of Operations for the Midwest Region of UI; John F. Guastella, President of Guastella Associates, LLC; and Dylan W. D’Ascendis, a Managing Consultant at Sussex Economic Advisors, LLC.

The following witnesses testified on behalf of Staff: Richard W. Bridal II, Mary H. Everson, and Theresa Ebrey, Accountants in the Accounting Department of the Financial Analysis Division; Christopher Boggs, a Rate Analyst in the Rates Department of the Financial Analysis Division; Janis Freetly, a Senior Financial Analyst in the Finance Department of the Financial Analysis Division, Jonathan M. Sperry, a Water Engineer in the Water Engineering Program of the Safety and Reliability Division; and Michael McNally, a Senior Financial Analyst in the Finance Department of the Financial Analysis Division.

The Intervenors presented the following witnesses: Joe Mattingley, the Chief Executive Officer of GTA on behalf of GTA; Steven Korn, a member of the board of directors of WVMHA on behalf of WVMHA; and Timothy H. Jagielski, the Assistant Counsel at Williams Charles, Ltd. on behalf of WVLP. The AG presented the testimony of Frank W. Radigan, a Consultant at Hudson River Energy Group.

Initial Briefs and Reply Briefs were filed by all of the parties, except LHPOA, on June 16, 2015 and July 7, 2015, respectively. On July 17, 2015, Staff filed a Motion to Deny Requests for Public Forum, which was granted on August 3, 2015. The record was subsequently marked “Heard and Taken.”

The ALJ’s Proposed Order was served on August 7, 2015. On August 21, 2015, the AG and the Intervenors along with LHPOA filed Briefs on Exceptions. On September 4, 2015, the Company and Staff filed Reply Briefs on Exceptions. This Order considers all of the positions and arguments set forth in the Briefs on Exceptions and Reply Briefs on Exceptions.

B. Nature of Operations

USI is a wholly owned subsidiary of UI. UI owns approximately 63 water and sewer utilities operating in 15 states, including USI. Water Service Corporation (“WSC”) manages the operation for all of UI’s water and wastewater systems, including USI. WSC provides management, administration, engineering, accounting, billing, data processing, and regulatory services for the utility systems. WSC’s expenses are assigned directly to a utility or distributed to the various companies pursuant to a formula that has been approved by the Commission.

USI was incorporated in 2013 solely for implementation of the merger into a single entity of the 23 separate wholly owned subsidiaries of UI that provided water and sewer services in Illinois (the “Illinois Utilities”). The merger was approved by the Commission on October 7, 2014 in Docket No.13-0618. Under the approved merger, the existing rates of each of the Illinois Utilities remained in effect for the customers located in divisions of USI corresponding to the service areas that were served by the former UI operating subsidiaries. More than half of those utilities had not filed for a

general rate increase since 2010, and the rates for six of those companies were established during the period from 1987 through 2004. For most of the predecessors that filed for rate increases after 2010, the current rates were designed to recover expense levels based on test years that included costs incurred in 2010.

USI provides water service to approximately 12,000 customers and almost 3,000 availability customers via almost 50 wells and more than 1.39 million (“mm”) linear feet of water distribution mains. USI also provides wastewater service to approximately 4,000 customers via more than .240 mm linear feet of wastewater collection mains and seven wastewater treatment facilities. USI serves customers in twelve different counties throughout Illinois, including Jo Daviess, Kane, Lake, LaSalle, Marshall, McHenry, Peoria, Stephenson, Vermilion, Will, and Winnebago.

C. Test Year

USI’s filing is based on a future test year ending December 31, 2015, with pro forma adjustments for known and measurable changes. No party challenged the reasonableness of using the year 2015 as a future test year.

The Commission concludes that the test year ending December 31, 2015, with adjustments for known and measurable changes, is appropriate for the purposes of this proceeding.

D. Requested Increase

USI originally proposed to increase annual revenues by \$2,326,239 for water service and \$576,917 for sewer service. In surrebuttal testimony, USI proposed a \$2,061,306 revenue increase for water and \$533,552 increase for sewer which reflects that USI agreed with or accepted, in whole or in part, numerous Staff and AG proposed adjustments and updated certain items.

II. RATE BASE

A. Uncontested Issues

1. Working Capital

Staff witness Ebrey proposed an adjustment to the Company’s proposed calculation of cash working capital to remove the impact of real estate taxes where payment is deferred for more than one year because the deferral results in an extended payment lag from which the Company has the use of the funds. Staff Ex. 1.0 at 7-8. The Company accepted Staff’s adjustment. USI Ex. 7.0 at 1-2.

The Commission finds that this adjustment is appropriate.

2. Plant Disallowances from Prior Proceedings (Including Derivative Impacts)

Staff proposed an adjustment to remove certain plant that had previously been disallowed in prior rate cases of Del-Mar Water Company and the derivative adjustments for that plant. Staff Ex 3.0 at 2. The Company accepted Staff’s adjustment. USI Ex. 7.0 at 2 and Scheds. 7.02 W and 7.04 W.

The Commission finds that adjustment to be appropriate.

3. Capitalized Time in Plant Accounts with No Assets

Staff witness Ebrey proposed an adjustment to remove capitalized labor associated with plant accounts 307 and 335 because there were no assets in those accounts. Staff Ex. 3.0 at 3-4. The Company accepted Staff's adjustment. USI Ex. 7.0 at 2 and Schedules 7.02 W and 7.04 W.

The Commission finds that Ms. Ebrey has correctly analyzed this issue and her position is adopted.

4. Derivative Impact of Illinois State Income Tax Rate Change

Staff proposed an adjustment to reflect the impact on accumulated deferred income taxes ("ADIT") for the decrease in the Illinois state income tax ("SIT") rate from 9.5% to 7.75% effective January 1, 2015, in accordance with Public Act 98-496. Staff Ex. 1.0 at 9-10. The Company accepted Staff's adjustment. USI Ex. 7.0 at 8. No other party addressed this issue in testimony.

The Commission finds that adjustment to be appropriate.

5. Derivative Impact of 2014 Bonus Depreciation

Staff proposed an adjustment to reflect the impact on ADIT of the 50% bonus depreciation that the Company elected in 2014. Staff Ex. 1.0 at 12-13. The Company agreed with Staff's adjustment and updated the adjustment to include the impact of changes in 2014 utility plant in service (as set forth in USI Exhibit 7.0, Schedule 7.11 W) and to use the correct SIT rate of 7.75% as opposed to the 9.5% that was used in the calculation of Staff's adjustment. USI Ex. 7.0 at 3; USI Ex. 8.0 at 1-2. Staff concurs with the updated adjustment proposed by USI. Staff Ex. 7.0 at 6. No other party addressed this issue in testimony.

The Commission finds that adjustment to be appropriate.

6. Oakwood Main Project

USI proposed adjustments in its rebuttal testimony to include a major water main project for the Oakwood service area. USI Ex. 7.0 at 2; USI Ex. 9.0 at 1-3. USI first discussed this plant addition in its December 22, 2014 supplemental direct testimony, USI Exhibit 5.01, wherein USI stated that the project was expected to be completed by the end of 2014 and was unintentionally left out of USI's direct testimony exhibits. USI Ex. 5.01 at 1-3. Staff reviewed supporting documentation for the main project and did not object to the inclusion of the project in rate base. Staff Ex. 7.0 at 7. No other party addressed this issue in testimony.

The Commission finds that adjustment to be appropriate.

7. Capitalization of Costs Associated with 83 Ill. Adm. Code 280

In its original response to a Staff data request, Staff DR RWB 3.02, the Company indicated that it intended to include costs associated with the implementation of 83 Ill. Adm. Code 280, Procedures for Gas, Electric, Water and Sanitary Sewer Utilities Governing Eligibility for Service, Deposits, Billing, Payments, Refunds and Disconnection of Service, in its test year forecast. In the Company's supplemental

response to Staff DR RWB 3.02, the Company stated that in order to ensure compliance with the rule changes to 83 Ill. Adm. Code 280 it will spend \$643,140 which will be capitalized to computers and depreciation over eight years, resulting in an increase to the Company's depreciation expense of \$80,393. Staff Ex. 1.0 at 21-22. Staff's direct testimony required that if USI intended to request recovery of these costs, the Company should in its rebuttal testimony clearly set forth the necessary changes to its proposed revenue requirement and provide a detailed explanation of these additional costs. USI provided the required explanation in its rebuttal testimony and referenced its responses to Staff DRs RWB 7.01-7.03 which were outstanding at the time Staff's direct testimony was prepared. USI Ex. 7.0 at 2-3; USI Ex. 6.0 at 5-6. Staff has no objection to including the proposed costs required to implement and comply with changes to 83 Ill. Adm. Code 280. Staff Ex. 7.0 at 8. No other party addressed this issue in testimony.

The Commission finds these adjustments to be appropriate.

8. Original Cost Determination

Based on the adjustments to plant in service recommended by Staff and as calculated on Schedule 1.15, Staff recommended that the Commission Order include the following language:

IT IS FURTHER ORDERED that the \$37,241,560 original cost of water plant in service for Utility Services of Illinois, Inc. at December 31, 2013, as reflected on Staff Schedule 1.15, is unconditionally approved as the water original costs of plant.

IT IS FURTHER ORDERED that the \$11,760,334 original cost of sewer plant in service for Utility Services of Illinois, Inc. at December 31, 2013, as reflected on Staff Schedule 1.15, is unconditionally approved as the sewer original costs of plant.

Staff used December 31, 2013 for the original cost determination because the twelve months ending December 31, 2013 represents the most recent calendar year for which final historical data is available. Because USI maintains its books on a calendar year basis, using the most recent calendar year for which final historical data is available would set a more reasonable starting point for updating the original cost determination in future rate cases. Due to its acquisition during 2014, the Galena Territories–Oakwood service area was not included in Staff's original cost recommendation. Staff Ex. 1.0 at 21-22. The Company agreed with Staff's recommendation. USI Ex. 7.0 at 3. No other party addressed this issue in testimony.

The Commission finds Staff's recommended language is appropriate and should be included in the Ordering paragraphs.

B. Contested Issues

1. Deferred Charges

The impact on rate base of the contested operating expense issue concerning deferred maintenance expense is discussed in Section III.B.1 of this Order.

C. Commission Analysis and Conclusion

The development of the approved water rate base adopted for USI for purposes of this proceeding is shown in Appendix A to this Order, while the approved sewer rate base adopted for the Company is shown in Appendix B to this Order.

The Commission finds that the adjustments to the rate base reflected in the appendices are supported by the evidence, are reasonable, and should be adopted.

III. OPERATING EXPENSES

A. Uncontested Issues

1. Add-On Taxes / Public Utility Tax

Staff proposed an adjustment to remove add-on taxes from operating revenues and expenses. Additional amounts of add-on tax included in the Company's proposed increases were removed through the gross revenue conversion factor on column (f) of Schedules 1.01 W and 1.01 S. The taxes are an add-on charge to customers' bills and are not an actual operating expense of the utility. Staff Ex. 1.0 at 8. The Company agreed with Staff's adjustment. USI Ex. 7.0 at 1-2. No other party addressed this issue in testimony.

The Commission finds Staff's adjustment to be reasonable.

2. Illinois State Income Tax Rate Change

Staff proposed an adjustment to reflect the impact on the test year expenses at present rates for the decrease in the Illinois SIT rate from 9.5% to 7.75% effective January 1, 2015, in accordance with Public Act 98-496, Income Tax Rate – Section 201. Staff Ex. 1.0 at 9. USI agreed with Staff's adjustment. USI Ex. 7.0 at 8. No other party addressed this issue in testimony.

The Commission finds this adjustment is proper.

3. Lake Marian Loss of Prudent Abandonment Amortization

Staff proposed an adjustment to extend the length of the amortization period for the Lake Marian Water Production Plant Loss of Prudent Abandonment. Staff's adjustment results in a reduction to the annual amortization expense. Staff Ex. 1.0 at 10-11. The Company does not agree with Staff's adjustment; however, for purposes of reducing the number of issues in this proceeding the Company accepted Staff's adjustment. USI Ex. 7.0 at 9. No other party addressed this issue in testimony.

The Commission finds Staff's adjustment to be reasonable.

4. 2014 Bonus Depreciation

Staff proposed an adjustment to include the impact of the calendar year 2014 50% bonus depreciation in the revenue requirement. Staff Ex. 7.0 at 12-13. The Company agreed with Staff's adjustment and updated the adjustment to include the impact of changes in 2014 utility plant in service (as set forth in USI Exhibit 7.0, Schedule 7.11 W) and to use the correct SIT rate of 7.75% as opposed to the 9.5% that was used in the calculation of Staff's adjustment. USI Ex. 7.0 at 3; USI Ex. 8.0 at 1-2.

Staff concurs with the updated adjustment proposed by USI. Staff Ex. 7.0 at 6. No other party addressed this issue in testimony.

The Commission finds Staff's proposed adjustment, as updated by the Company, to be reasonable.

5. Holiday Parties, Events & Picnics Expense

Staff proposed in direct testimony the removal of USI's holiday parties, events, and picnics expense because these costs are not necessary for the provision of utility service and should not be recovered from ratepayers. Staff Ex. 2.0 at 10. USI did not oppose this adjustment in its rebuttal testimony. USI Ex. 7.0 at 8.

The Commission finds Staff's adjustment to be reasonable.

6. Customer Service Expense

Staff proposed a reduction to USI's forecasted billing and customer services expense to a more reasonable level as determined by the Company in its response to Staff DR MHE 7.05. Staff Ex. 2.0 at 11-12. USI agreed with the adjustment in its rebuttal testimony. USI Ex. 7.0 at 8.

The Commission finds Staff's adjustment to be reasonable.

7. Unaccounted-For Water Expenses

Staff witness Sperry testified that the amount by which the unaccounted-for water exceeds the maximum as defined by the Company's tariffs is 4.2%. Staff Ex. 11.0 at 3, Sched. 11.03. Given Mr. Sperry's testimony that the Company's unaccounted-for water was in excess of that permitted by the Company's tariff, Staff witness Everson calculated an adjustment to operating expenses of negative \$25,893 to account for excess purchased power and fuel, excess chemicals, and excess purchased water. Staff Ex. 8.0, Sched. 8.03. USI did not oppose Mr. Sperry's testimony nor Ms. Everson's proposed adjustment. USI Ex. 13.0 at 5.

The Commission finds Staff's adjustment to be reasonable.

8. Rent Expense

Staff proposed an adjustment to reduce the level of the rent expense based on a more reasonable rate per square foot for the proposed new lease than the rate per square foot proposed by the Company. Staff Ex. 2.0 at 8-10. The AG's proposed adjustment eliminated the increased rent expense that its witness determined to be unsupported. AG Ex. 1.0 at 6. At the evidentiary hearing, USI accepted the AG's adjustment, eliminating the increase to rent expense in its entirety, thus making Staff's proposed adjustment moot.

The Commission finds the AG's adjustment to be appropriate.

9. Rate Case Expense

a. Legal Fees

Pursuant to Section 9-229 of the Act, the Commission is to "specifically assess the justness and reasonableness of any amount expended by a public utility to compensate attorneys or technical experts to prepare and litigate a general rate case

filing. This issue shall be expressly addressed in the Commission's final order." 220 ILCS 5/9-229. No party, including Staff, proposed an adjustment for legal fees in their testimony or Initial Briefs. The Company proposed legal fees of \$200,000, to which Staff agreed. USI Ex. 7.2; USI Ex. 13.2; and Staff Ex. 2.0, Sched. 8.02 at 3. In the present case, the Company has chosen outside counsel to represent them in litigation. In response to a data request, the Company provided copies not only of the amount budgeted for outside counsel and his hourly rate, but also detailed hourly billing records and invoices for outside counsel outlining the services performed along with the date and time in which he performed them. The responses were admitted into the record as USI Exhibit 13.2. These expenses appear commensurate with the expected cost of a case of this type.

The Commission finds that the expenses incurred for outside counsel to litigate this proceeding are just and reasonable under Section 9-229 of the Act.

b. Depreciation Study Witness

Staff witness Sperry testified that USI incurred \$15,724 in charges for work related to a depreciation study as of the filing of Staff's rebuttal testimony. Staff Ex. 11.0 at 2. USI estimated a total cost of \$32,000 for the depreciation study, but that estimate assumed approximately \$16,000 in costs related to post filing work (e.g., preparation of rebuttal testimony, testimony at hearings and post hearing briefing). USI Ex. 7.2, Part 1. Given that the depreciation rates are uncontested, there should be no further costs incurred related to the issue. Therefore, Mr. Sperry recommended that a negative adjustment of \$16,276 be made to rate case expense to reflect actual charges incurred related to the depreciation study. Staff Ex. 11.0 at 2-3, 6. USI agreed with Staff's recommendation. USI Ex. 13.0 at 3.

The Commission finds this adjustment to be reasonable.

c. Rate of Return Witness

Staff proposed an adjustment to rate case expense for USI's rate of return witness's expenses. Staff witness McNally testified that the \$23,956 actually billed for work related to rebuttal testimony was not just and reasonable. Staff Ex. 12.0 at 2. Staff and the Company reached an agreement on the appropriate level of costs for the Company's expert testimony. They agreed that \$20,000 would be a reasonable amount to recover through rates. *Id.* The adjustment is reflected in Staff witness Everson's rebuttal schedules. Staff Ex. 8.0 at 4. The Company confirmed that agreement in the surrebuttal testimony. USI Ex.13.0 at 3.

The Commission finds that the expenses incurred for the costs of the rate of return witness, as modified by the agreement of Staff and the Company are just and reasonable under Section 9-229 of the Act.

d. Mailing, Travel, and Other Costs

Staff proposed an adjustment to USI's forecasted travel to public forums since the Commission did not hold any public forums and none had been planned. Staff Ex. 2.0 at 91-101. The Company incorporated Staff's adjustment into its surrebuttal testimony schedules; therefore it is no longer contesting this issue. USI Ex. 13.0 at 3.

The Commission finds this adjustment to be reasonable.

10. Fuel Expense

Staff proposed a two-fold adjustment to USI's fuel expense to reflect the decline in fuel prices that occurred after USI prepared its fuel forecast and to remove the inclusion of the 2% escalation factor USI added to its forecast. Staff calculated its adjustment using the U.S. Energy Information Administration Short Term Energy Outlook, dated February 2015. Staff Ex. 2.0 at 2. Staff proposed a fuel expense forecast of \$2.66 per gallon for the 2015 test year based on its calculation. In its surrebuttal testimony, USI accepted Staff's proposal to use \$2.66 per gallon for the projection of the 2015 fuel expense. USI Ex. 12.0 at 2. In its Reply Brief, the AG changed its recommendation stating that it agreed that Staff's recommendation should be adopted because its analysis shows that the 18-month average of gasoline price forecast is \$2.69 per gallon which is comparable to Staff's recommendation. The Intervenor do not oppose Staff's approach.

The Commission finds Staff's adjustment to be reasonable.

B. Contested Issues

1. Deferred Maintenance Expense

a. Company's Position

USI witness Haas provided descriptions of, the need for, and cost information regarding major deferred maintenance projects that were included in the Company's revenue request. Among other things, these projects included hydro tank inspections, inspection and cleaning of sewer systems, inflow and infiltration research and repair, and hydro tank painting. USI Ex. 5.2.

The Company notes that it accepted Staff's proposed adjustments to deferred maintenance expense. The resulting annual expense supported by Staff and the Company is \$294,440.

The Company complains that AG witness Radigan focused on the overall level of spending rather than specific projects and proposed a blanket adjustment to reduce total deferred maintenance expense to \$300,000. The Company states that it specifically identified the projects that would be performed and the costs (USI Exhibits 5.2 and 5.3), contrary to the AG's incorrect assertion that USI "did not show any reason for such a dramatic increase" in the level of deferred maintenance expense.

The Company further complains that Mr. Radigan did not identify any specific maintenance project that should be postponed or canceled in order to maintain the annual expense level he thought should be constant over time. According to the Company, the AG failed to provide any factual basis for its assumption that all maintenance can be staggered so the future expense should be based on the same number of projects at the same cost as in past years. USI Exhibit 5.2 identifies the Company's Policy and Maintenance Guidelines associated with its Asset Management Program underlying the timing of the deferred maintenance projects. The Company argues maintenance schedules are affected by a diverse set of factors, including among other things, the nature of the maintenance, age and type of facility or equipment being

maintained, climate, extent of deterioration from varying demands placed on the assets, improved asset management techniques and budgeting constraints. The Company contends that the AG's recommendation did not examine or assess any aspect of the Asset Management Program. Accordingly, the Company urges the Commission to reject the AG's recommendation.

b. AG's Position

The AG argues that given the large number of water and sewer facilities owned by the Company, it should be doing several deferred maintenance projects like painting, testing, and inspecting each year, and its annual expense should be constant over time. AG Ex. 1.0 at 12. However, the AG contends that the Company's projected deferred maintenance expense is almost double that of 2014 and approximately four times greater than what was incurred in 2009, 2010, and 2011. *Id.* at 13. According to the AG, the Company did not show any reason for such a dramatic increase. Thus, AG witness Radigan recommended that the Company should only be allowed recovery of \$300,000 for deferred maintenance, which is over 20% higher than the 2014 actual expense amount of \$245,000. *Id.* at 13.

The AG states that while Staff witness Bridal's recommendation to reduce deferred maintenance expense by almost \$200,000 is very close to the amount of Mr. Radigan's proposed adjustment, Mr. Bridal's proposal is based on a different theory. The reduction recommended by Mr. Bridal is based primarily on an adjustment that extends the amortization period on certain tank painting projects from five years to ten years. Staff Ex. 1.0 at 17; Staff Sched. 1.14 W at 1; Tr. at 72. The AG asserts that Mr. Bridal admitted during cross-examination that his proposal to lengthen the amortization period on tank painting will not preclude USI from recovering those costs; it merely stretches out the period for recovering the costs. Tr. at 75. The AG adds that Mr. Bridal took no consideration of the number of proposed tank painting projects in the 2015 test year against the historic average of such projects. Tr. at 76. The AG concludes that it does not object to the Commission adopting Mr. Bridal's extended amortization period. However, because Mr. Bridal's adjustment makes no attempt to consider the justness and reasonableness of the amount of the Company's proposed cost recovery for deferred maintenance, the AG argues that the Commission should adopt Mr. Radigan's proposed adjustment in addition to Staff's recommended adjustments.

With respect to USI's position, the AG notes that the Company argues that Mr. Radigan's proposed adjustment should be rejected because he failed to identify any unnecessary projects and he did not conduct any inspections of the facilities in question. The AG contends that USI's argument flips the burden of proof on its head because the Company bears the burden of establishing the just and reasonableness of its proposed rates pursuant to Section 9-201(c) of the Act and USI failed to meet its burden.

c. Intervenors' Position

The Intervenors note that although the AG and Staff recommended different approaches to reduce deferred maintenance expense, the final numbers reached by both parties were within a few thousand dollars. Thus, the Intervenors state that they do not oppose the Company's revised expense level of \$294,440, which reflects its

acceptance of Staff's adjustments, since it is nearly identical to the AG's proposed reduction. USI Ex. 12.0 at 9.

d. Staff's Position

Staff proposed three adjustments to deferred maintenance expense and deferred charges. Staff proposed an adjustment to remove deferred volatile organic compound testing costs that were incurred prior to the test year and for which the Commission did not authorize the deferral as required by 83 Ill. Adm. Code 605, the Uniform System of Accounts in Illinois, Instructions to Account 186, Miscellaneous Deferred Debits. Staff also proposed an adjustment to remove the cost of painting the Company logo on tanks. Staff explains that this adjustment was made because: (1) painting the Company logo on tanks is not necessary for the provision of utility services; (2) the costs to paint the Company logo on tanks are incurred for promotional, institutional, or goodwill advertising which is not permitted under the Act; and (3) recovery of the costs incurred to paint the Company logo on tanks is contrary to Commission guidance in its Final Order in the Company's most recent rate case. Finally, Staff changed the amortization period for tank painting from the Company-proposed period of five years to ten years, thereby reducing the amount of deferred maintenance expense included in the revenue requirement. Staff argues that ten years is a more reasonable length of time between tank paintings because it is consistent with the amortization period that has been requested by the Company in prior rate cases and consistent with the amortization period approved by the Commission in prior rate cases. Staff Ex. 1.0 at 13-17.

Staff agrees with AG witness Radigan in that the Company's forecasted level of deferred maintenance expense for the test year was beyond what should be expected. Staff observes that its analysis and resulting adjustments removed specific, non-recoverable costs in addition to extending the amortization period for various tank painting projects from five years to ten years, consistent with prior Commission practice. *Id.* These adjustments reduced water deferred maintenance expense for the test year by \$199,896. Staff Ex. 1.0, Sched. 1.14 W. Staff explains that while its adjustment to extend the amortization period for tank painting projects reduced test year tank painting amortization expense, these adjustments also increased deferred charges in rate base by \$459,640. *Id.* The net effect of Staff's adjustments to deferred maintenance and deferred charges was to reduce the revenue requirement requested by the Company for its water service areas by \$154,583. Staff Ex. 1.0, Sched. 1.05 W.

Staff takes issue with the AG's assertion that Staff makes no attempt to consider the justness and reasonableness of the amount of the Company's proposed cost recovery for deferred maintenance, but instead only proposes to stretch out the recovery of the same costs over a longer period. Staff argues that this statement mischaracterized Staff's position and it is incorrect, as Staff witness Bridal proposed adjustments which disallowed several deferred maintenance costs because the deferrals had not been authorized by the Commission, were not necessary for the provision of utility services, or were not permitted under the Act. Staff Ex. 1.0 at 13-16. Thus, Staff asserts that it did consider the justness and reasonableness of the amount requested by the Company for deferred maintenance.

Staff states that the AG is correct that one component of Mr. Bridal's adjustment to extend the amortization period for tank painting from five years to ten years does extend the recovery of the same costs over a longer period. However, Staff notes that the ten year amortization period is consistent with both the Company's and the Commission's prior practice. Staff Ex. 1.0 at 16-17. Staff further notes that the AG does not object to Mr. Bridal's reasoning regarding the extended amortization period.

Staff maintains that for the reasons set forth above, the Commission should adopt its adjustments to deferred maintenance expense and deferred charges.

e. Commission Analysis and Conclusion

As noted by the Intervenors, Staff and the AG are in agreement that the Company's forecasted level of deferred maintenance expense for the test year was beyond what should be expected. Although Staff and the AG recommended different approaches to reduce this expense, they both reached similar results. The Commission agrees with these parties that the deferred maintenance expense should be adjusted downward. Based on a review of the record, the Commission finds that Staff's proposed adjustments are supported by the evidence, reasonable, and should be adopted. Contrary to the AG's assertions, Staff's analysis shows that it considered whether the amount requested by the Company was just and reasonable. Staff identified specific costs that should be disallowed because the deferrals had not been authorized by the Commission, were not necessary for the provision of utility service, and were not permitted under the Act. Moreover, its adjustment, which the AG does not object to the Commission adopting, to extend the amortization period for tank painting projects is consistent with both the Company's and the Commission's prior practice. For these reasons, the Commission adopts Staff's adjustments, which were accepted by the Company, and declines to approve any further reductions proposed by the AG.

2. Rate Case Expense – WSC Personnel

a. Company's Position

USI asserts that its revenue request includes the costs of WSC employees who performed the work necessary to file and obtain Commission approval of new rates. These costs were supported by time records maintained by WSC employees, which were admitted into the evidentiary record. USI Ex. 7.2 (Part 1); USI Ex. 13.2 (Part 1). Those records identify the employees who performed the work, provide a description of the work performed, and show the amount of time spent. USI contends that the same type of information was provided to the Commission in Docket Nos. 12-0603/12-0604 (Consol.). Both Staff and the Commission found that the utilities in those cases had provided sufficient information to support the recovery of WSC employee costs as part of rate case expense. USI Ex. 12.0 at 10. Consequently, USI asserts, the AG's argument that the Company has not provided sufficient support for the recovery of costs of internal personnel who worked on this rate case is unfounded.

USI avers that the AG's argument with respect to the accounting for rate case expense attributable to WSC employees is the same argument that was previously reviewed and rejected by Staff in Docket Nos. 11-0059/11-0141/11-0142 (Consol.) and Docket Nos. 11-0561 through 11-0566 (Consol.). In the latter proceeding, Staff

reviewed the Company's method of accounting for internal employee costs related to rate cases and verified it ensured no double counting of internal labor in rate case expense and test year labor charges.

According to the Company, the test year operating expenses allocated to USI for WSC wages and salaries do not include any amounts for employees working on rate cases because those employees charge that time directly ("cap time") to the particular company, as they are required to do by the Affiliated Interest Agreement ("AIA") approved by the Commission. Those direct charges are subtracted from the amount of operating expenses that are allocated to operating companies such as USI. In other words, the residual amounts allocated to USI and other UI affiliates include no directly assigned expense for work performed by employees on rate cases. USI points out that its exhibits show the amount of cap time reductions. The Company reduced its expenses by \$112,028 for rate case cap time. USI Ex. 3.2 at 1. Thus, the Company contends the reductions are not mere "bald assertions" as claimed by the AG. They are backed up by the books and records of the Company, which reflect the time reported by employees as cap time.

b. AG's Position

The AG argues that USI did not establish that certain WSC employees' salaries are not included in both rate case expense and wages and salaries expense. AG witness Radigan observed that without a showing that there is no double counting of internal staff time allocated to both wages and salaries expense and rate case expense, all rate case expense costs should be excluded from the test year revenue requirement. AG Ex. 2.0 at 18. The AG asserts that because USI failed to show that there is no double counting, the AG recommended that the Commission adopt Mr. Radigan's recommendation that the internal staff component of rate case expense be removed from the test year revenue requirement – a downward adjustment of one-fifth of \$195,470, or \$39,094. AG Ex. 1.0 at 10.

The AG contends that USI's assertion that the Commission rejected the AG's argument concerning double counting before in Docket Nos. 11-0561 through 11-0566 (Consol.) is erroneous. The AG submits that the Commission did not address this argument because the companies did not provide enough evidence to establish that their proposed rate case expense was just and reasonable. *Charmar Water Company, et. al.*, Docket Nos. 11-0561 through 11-0566 (Consol.), Final Order at 20 (May 22, 2012). The AG notes that the Commission stated that it was mindful of the double counting concern raised by the AG, but it did not address that issue, because "[t]he Commission cannot make an informed judgment regarding that initial "single"-counting of these labor expenses, as that information is not in the record." *Id.*

c. Staff's Position

In direct testimony, Staff proposed an adjustment to reduce rate case expense from WSC. Staff explains that this adjustment was recommended because the Company's supporting documentation was only minimally descriptive of the duties performed and of the number of hours spent for each duty. Staff Ex. 2.0 at 6. Staff points out that USI's rebuttal testimony included an update to its actual and estimated

rate case expense, which included more detailed descriptions of time spent by WSC employees. USI Ex. 7.0 at 5.

Staff accepted the detailed listing of time spent by WSC employees provided by USI in its rebuttal testimony and withdrew its adjustment in rebuttal testimony. Staff Ex. 8.0 at 4.

d. Commission Analysis and Conclusion

The Commission does not believe that the AG's proposed adjustment to disallow rate case expense attributable to WSC personnel is warranted. The record shows that the Company has provided detailed information regarding what actual expenses were incurred, by whom, for what purpose, and why such expenses were necessary to either prepare the case, respond to discovery, prepare testimony, or complete other activities pertinent to the case. The Company also included a reasonable estimate of the costs to bring the case to conclusion. The information provided by the Company is consistent with past Commission practice, notably Docket Nos. 12-0603/12-0604 (Consol.).

The Commission agrees with the Company that there is no evidence of double counting. As the Company stated, the exhibits provided by USI show the amount of cap time reductions. Specifically, they show that the Company reduced its expenses by \$112,028 for rate case cap time. It is also noteworthy that the AG itself admitted in direct testimony that USI included a 50% reduction to salaries related to rate case activities in 2015.

Moreover, the Commission has considered the costs expended by the Company, as discussed in this Section and Section III.A.9, to compensate attorneys and technical experts to prepare and litigate this rate case proceeding and assesses that such costs in the total amount of \$738,522, which is \$147,704 amortized over five years, are just and reasonable pursuant to Section 9-229 of the Act. 220 ILCS 5/9-229.

3. Insurance Expense

a. Company's Position

The Company states that its proposed revenue request for insurance expense included a share of the common insurance expense forecasted to be incurred by WSC. The total costs of the entire UI organization across all states were forecasted to decline by 2.2% between 2014 and 2015. USI explains that the costs were allocated to all UI operating companies on the basis of the number of equivalent residential connections ("ERCs") each utility has. This allocation is required by the AIA approved by the Commission. Thus, the Company states that while the total insurance expense was forecasted to decrease, USI's share of those costs would increase because the UI's system-wide decrease was offset by the larger share of the costs that were required by the AIA to be allocated to USI. USI Ex. 14.0 at 7.

USI explains that it provided a table in its surrebuttal testimony to better explain the increase to insurance expense that shows: a WSC overall insurance expense decline of 2.2%, consistent with its explanation in USI Exhibit 3.1; an increase in USI's ERC base of 2.5%; and the resulting 0.3% increase in USI's allocation of WSC insurance expense between 2014 and 2015. USI Ex. 14.0 at 2-3.

USI takes issue with the AG's proposed adjustment and urges the Commission to reject the adjustment. According to USI, the AG opposes the amount of insurance expense included in the Company's revenue request because the AG failed to verify how the amount was calculated. USI contends that the AG's adjustment fails to incorporate WSC's current insurance policies and using a historical average of insurance costs, as the AG's adjustment proposes, is not reflective of USI's current operating conditions. USI Ex. 14.0 at 8.

b. AG's Position

The AG claims that the Company's forecast should be rejected because the numbers do not add up. AG witness Radigan testified that USI's insurance expense increased from \$187,804 in 2014 to a projected \$196,978 in the 2015 future test year, a 4.88% increase. AG Ex. 1.0 at 10-11. The AG highlights that according to USI, its share of WSC's insurance costs for all of the UI subsidiaries increased from 6.90% to 7.07%, a 2.46% increase. USI Ex. 14.0 at 2. However, the AG asserts that USI provided no explanation as to how a 2.46% increase in its share of overall WSC insurance costs coupled with a 2.2% decrease in WSC overall insurance costs yields an almost 5% increase in insurance expense for the Company.

The AG also claims that USI's evidentiary presentation concerning insurance costs was part of a pattern the Company followed in this case on several issues. According to the AG, USI presented minimal information supporting certain increased expenses in its direct case. When Staff and/or the AG challenged some of those expenses in their respective direct cases, USI provided additional information regarding the challenged items. When Staff and/or the AG argued that the additional information was not sufficient, USI provided even more detail in its surrebuttal case. The AG argues that is precisely what USI did with insurance expense. The AG asserts that the Commission should not reward such "hide-the-ball" tactics. Utilities should be required to submit all supporting information in their direct cases. Moreover, the AG contends that Staff and the Intervenors should not have to expend scarce resources extracting additional information from utilities for explanations that purportedly support their requested rate increases.

The AG states that while the information submitted in USI's surrebuttal testimony satisfied Staff's concerns about this issue, the additional information did not satisfy the AG's concerns. The AG maintains that the Company did not meet its burden of proof on this issue. It recommends that the Commission reject USI's proposed test year expense level and adopt the proposal made by Mr. Radigan, which uses the \$174,525 two-year average as the test year insurance expense in the Company's revenue requirement.

c. Staff's Position

Staff states that in rebuttal testimony it supported the AG's proposed adjustment to decrease the Company's forecasted insurance expense for the 2015 test year, but changed its position later upon review of the Company's surrebuttal testimony. Staff explains that in rebuttal testimony it agreed with the AG's theoretical basis in its direct testimony for an adjustment to insurance expense, but did not agree with using the average of 2013 and 2014 insurance expense to determine the adjustment. Staff

instead proposed reducing USI's insurance expense by 2.2% to match the forecast basis USI provided in USI Exhibit 3.1 (Guidelines for 2014-2015 Forecast) that showed WSC would experience a 2.2% decrease in cost between 2014 and 2015. Staff notes that USI challenged these adjustments and stated in its rebuttal testimony that: "Total allocated costs to USI do not decrease between FY 2014 and FY 2015 because of incremental allocations related to the acquisition of USI's Oakwood system." USI Ex. 8.0 at 6-7.

Staff asserts that it subsequently withdrew its adjustment based on the detailed table USI presented in its surrebuttal testimony to better explain the increase to insurance expense.

d. Commission Analysis and Conclusion

The Commission finds that the Company has provided adequate support for its increase in insurance expense for the 2015 test year. The Company explains, that pursuant to the cost allocation formula in the AIA approved by the Commission, common expenses such as insurance, are required to be allocated to affiliated operating utilities based upon the number of ERCs. Thus, the total allocated costs to USI do not decrease between 2014 and 2015 because of its incremental allocations related to the acquisition of USI's Oakwood system. As illustrated in the table presented by the Company in surrebuttal testimony, USI's customer base in 2015 is a larger percentage of UI's customer base than in 2014, thus the Company will not experience the 2.2% decrease forecasted for WSC but rather it will experience a slight increase in insurance expense due to the increase in its share of the total UI customer base. Like Staff, the Commission is satisfied with this explanation of the Company's increase in insurance expense.

Additionally, the Commission agrees with the Company that adjusting this expense by using USI's 2013 to 2014 average insurance expense, as proposed by the AG, is not reasonable. 2013 to 2014 allocated costs do not reflect UI's or USI's current customer base, and it is therefore a poor predictor of USI's anticipated costs for the test year. Moreover, 2013 to 2014 costs do not reflect the anticipated level of insurance expense to be incurred by WSC. Therefore, the Commission declines to adopt the AG's recommendation to use the two-year average as the test year insurance expense instead of the Company's forecast which is based on current and projected insurance policies.

4. Wages & Salaries Expense – WSC Personnel

a. Company's Position

The Company explains that it calculated its wages and salaries expense forecast based on current and anticipated levels of staffing for 2014 and 2015. USI challenges the AG's proposal to use the most recent 18-month period available, January 2013 through June 2014, as a basis for setting the net salaries and wages expense level for the test year revenue requirement.

According to USI, the AG's recommendation is flawed because it fails to identify any position that should be eliminated or any misallocation of the costs that it believes exists in the Company's accounting records. AG witness Radigan relied on historical

levels without considering additional staffing related to the recent acquisition of the sewer and water systems that serve the Village of Oakwood as well as the incremental allocations that would result from the increase in ERCs that drive the allocation of common costs in accordance with the AIA. USI Ex. 8.0 at 7. USI argues that the AG's recommendation is also problematic because it would ignore the 3% annual base pay increases that have and are anticipated to occur. In addition, Mr. Radigan's analysis also fails to incorporate the filling of vacant positions. *Id.* The Company maintains that the use of historical expense levels as Mr. Radigan recommended would defeat the purpose of a future test year and destine the Company to repeat the financial results that the Company's accounting records show fail to produce an adequate return on investment.

b. AG's Position

The AG alleges that the Company's proposed wages and salaries expense is overstated. AG witness Radigan explained that wages and salaries expense is comprised of two components: (1) salaries and wages and (2) maintenance expense charged to plant. AG Ex. 1.0 at 14. He explained that salaries and wages are the payroll costs for a company and maintenance expense charged to plant is employee time spent on a project that is capitalized and as wages and salaries expense become part of the project over time. *Id.* at 14. Mr. Radigan further explained that net wages and salaries expense is calculated by subtracting the maintenance expense charged to plant from salaries and wages.

The AG points out that for its 2015 test year, the Company is forecasting a net wages and salaries level of \$1,133,588, a 45% increase over the annualized value from the most recent 18-month period available. *Id.* at 15-16. As to the wages and salaries component, the AG notes that the Company projects a forecasted increase from \$1.226 million to \$1.684 million – a 37% increase, far in excess of a 3% annual labor cost increase. AG Ex. 1.0 at 16.

The AG contends that USI's explanations for its proposed increase in wages and salaries expense are meritless. The AG asserts that the Company did not prove that the Oakwood acquisition increased its headcount. AG Ex. 2.0 at 17. Mr. Radigan also found, that salary expense has been flat over the past five years, despite salary increases during that time. *Id.* at 17. Further, the AG states that for ten particular employees, the Company is requesting a portion of their time to be recovered under salaries and wages and the same portion to be recovered under rate case expense. *Id.* at 16-17.

Additionally, the AG states that USI has not met its burden of proof. The Company's entire argument in the AG's view is a critique of Mr. Radigan's alleged failures to conduct additional discovery or to review information provided which does not satisfy the Company's obligation to prove its case.

For these reasons, the AG recommends that the Commission adopt Mr. Radigan's proposal to use the most recent 18-month period available, January 2013 through June 2014, as a basis for setting a net wages and salaries expense level for the test year. This results in an expense level of \$781,934 for the test year revenue requirement. AG Ex. 1.0 at 17.

c. Commission Analysis and Conclusion

The Commission finds that the Company has provided sufficient information to justify its anticipated future test year wages and salary expense. The Commission agrees with the Company that the AG's reliance on historical averages fails to consider the additional staffing related to the acquisition of USI's Oakwood system, the incremental allocations from the increased percentage of USI's ERC's, an anticipated 3% annual base pay increase, and the filling of vacant positions. The record shows that the Company provided detailed explanations for the increase in salary and wages expense and detailed projections of salary expense for each employee in its forecast. Additionally, as stated in Section III.B.2(d) concerning rate case expense attributable to WSC personnel, there is no evidence of double counting. Thus, the Commission declines to adopt the AG's proposed adjustment.

5. Uncollectibles Expense

a. Company's Position

The Company states that its uncollectible expense was determined based on its records of the following accounts: (1) agency expense, (2) uncollectible accounts expense and (3) uncollectible accounts accrual expense. The Company explains that all three accounts must be included in the calculation of uncollectible expense. The Company further explains that agency expense is the cost of engaging collection agencies to attempt collection of bad debts. Uncollectible account expense consists of the net of accounts written off and payments on previously written off balances. Uncollectible accounts accrual expense represents costs that are accruals for anticipated account balance write-offs. USI Ex. 8.0 at 4-5.

The Company states that the AG's argument that uncollectible accounts accrual expense should not be included in the calculation of uncollectible expense is incorrect. The Company asserts that to accurately assess the amount of uncollectible expense experienced by the Company, uncollectible accounts accrual expense must be included because the Company's accounting system automated processes only captures account balance write-offs when the service disconnection event is entered into the system. The Company explains that availability customers do not receive service. Because availability customers cannot be disconnected, uncollectible accounts expense only reflects the automatic write-offs triggered by disconnection and fails to account for the significant uncollectible account expense associated with customers who fail to pay availability charges.

USI further states that when all necessary components are utilized, uncollectible percentages forecasted for the test year are consistent with USI's actual experience in past years. USI Ex. 8.0 at 4-5. The Company points to its surrebuttal testimony which it maintains illustrated the significant growth in aged accounts receivable attributable to availability customers. According to the Company, its analysis determined that 95% of these balances over 181 days delinquent are unlikely to be paid and therefore should be written off. USI Ex. 14.0 at 4-6. The Company states that it will fail to achieve the target revenues necessary to cover the costs of providing service unless these write-offs are reflected in the uncollectible expenses the Company is allowed to recover in its rates. Accordingly, the Company asserts that the AG's adjustment should be rejected

because it fails to address uncollectible expense associated with delinquent availability customers or agency expense.

b. AG's Position

AG witness Radigan proposed to reduce the USI total water and sewer uncollectible expense by \$79,149 to \$30,000, roughly equal to recent averages. AG Ex. 1.0 at 7. In support of his adjustment, Mr. Radigan testified that he found that the Company's absolute bad debt expense (also known as "net write offs") varies widely from year to year and the Company's forecast grossly overstated uncollectible expense on a percentage basis. AG Ex. 1.0 at 6-7. The AG notes that Mr. Radigan later updated his adjustment to \$31,400 in his rebuttal testimony to include agency expense. AG Ex. 2.0 at 8.

The AG disputes the Company's assertion that Mr. Radigan's proposed adjustment should be rejected because he refused to consider uncollectible accounts accrual expense. The AG argues, citing Mr. Radigan's testimony, that the decision whether to increase uncollectible accounts accrual expense is discretionary and if that account is rising while accounts receivable is steady, the company is putting too much in reserve, which is precisely what USI is doing. *Id.* at 9-10. According to the AG, the Company's level of accounts receivable has been relatively steady from 2009 to 2014, while the Accumulated Provision for Uncollectable Accounts has almost tripled between 2008 and 2014.

Mr. Radigan testified that the Company has sufficient money in the Accumulated Provision for Uncollectible Accounts to stop setting aside any money in the uncollectible accounts accrual and to bring the Accumulated Provision for Uncollectible Accounts back down to the 2008 level (from almost \$300,000 in 2014 to \$100,000 in 2008). The AG asserts that because bad debt expense has averaged approximately \$30,000 per year, this draw down could occur for as long as five years with no more uncollectible accounts accrual. Accordingly, the AG submits that contrary to the Company's assertions, uncollectibles accounts accrual should not be included in this case because it will result in a windfall to the Company. *Id.* at 10.

c. Staff's Position

Staff states that it agrees with AG witness Radigan that the USI absolute bad debt expense varies widely from year to year and the percentage of absolute bad debt in comparison to revenues is lower than the uncollectible percentage proposed by the Company in this proceeding. However, Staff asserts that it does not agree with the AG's adjustment.

Staff notes that in determining its proposed uncollectible percentage in this proceeding, USI divided its forecasted Account 670 Bad Debt Expense amount by its forecasted test year operating revenues. Staff argues this approach is consistent with the approach approved by the Commission in the Company's prior rate case filings. Staff Ex. 7.0 at 9-10. In addition, as noted in the rebuttal testimony of USI witness Kersey, when calculated using consistent methodologies, the uncollectible percentages proposed by the Company in this proceeding are consistent with the Company's recent historical experience. USI Ex. 8.0 at 5. Staff further argues that Mr. Radigan's

adjustment does not appear to account for the presence of significant uncollectible amounts associated with unpaid availability charges. USI Ex. 14.0 at 4-5.

Staff recommends that the Commission approve total water and sewer test year uncollectible expense as 1.08% of approved operating revenue, as proposed by the Company. As explained above, 1.08% is consistent with the Company's recent experience, is calculated consistently with the methodology approved by the Commission in the Company's prior rate case filings, and reflects uncollectible amounts associated with unpaid availability charges. Staff asserts that should the Commission disagree with Staff and the Company and adopt Mr. Radigan's proposal, then the Commission should ensure that the AG adjustment is apportioned between water and sewer service using ERC counts set forth within Staff Cross Exhibit 1.

d. Commission Analysis and Conclusion

The Commission agrees with Staff and the Company that the AG's proposed adjustment to exclude uncollectible accounts accrual expense should be rejected. The Company's forecasted uncollectible expense of 1.08% is reasonable and supported by the record evidence.

As Staff explained, the Company calculates its uncollectible expense by determining an uncollectible percentage and multiplying that uncollectible percentage by its proposed revenues. In determining its proposed uncollectible percentage in this case, the Company divided its forecasted Account Bad Debt Expense amount by its forecasted test year operating revenues. This calculation is consistent with the methodology approved by the Commission in the Company's prior rate case filings. Moreover, the Company's forecast of 1.08% is consistent with the Company's recent historical experience and reflects the significant uncollectible amounts associated with delinquent availability customers. Accordingly, the Commission concludes that all three accounts noted by the Company must be included when determining the Company's uncollectible expense.

6. Sales Adjustment

a. Company's Position

The Company asserts that the Commission should adopt its forecasted test year sales level, which reflects a 2.65% decline in customer usage. The Company explains that from August 2008 to July 2014, USI saw an average annual decline in consumption of 2.65%. According to the Company, the data buttresses the conclusion that the trend will continue and the test year consumption should be reduced by 2.65%. The Company contends that the failure to account for declining use would impede its ability to earn its authorized return and necessitate more frequent requests for rate relief, which would add additional rate case expense to be recovered from customers. USI Ex. 1.0 at 12. The Company's witnesses cited examples of industry studies, reports, executive orders, and other government policies that indicate a pervasive trend toward lower water usage per household. USI Ex. 6.0 at 11-14.

USI takes issue with AG witness Radigan's recommendation that the Commission should reject the six years of data showing annual consumption declines. Mr. Radigan suggested the decline might be attributable to increasingly wetter weather.

The Company argues that the AG's position is without merit. The Company asserts that the only weather information the AG provided was rainfall isolated to a part of the Company's service area in the far northwestern corner of the state. This information is unpersuasive since the Company also has service areas located in northeastern and central Illinois. The Company further asserts that its usage data spans across six years and so any variations in weather are likely to offset each other. Moreover, the Company maintains that the AG presented no evidence that the weather patterns over those six years were unusual, abnormal or unlikely to repeat over the next five years that the new rates will be in effect. In addition, the consumption decline also occurred in the non-summer periods when rainfall and temperature would be expected to have little impact on water use. Tr. at 51. The Company contends that the steady decline in the non-summer months over the six year period strongly supports the prospect of the continued drop in test year consumption due to factors such as improved efficiency measures, conservation consciousness, and demand response to higher costs.

The Company also argues that the AG's reference to the bivariate correlation of 0.25 cited in USI Exhibit 8.0, Schedule 8.3 cannot be used to support the AG's proposition that consumption and rainfall have a negative correlation. The Company asserts that the 0.25 correlation is a positive correlation meaning it implies higher rainfall would coincide with higher consumption. Therefore, USI Exhibit 8.0, Schedule 8.3 actually supports the Company's testimony that the AG's witness has "made inaccurate and misleading statements regarding the correlation and causation between rainfall and consumption." USI Ex. 8.0.

For these reasons, USI urges the Commission to reject the AG's recommendation to exclude the expected decline in consumption in the calculation of rates.

b. AG's Position

The AG states that the Commission should reject the Company's adjustment to reflect a 2.65% decrease in customer usage. The AG argues that USI has not proved that such a decrease is warranted because the Company has not normalized its recent sales data against rainfall over the same time period. The AG asserts that consumption and rainfall have a negative correlation; USI witness Kersey's own analysis found a bivariate correlation of 0.25 between these two variables. USI Ex. 8.0, Sched. 8.3. Moreover, as AG witness Radigan showed, Galena, Illinois, for example, has seen generally higher rainfall than normal during the past five years. AG Ex. 1.0 at 7-10. The AG argues that such a finding is consistent with high rains driving lower usage. A six-year sample of sales is predictive of future sales only if the rainfall and temperature during the six-year sample were consistent with average rainfall and temperature over a longer time period. AG Ex. 2.0 at 4-5. The AG contends that the Company did not prove that in its presentation.

The AG adds that Mr. Kersey admitted in cross-examination that the Company did not prepare any multivariate regression analysis attempting to include both temperature and rainfall as explanatory variables driving consumption. Tr. at 42. In re-direct examination, Mr. Kersey stated that the Company "look[ed] at the six-year weather" over the same time period and "compared those to "10, 20, and 100-year

averages for both rainfall and temperature, and did not see any abnormalities or a reason to adjust the consumption for weather.” However, the AG highlights that upon cross-examination, Mr. Kersey admitted that “abnormality” in his telling meant a deviation greater than five percentage points from long-term historic averages and that it is likely that he would have ignored any deviation from normal of less than five percentage points when examining rainfall over the past six years. *Id.* at 48, 50. The AG argues that a deviation of 4.9%, then, would have escaped Mr. Kersey’s attention – but such a deviation would swamp the alleged 2.65% decline in usage, meaning that his examination of the representativeness of recent rainfall trends had little value.

The AG concludes that USI failed to meet its burden of proving that its projected sales decrease is just and reasonable. Accordingly, the AG recommends that the Commission use the actual 2014 sales level, without any reduction, as the test year billing determinants in setting new rates to achieve the approved revenue requirement.

c. Intervenor’s Position

The Intervenors concur with the AG that the Commission should reject the Company’s adjustment to reflect a 2.65% decrease in customer usage. The Intervenors assert that USI’s argument concerning this issue is unconvincing. They contend that the Company engaged in a debate with AG witness Radigan about whether the sales adjustment should be a rate design or revenue requirement issue instead of providing a factual basis for the adjustment. Further, the Intervenors maintain that if the Company’s adjustment is adopted it will result in a higher charge per unit rate, thereby allowing USI to reap the benefits of overstating the amount sales might decrease. In addition, the Intervenors assert that the Company’s adjustment should also be rejected because it provided no analysis or study supporting its hypothesis that a 2.65% water usage/sales decrease would continue in the future.

d. Staff’s Position

Staff asserts that the Commission should reject the sales adjustment proposed by AG witness Radigan. Staff explains that it appears Mr. Radigan proposed an adjustment to increase current revenues by \$130,000, which he maintains will then reduce the total revenue requirement by \$130,000. AG Ex. 1.0 at 10. However, Staff claims that Mr. Radigan’s proposed adjustment, in the form he has proposed it, would not reduce the final total revenue requirement in the way that Mr. Radigan intends.

Staff witness Bridal explained how the total revenue requirement is calculated on his Schedule 1.01 W. Staff Ex. 1.0 at 4. Because of the way the total revenue requirement is calculated in column (i) of this schedule, Mr. Radigan’s adjustment would not change the final total revenue requirement because the final revenue requirement is calculated using the approved rate base, return on rate base, and operating expenses. Mr. Radigan’s adjustment would merely increase the current revenues shown in column (d) by \$130,000 and decrease the adjustment to the proposed amount in column (h) by an offsetting \$130,000. Staff argues this would leave the total revenue requirement in column (i) unchanged and fail to accomplish what Mr. Radigan intends.

Staff states that it does not object to the Company’s adjustment to reflect a 2.65% decrease in customer usage. However, if the Commission agrees with Mr.

Radigan that it is unreasonable to anticipate any decline in usage, then Staff recommends that the Commission increase the usage billing units by 2.65% in the calculation of rates rather than adjusting the revenues in the manner Mr. Radigan proposes. Staff notes that the AG acknowledged in its Initial Brief that if an adjustment is made, then it should be made to the usage billing units used to calculate the final rates to recover the approved revenue requirement.

e. Commission Analysis and Conclusion

The Commission finds that the AG's position that USI's consumption levels should not be adjusted to reflect the Company's projected decrease in customer usage of 2.65% is unpersuasive. USI has provided ample support for its projected decrease in water consumption for the 2015 test year, including six years of historical data from 2008 to 2014 showing annual consumption declines. The Company also provided industry studies, reports, executive orders, and other governmental policies indicating a trend throughout the industry toward lower water usage. Additionally, the Company presented a demonstration that shows weather normalization is unnecessary in this situation where the Company's analysis includes several years of data since any variations in the weather during this time period are likely to offset each other. Finally, the AG asserts that one of the main drivers of water use is rainfall, however, the AG failed to provide convincing evidence to support this position. The AG also failed to refute the historical data provided by the Company or to show that it is unreasonable to expect that the decline in water consumption will continue in the future. For these reasons, the Commission declines to adopt the AG's proposal and the Company's forecasted test year sales level, which reflects a 2.65% decline in customer usage, is approved.

C. Commission Conclusions on Operating Revenues and Expense Statement

The development of the approved water operating expense statement for USI in this proceeding is shown in Appendix A to this Order, while the approved sewer operating expense statement is shown in Appendix B to this Order. The Commission finds that the adjustments to the operating expense statements reflected in the appendices are supported by the evidence, are reasonable, and should be adopted.

IV. RATE OF RETURN

A. Capital Structure

Staff and the Company agree that USI's capital structure for the year ended December 31, 2015 is comprised of 1.74% short-term debt, 47.96% long-term debt, and 50.30% common equity. USI Ex. 11.0, Sched. 11.1.

B. Cost of Debt

Staff estimated that the Company's cost of short-term debt is 1.69%, based on the current interest rate on USI's short-term revolving bank facility. Staff Ex. 5.0 at 8. The Company's embedded cost of long-term debt for 2015 is 6.66%. Staff Ex. 5.0, Sched. 5.3. Staff included the annual amortization of debt expense, which reflects

straight-line amortization of the unamortized balance over the remaining life of the outstanding issue of long-term debt. Staff Ex. 5.0 at 8.

USI accepted Staff's costs of short-term and long-term debt. USI Ex. 11.0, Sched. 11.1.

C. Return on Equity

For the purpose of resolving the issue, the parties have agreed to a 9.25% return on equity ("ROE") for USI for the purpose of setting rates. Staff Ex. 10.0 at 1; USI Ex. 11.0 at 2. Staff's Initial Brief noted that the decision to agree with a 9.25% ROE should not be construed to mean that Staff witness Freetly concluded that any adjustment proposed by Company witness D'Ascendis to Ms. Freetly's cost of common equity analysis had merit. Staff Ex. 10.0 at 1. A 9.25% ROE was recommended by the AG and is within the range of results produced by various methodologies used by Staff and the Company. USI Ex. 11.0 at 2.

Given the above, the Commission approves an ROE of 9.25% for USI.

D. Commission Analysis and Conclusion

Having reviewed the record, the Commission finds that the Company should be authorized to earn a rate of return of 7.88%. The rate of return incorporates a return on common equity of 9.25%. The Company's rate of return was derived as follow:

<u>Source of capital</u>	<u>Amount</u>	<u>Percentage</u>	<u>Cost</u>	<u>Weighted Cost</u>
Short-term debt	\$6,496,098	1.74%	1.69%	0.04%
Long-term debt	\$178,726,842	47.96%	6.66%	3.19%
Common Equity	<u>\$187,444,000</u>	<u>50.30%</u>	<u>9.25%</u>	<u>4.65%</u>
Total	\$372,666,940	100.00%		7.88%

V. RATE DESIGN

A. Uncontested Issues

1. Availability Charges

The Company proposed an availability charge of \$1.68, in its initial filing, which indicates that the Company proposes to bill availability customers only the actual \$1.68 cost that it takes to send them a monthly bill. Staff Ex. 4.0 at 15.

Staff opined that charging availability customers a monthly amount that is equal to the cost of sending them a monthly bill was not appropriate. Although availability customers are not currently using water, they have the ability to avail of such service, just as full water customers do, and they should be required to pay a fee for that service privilege. According to its filing, the Company allocates approximately 11.4% of its operation and maintenance costs to availability customers. Furthermore, these customers currently pay an amount for availability service that is more than the cost of sending them a monthly bill. *Id.* at 15-16.

According to the Staff witness, the average monthly availability charge currently is approximately \$8.50 for all divisions with availability customers. Charging this rate would generate approximately 6% of the overall yearly revenue for the Company and would represent a fair portion of the contribution to revenues based on the availability of service and the approximately 11.4% of operations and maintenance costs allocated to serve these customers. Full water customers have to pay a monthly base facilities charge for the privilege to have water service available to them. Availability customers should similarly share in some of the monthly costs that the Company incurs to provide water service to all customers. *Id.* at 16. The Company indicated that it would accept the \$8.50 consolidated availability charge, which is reflected in its rebuttal schedules. USI Ex. 6.0 at 6.

Intervenors who are located in service areas not presently subject to availability charges submitted testimony in opposition to application of the availability charge on a statewide basis. The Company responded by providing testimony to clarify that its intent was to continue the availability charge only in the services areas where the charges are currently in effect, and the tariffs will be modified accordingly.

The Commission finds that Staff's proposed availability charge, which shall apply only in those service areas currently paying availability charges, is reasonable and should be adopted.

2. Provision of an Updated Cost of Service Study in the Company's Next Rate Case

For its cost of service study ("COSS"), the Company used the simplified cost of service study model that Staff provided previously, which is designed for small water companies. For purposes of this case, the Company's COSS appropriately assigns costs to the various functions and rate classes. Thus, it is an acceptable guidance tool for determining rates in this case. Staff Ex. 4.0 at 25.

However, Staff witness Boggs testified that a more comprehensive COSS would likely provide a better snapshot of how the cost to serve all customers should be allocated to the different customer classes across the current water divisions and sewer divisions. Mr. Boggs recommended that the Commission order the Company to provide in its next rate case a full, in-depth COSS along the lines of those presented in the American Water Works Association's Water Rates Manual M1, Sixth Edition. This would assist in determining the most equitable way to allocate costs and expenses among the various customer classes in the consolidated group. *Id.* at 26.

The Company indicated that it will provide a COSS consistent with the American Water Work's Association's Water Rates Manual M1, Sixth Edition. The Company further explained that it would need to engage an expert to perform the study and would expect the cost of doing so to be subject to recovery as rate case expense. USI Ex. 6.0 at 7.

The Commission agrees with Mr. Boggs' recommendation.

B. Contested Issues

1. Consolidated Rate Structure

a. Consolidation of All Service Areas

(i) Company's Position

The Company proposes to combine: (1) its water divisions into one consolidated water division that has a single rate structure and (2) each of its sewer divisions into one consolidated sewer division that has a single rate structure.

Company witness Lubertozi indicated that consolidated rates are commonplace in other regulated utilities like gas and electric. He testified that consolidated rates would allow USI to spread capital costs over a larger base of customers, thus mitigating rate shock to a smaller stand-alone division's customer base when infrastructure improvements become necessary in a particular rate area. He also indicated that, in the long-term, consolidated rates will strengthen USI and allow the customers to enjoy lower rates via fewer rate cases and lower rate case expense. USI Ex. 1.0 at 13.

The Company disagrees with the Intervenors' position that the Commission should reject the Company's proposals or in the alternative phase the rates in over several rate cases. The Company argues that the Intervenors failed to provide any specific alternative rates that should be adopted for each stand-alone service area in lieu of the uniform rates supported by the Company and Staff. More importantly, the preservation of differing rates for the separate service areas would defeat the primary purposes of the consolidation, which were to create a broader customer base over which to distribute recovery of costs and to alleviate the rate impacts associated with multiple rate proceedings that would otherwise be needed for smaller, stand-alone companies.

Additionally, the Company avers that the Intervenors oppose the consolidation proposals primarily because they have become accustomed to stand-alone rates that are below the Company-wide cost of service. The Company points out that it is true that the Intervenors will experience an increase in their rates if the proposed consolidated rate structure is approved but it is also true that customers in service areas where stand-alone rates are higher than the Company-wide cost of service will experience a decrease in their rates. Thus, the consolidation proposals will ensure that all customers make an equal contribution to the recovery of the system-wide cost of service.

Moreover, USI claims that the Intervenors exaggerate the impact of rate consolidation by focusing exclusively on the percentage of the increase for customers in the Galena Territory and Westlake Utilities service areas, and completely avoid mentioning the actual dollar amount of the monthly bills under the consolidated rates. The dollar impact is considerably more moderate than the percentage increase would suggest. Under the revenue requirement recommended by Staff, a 5/8" customer using 3,000 gallons of water per month would have a monthly water bill of \$41.86, and a monthly sewer bill of \$47.35. Further, the Intervenors cite public comments that express concerns about the perceived negative impact of the percentage increase on low and fixed income customers in these service areas. However, a lower percentage increase for the Intervenors would require a compensating increase that would impact low and fixed income customers in service areas that are currently paying much more than the consolidated rates. The Company states that the consolidated rate structure assures the affordability of the rates is the same for all USI customers.

Finally, the Company submits that the Commission should decline to adopt the Intervenor's alternative recommendation to phase-in the consolidation of rates over several rate cases. USI asserts that this proposal would take 15 years based on the time between rate cases upon which the amortization of rate case has been based in this case. Additionally, the Intervenor ignores the administrative costs associated with maintaining 23 different sets of rates and applying the changes in multiple steps over years.

Accordingly, the Company asserts that the Commission should reject the Intervenor's arguments and approve the Company's proposed consolidated rate structure.

(ii) Intervenor's Position

The Intervenor objects to the Company's consolidation proposals. They claim that Staff provided testimony that the consolidated rate structure will result in a rate increase that exceeds the costs to serve the average water customers of the Galena Territory, Westlake Utilities, and Lake Holiday divisions. According to the Intervenor, if water rates were based on the costs to serve these customers, the rate increases to average users served by the Galena Territory division would be 23.3%, not the 45% increase proposed. For the Westlake Utilities division, if rates were based on the cost to serve, the increase would be 78%, not the 159% increase proposed. For the Lake Holiday division, if rates were based on costs, the increase would be 40%, not the 110% proposed.

The Intervenor asserts that these draconian increases, are contrasted with the dramatic decreases in water rates that other divisions would see as a result of the proposed rate consolidation. For example, customers served by the Charmar Water division would see a nearly 65% decrease, the Del-Mar Water division would see a 55% decrease, and the Camelot Utilities division would see a decrease of 30%. The Intervenor states that USI and Staff attempt to justify this disparity by alleging that, the Company's proposals would benefit customers because in the future if a small division would need to add facilities, the increase to all customers would be less than what would be imposed on the division causing the costs to be incurred. The Intervenor argues that this is not a valid reason to adopt rates that are not reasonable, cost-based, or fair to customers. The public comments filed in this docket by ratepayers themselves, which the ALJ must review, show that ratepayers do not understand or accept that their water rates will increase by 50% to 160% under the Company's consolidated rate structure when the cost to serve those customers justifies a rate increase of only half that amount.

If the Commission permits water rates that are not cost-based, then the Intervenor suggests that system-wide water rates be set at a level where no USI ratepayer receives an average bill increase in excess of the system-wide rate increase for water service. In the alternative, if the purpose is to eventually move all of the divisions to one state-wide rate, then the Intervenor maintains that the movement should be done incrementally to avoid the rate shock caused by increasing some water rates by 160% while giving other customers decreases of over 60%. The Intervenor also recommends that if the Commission approves an incremental movement to state-

wide rates, any increase to an individual division's rates should not exceed the cost of service as listed in Staff witness Boggs' testimony. Staff Ex. 4.0 at 7.

The Intervenors also object to consolidating the wastewater rates. They argue that these proposed rates are not supported by any evidence since, as Staff noted, USI did not conduct a COSS to calculate the uniform wastewater rate. In addition, the proposed consolidation would result in the average bill for the Galena Territory division to increase by 145% and for Westlake Utilities division to increase by 52%. And as with water rates, the consolidated wastewater rate would conversely result in significant decreases for other divisions, for example, a 45% decrease for the Northern Hills Water and Sewer division and 27% decrease for the Camelot Utilities division. For these reasons, the Intervenors assert that if the Commission adopts wastewater rates that are not cost-based, then the Intervenors propose that any increase to specific wastewater divisions be limited to an increase of no more than the system-wide rate increase for wastewater service.

(iii) Staff's Position

Staff recommends that the Commission approve the Company's consolidation proposals. Staff witness Boggs reviewed information that the Company included in its initial filing and considered bill impacts for average use customers. Staff explains that Mr. Boggs did this to determine what the rate impacts of a consolidated rate structure would be on each individual water division. Mr. Boggs' initial review indicated that, only seven divisions (Clarendon Water, Ferson Creek Utilities, Galena Territory, Killarney Water, Lake Holiday, Whispering Hills, and Westlake Utilities) would receive a higher increase under the Company's proposed consolidated rate structure than they would receive on a stand-alone basis. He testified that customers of all seven of the above mentioned water divisions would see a significant increase whether they remain a stand-alone division or whether they are consolidated with other divisions in any combination. Staff Ex. 4.0 at 5-7.

Mr. Boggs also explored several different rate structure combinations based on the bill impact scenarios and determined that some should be further analyzed. Based on his analysis, he concluded that pulling any division out of the fully consolidated group as a stand-alone group might mitigate the rate impacts to the stand-alone group, but the remainder of the consolidated group would have more significant rate impacts. However, Mr. Boggs testified that this must be weighed against the fact that, for all the water divisions, large capital improvements could be spread among a larger base of customers when it becomes necessary to update infrastructure to provide safe and reliable water service. According to Mr. Boggs, consolidation would also mitigate the impact of rate case expenses if the Company has to file for only a single division rather than more numerous stand-alone water divisions. When rate case expenses and infrastructure improvements are necessary, significant rate increases to fund these improvements could prove quite burdensome for the small number of customers in individual, smaller water divisions. Thus, Mr. Boggs further testified that the long-term benefits of consolidation outweigh its costs. *Id.* at 12-13.

Staff challenges the Intervenor's assertion that by establishing statewide rates that exceed the stand-alone cost to serve customers, USI's rates to customers served by the Galena Territory and Westlake Utilities divisions are neither just nor reasonable. Staff argues that contrary to the Intervenor's assertion, the determination of whether a rate is just and reasonable under the Act does not solely depend upon a cost analysis as the Intervenor argues. The Intervenor fails to recognize that the Act allows the Commission to consider factors other than costs when designing rates. Under the Act, one of the goals and objectives of regulation is to consider equity. 220 ILCS 5/1-102(d). Equity is the fair treatment of consumers and investors. *Id.* Staff explains that equity involves not just considering the cost of supplying service so that it is allocated to those who cause the costs, 220 ILCS 5/1-102(d)(iii), but it can include factors other than cost of service. 220 ILCS 5/1-102(d)(iv) (stating "if factors other than cost of service are considered in regulatory decisions, the rationale for these actions is set forth").

Staff highlights that Company witness Lubertozi and Staff witness Boggs provided equitable justification for the Commission to approve a single consolidated rate rather than stand-alone rates. Staff notes that Mr. Lubertozi testified that consolidated rates are common place for other regulated entities like gas and electric. USI Ex. 1.0 at

13. He explained the benefits of costs being spread over a larger base; how the consolidated rate will strengthen USI; and how the consolidated rate will allow customers to benefit from fewer rate cases and lower rate case expense. *Id.* at 282-288. Mr. Boggs agreed in general with Mr. Lubertozi's testimony on this issue and his justification for the consolidated rate structure is noted above. Staff Ex. 4.0 at 5.

Staff mentions that the Intervenor's quote many comments made by customers of the Galena Territory and Westlake Utilities divisions that are posted on the Commission's website in the public comments section for this docket. The Intervenor's argue that the comments show that customers do not understand the proposed increases and that the rates are unreasonable, and to help those customers better understand the increases and utility charges, they should be phased-in over several rate cases, eventually culminating in a single consolidated rate. Staff asserts that putting aside whether the fact that customers do not understand a rate or believe a rate is unreasonable is a sufficient basis to justify a phase-in given the equity goal and objective in Section 5/1-102(d)(ii) of the Act, the Commission is free to reject a phase-in. It clearly is within the Commission's discretion to approve a single consolidated rate in this case, as the Company proposes and Staff supports. Staff further asserts that the courts give great deference to the Commission in setting rates and the courts have held that "because of its complexity and need to apply informed judgment, rate design is uniquely a matter for the Commission's discretion." See *Iowa-Illinois Gas & Electric Co. v. Illinois Commerce Comm'n*, 19 Ill. 2d 436, 442, 167 N.E.2d 414 (1960); *Central Illinois Public Service Co. v. Illinois Commerce Comm'n*, 243 Ill. App. 3d 421, 445, 610 N.E.2d 1356, 183 Ill. Dec. 112 (1993).

Based upon the above, Staff contends that the Commission should reject the Intervenor's arguments for a phase-in and approve the Company's proposed consolidated rate structure.

(iv) Commission Analysis and Conclusion

The Commission finds that the Company's consolidated rate structure is reasonable, supported by the evidence, and should be adopted. The Commission declines to adopt the phase-in recommended by the Intervenor's.

As of the date of this Order, 599 public comments were posted on the Commission's e-Docket system regarding the consolidated rates proposed by USI. The Commission appreciates these comments as well as the time and effort expended by those who prepared and provided them. These comments have not been taken lightly and they have been carefully considered by the Commission to the extent permitted by law. The Commission is very much aware that the comments express strong opposition to the proposed rate increases, however, they do not overcome the evidence supporting the proposed consolidated rates. Moreover, the Commission is of the opinion that the benefits of the rate consolidation outweigh the disadvantages.

As Staff stated, cost of service is not the only consideration that may be used to determine whether rates are just and reasonable. Contrary to the Intervenor's arguments, the Commission is permitted under the Act to consider many factors other than costs when designing rates. Under the Act, one of the goals and objectives of regulation is to consider equity, which is the fair treatment of customers and investors.

220 ILC 5/102(d). The Commission believes the consolidation proposals advance this objective. The record shows that only seven of the twenty-two water divisions reviewed by Staff will experience a higher increase under the Company's proposed consolidated rate structure than they would receive on a stand-alone basis. All of these divisions will experience a significant increase in rates whether they are a stand-alone division or consolidated with other divisions in any combination. Staff Ex. 4.0 at 5-7. Further, many of the customers in these divisions, including Galena Territory, Lake Holiday, and Westlake Utilities, have been charged stand-alone rates that are below the Company-wide cost of service and the customers in the divisions identified by the Intervenors that will experience a decrease in rates have been charged rates that exceed the Company-wide cost of service. Thus, a consolidated rate structure will address this disparity and ensure that all customers make an equal and appropriate contribution to the recovery of the system-wide cost of service.

The Commission also notes that Staff's analysis of several different rate structure combinations based on bill impact scenarios shows that removing any division from the consolidated group as a stand-alone group might mitigate the rate impacts to the stand-alone group, but the remainder of the consolidated group would have significant rate impacts. Additionally, the consolidated rate structure moves USI closer to the rate structure most common for other regulated utilities. It will allow the Company to spread capital costs over a larger base of customers, thus mitigating rate shock to a smaller stand-alone division's customer base when infrastructure improvements are necessary. It would also alleviate the rate impacts associated with multiple rate proceedings that would otherwise be needed for smaller, stand-alone divisions.

Finally, the Commission believes the Intervenors have not provided sufficient support to show that their recommendation that the consolidated rates should be phased-in over several rate cases is a better approach. The phase-in would delay the Company's recovery of its costs of service for an unreasonable amount of time since it could take up to 15 years to phase-in the consolidated rates. There was no evidence provided concerning the impact of the administrative costs related to maintaining different sets of rates and applying the changes in multiple steps over the years. Moreover, the Intervenors did not include specific alternative rates for each stand-alone service area in its recommendation to use instead of the uniform rates supported by the Company and Staff.

b. Inclusion of Oakwood in Rate Design

(i) Company's Position

The Company explains that it purchased the Oakwood division's water and wastewater operations through an Asset Purchase Agreement ("APA") dated September 9, 2013 from the Village of Oakwood. The transaction was approved by the Commission through a Certificate of Public Convenience and Necessity in Docket No. 13-0564 on March 19, 2014. Under the APA, the Company agreed to continue to charge the current rates for a period of two years. Thereafter, rates were to be charged consistent with the Company's consolidated rate schedule as approved by the Commission.

The Company asserts that it included Oakwood in the consolidated group's revenue requirement in the Company's direct testimony even though Oakwood's rates remain unchanged because of the rate freeze in the APA. The Company states that Oakwood would in effect be subsidized by the consolidated group because Oakwood is included in the total revenue requirement, but its rates are not revised to reflect that revenue requirement.

USI points to the two alternatives offered by Staff witness Boggs to address Oakwood's subsidization by the consolidated group. The first suggestion was that Oakwood could be removed from the consolidated group's revenue requirement and rates entirely. This would ensure that the consolidated group's rates reflected only the consolidated group's revenue requirement. A second alternative was suggested by the Company in its responses to a Staff data request. Under this alternative, the Company would seek to unify the Oakwood service area rates and revenue requirement with the rest of the consolidated group when the restriction on rates charged to customers in the Oakwood service area expires. This would be accomplished by leaving Oakwood in the consolidated group's revenue requirement, calculating consolidated rates for all USI customers including Oakwood, but not applying the consolidated group's rates to Oakwood customers until March 10, 2016 when the rate freeze expires. The Company explains that Oakwood customers would continue to pay the current Oakwood rates until March 10, 2016. This would create a revenue requirement shortfall with respect to the Oakwood rates until March 10, 2016. The Company indicates that this shortfall would be a shareholder expense and would not be passed on to customers.

(ii) GTA's Position

GTA witness Mattingley expressed concern about the effect USI's acquisition of the Oakwood division might have on the water and wastewater rates for the Galena Territory division. He specifically requested information concerning what costs attributable to Oakwood are included in Galena Territory's rates to GTA and its members, and what benefits, if any, Galena Territory achieved for Galena by acquiring a system over 200 miles from the city. GTA Ex. 1 at 3-4. In rebuttal testimony, Mr. Mattingley continued to express concern about including Oakwood as part of Galena Territory. GTA Ex. 2 at 3. He stated that he was not completely satisfied with USI's response that there are costs included from all 23 operating areas in all customer's rates.

(iii) Staff's Position

Like the Company, Staff included Oakwood in the consolidated group's revenue requirement in its direct testimony and determined that Oakwood would in effect be subsidized by the consolidated group, including the Galena Territory division. As previously noted, Staff witness Boggs offered two alternatives to address this issue. He stated that both alternatives would adequately address the subsidization issue, but the alternative suggested by the Company, which would add the Oakwood service territory to the rest of the consolidated group would provide certain advantages. USI Ex. 13.0 at 5-7.

Mr. Boggs testified that the primary advantage that the Oakwood service area water customers would realize from being included in the consolidated group is having a

larger customer base to spread capital improvement costs over when large infrastructure investments and repairs are needed. In addition, Oakwood's usage charge would decrease by \$0.01 per 1,000 gallons. Moreover, the Company would avoid another rate case in a year to determine the rates that would be needed to recover the new revenue requirement for the Oakwood service area. Mr. Boggs explained that with only 737 water customers, rate case expense for those customers would further increase the rates that would be needed to recover the revenue requirement that will eventually be determined. Staff Ex. 9.0 at 7.

Mr. Boggs stated that the chief advantage to all Oakwood sewer customers from consolidation is the ability to spread future capital expenses and rate case expenses over a larger group of customers, thereby mitigating future bill impacts. In addition, the sewer rates would also decrease by \$2.45 per month on a flat-rate basis. *Id.* at 8.

Accordingly, Staff recommends that the Commission approve this approach because of the advantages identified by Mr. Boggs.

(iv) Commission Analysis and Conclusion

The Commission concurs with Staff and the Company that the best way to address the potential for Oakwood to be subsidized by the consolidated group is the alternative suggested by the Company. This option would entail adding the Oakwood service territory to the rest of the consolidated group but not applying the consolidated rates to Oakwood customers until March 10, 2016 when the rate freeze expires. This approach would not unfairly impact other customers since the shortfall would be borne by shareholders and it would not be passed on to customers. Additionally, it would be beneficial to Oakwood customers because future capital improvement costs and rate case expenses could be spread over a larger group of customers, thereby mitigating future bill impacts. Further, if this alternative is adopted, the Company would not have to file another rate case in a year to determine the rates that would be needed to recover the new revenue requirement for the Oakwood service area.

VI. OTHER

A. Elimination of Purchased Water and Purchased Sewer Surcharges

The Company proposed to eliminate all of its purchased water surcharges and purchased sewer surcharges and to include the costs of all purchased water and purchased sewer services within base rates. Inclusion of the costs of all purchased water and sewer services within base rates is consistent with the Company's proposal to establish a consolidated rate structure for its customers, and eliminates the need for annual purchased water and purchased sewer reconciliation proceedings. USI Ex. 1.0 at 12-13; USI Ex. 2.0 at 7-8.

Staff recommends that the Commission approve the Company's proposal to eliminate its purchased water and purchased sewer surcharges, subject to Staff's proposed language and Commission approval of a new transition/clean up tariff which provides for the final reconciliations of purchased water and purchased sewer surcharges, as discussed in Section VI.B. below. Staff Ex. 1.0 at 17-19; Staff Ex. 7.0 at 11-14. The Company agrees with Staff's conditions. USI Ex. 7.0 at 10-11.

The Commission finds the Company's proposal, as modified by Staff's conditions, to be reasonable.

B. Final Reconciliations of Purchased Water and Purchased Sewer Surcharges

As discussed in Section VI.A. above, the Company agrees with Staff's recommendations and conditions concerning the Company's proposal to eliminate all of its purchased water surcharges and purchased sewer surcharges. USI Ex. 7.0 at 10-11.

In the event that the Commission approves the Company's proposal to eliminate all of its purchased water surcharges and purchased sewer surcharges and to include the costs of all purchased water and sewer services within base rates, the Commission should adopt Staff's recommendations as follows:

- The final order in this proceeding should authorize and require USI to include with its compliance filing in this proceeding, tariff sheets consistent with the proposed language on page 12 of Staff Exhibit 7 that:
 - provide a mechanism for the reconciliation of purchased water and sewer costs and revenues for any reconciliation periods that have not yet been considered by an order of the Commission;
 - provide a mechanism for the refund or recovery of any cumulative (over)/under recovery determined from those reconciliations; and
 - provide for the disposition of any Factor Os ordered by the Commission that result from the proceedings to reconcile the revenues and expenses of each surcharge that have not yet been considered by the Commission at the time an order is entered in this proceeding;
- The final order in this proceeding should require the Company to file, within 90 days of the final order in this proceeding, a petition for a final reconciliation of the USI purchased water and purchased sewer surcharges for the year 2015 up to the effective date of new tariffs filed in compliance with the final order in this proceeding; and
- The final order in this proceeding should include the following language in the Ordering paragraphs:

IT IS FURTHER ORDERED that within 90 days of the date of this Order, Utility Services of Illinois, Inc. shall for the period from January 1, 2015, through the effective date of new tariffs filed in accordance with this Order, file a final reconciliation of its purchased water and purchased sewer surcharges, along with a petition requesting approval of said reconciliation which includes testimony and schedules that support the accuracy of the costs and charges for the period being reconciled.

The Commission finds Staff's recommendations are reasonable and Staff's recommended language should be included in the Findings and Ordering paragraphs.

C. Proposed Depreciation Rates

USI witness Guastella provided a depreciation study utilizing comparable data for average service lives, net salvage values, depreciation rates of other water and sewer utilities, as well as state and industry guidelines. USI Ex. 4.0 at 6. Mr. Guastella proposed separate water and sewer depreciation rates for each primary account. USI Ex. 4.0, Scheds. JFG-1 and JFG-2.

Staff witness Sperry did not object to the Company's depreciation study or the proposed depreciation rates. Staff Ex. 6.0 at 5.

The Commission approves the sewer and water depreciation rates proposed by the Company.

D. Maximum Allowable Unaccounted-for Water Percentage

USI proposed to combine all of the Company's existing percentages of maximum unaccounted-for water, without changes, into a single tariff sheet for all of its service areas. USI Ex. 2.0 at 11.

Staff witness Sperry recommended that the maximum level of unaccounted-for water for the four service areas (Clarendon Water, Great Northern, Walk-Up Woods, and Westlake Utilities) be reduced to 15% in USI's revised Schedule of Rates and Charges tariffs for water service. Staff Ex. 6.0 at 9. The Company accepted Staff's recommendations.

The Commission adopts Staff's recommended maximum levels of unaccounted for water.

E. Other Tariff Change Proposals

In anticipation of the Commission's approval of the Company's consolidation proposals, the Company proposed several changes to its tariffs. In its Unaccounted for Water tariff, the Company condensed the existing percentages applicable to the various service divisions into a single sheet (ICC No. 3, Original Sheet No. 4.). In its Schedule of Rates tariff, the Company has created uniform miscellaneous charges that it derived from its current tariffs in each service territory. The Company also proposed to change all service divisions to a monthly billing cycle. This will make all the service divisions' billing cycles consistent with each other and with the billing cycles that the Commission has been approving in recent individual rate cases for the utility company's predecessor. Staff Ex. 4.0 at 34.

Staff recommends that the Commission approve the Company's tariff change proposals. Doing so will make the tariffs uniform if the Commission approves the consolidated rate structure.

Approving the proposed tariff changes would add consistency and uniformity to each service division's individual tariff. Therefore, the Company's proposed changes are reasonable and the Commission approves these proposals.

VII. FINDINGS AND ORDERING PARAGRAPHS

The Commission, having given due consideration to the entire record herein and being fully advised in the premises, is of the opinion and finds that:

- (1) USI provides water and sewer service to the public within the State of Illinois, and, as such, is a public utility within the meaning of the Act;
- (2) the Commission has jurisdiction over USI and of the subject-matter herein;
- (3) the recital of facts and conclusions reached in the prefatory portion of this Order are supported by the evidence, and are hereby adopted as findings of fact;
- (4) a test year ending December 31, 2015, should be adopted for the purpose of this rate proceeding;
- (5) the \$37,241,560 original cost of water plant in service for USI at December 31, 2013, as reflected on Staff's Schedule 1.15 W, is unconditionally approved as the original costs of plant;
- (6) the \$11,760,334 original cost of sewer plant in service for USI at December 31, 2013, as reflected on Staff's Schedule 1.15 S, is unconditionally approved as the original costs of plant;
- (7) a fair and reasonable rate of return on the rate base for USI is 7.88%; rates should be set to allow the Company an opportunity to earn that rate of return on its rate base, as is determined herein;
- (8) the rates which are presently in effect for USI are insufficient to generate the operating income necessary to permit the Company to earn a fair and reasonable rate of return; those rates should be permanently canceled and annulled as of the effective date of the new tariffs allowed by this Order;
- (9) the rates proposed by USI would produce a rate of return in excess of a return that is fair and reasonable; the Proposed Tariffs of Utility Services of Illinois, Inc. should be permanently canceled and annulled;
- (10) pursuant to Section 9-229 of the Act, the Commission has specifically assessed the amounts expended by the Company to compensate attorneys and experts to prepare and litigate this general rate case filing and finds those amounts, as adjusted, to be just and reasonable, with the Commission's more detailed supporting findings on this subject as set forth in this Order;
- (11) USI should be permitted to file new tariff sheets setting forth the rates designed to produce operating revenues as shown in Appendix A and B as such revenues are necessary to provide the Company a rate of return of 7.88% on their rate base, consistent with the findings herein; these tariff sheets shall be applicable to service furnished on or after their effective date;

- (12) USI shall also file new tariff sheets consistent with the proposed language set forth on page 12 of Staff Exhibit 7 as discussed in Section VI.B. of this Order concerning final reconciliations of purchased water and purchased sewer surcharges;
- (13) the new tariff sheets authorized to be filed by this Order shall reflect an effective date not less than five working days after the date of filing, with the tariff sheets to be corrected within that time period if necessary, except as is otherwise required by Section 9-201(b) of the Act as amended;
- (14) USI shall file, within 90 days of the date of this Order, a petition for a final reconciliation of the USI purchased water and purchased sewer surcharges for the year 2015 up to the effective date of new tariffs filed in compliance with the Order in this proceeding;
- (15) all remaining motions, petitions, objections, or other matters in this proceeding should be disposed of in a manner consistent with the conclusions reached herein; and
- (16) USI shall otherwise perform all actions that this Order requires of it.

IT IS THEREFORE ORDERED by the Commission that the tariff sheets proposing a general increase in water rates filed by Utility Services of Illinois, Inc. on November 10, 2014 are hereby permanently canceled and annulled.

IT IS FURTHER ORDERED that Utility Services of Illinois, Inc. is authorized to place into effect tariff sheets which will produce the annual operating revenues and operating incomes set forth in the Findings above, and are consistent with Appendices A and B to this Order, to be effective on the date of filing for water and sewer service furnished on and after such effective date.

IT IS FURTHER ORDERED that Utility Services of Illinois, Inc. shall also place into effect tariff sheets consistent with the proposed language set forth on page 12 of Staff Exhibit 7 as discussed in Section VI.B. of this Order concerning final reconciliations of purchased water and purchased sewer surcharges;

IT IS FURTHER ORDERED that Utility Services of Illinois, Inc. must file its Rate tariffs consistent with the requirements of the Findings above.

IT IS FURTHER ORDERED that upon the effective date of the tariff sheets filed pursuant to this Order, the presently effective tariff sheets of Utility Services of Illinois, Inc., which are replaced thereby are permanently canceled and annulled.

IT IS FURTHER ORDERED that within 90 days of the date of this Order, Utility Services of Illinois, Inc. shall for the period from January 1, 2015, through the effective date of new tariffs filed in accordance with this Order, file a final reconciliation of its purchased water and purchased sewer surcharges, along with a petition requesting approval of said reconciliation which includes testimony and schedules that support the accuracy of the costs and charges for the period being reconciled.

IT IS FURTHER ORDERED that any petitions, objections or motions made in this proceeding and not otherwise specifically disposed of herein are hereby disposed of in a manner consistent with the conclusions contained herein.

IT IS FURTHER ORDERED that the \$37,241,560 original cost of water plant in service for Utility Services of Illinois, Inc. at December 31, 2013, as reflected on Staff's Schedule 1.15 W, is unconditionally approved as the original costs of plant.

IT IS FURTHER ORDERED that the \$11,760,334 original cost of sewer plant in service for Utility Services of Illinois, Inc. at December 31, 2013, as reflected on Staff's Schedule 1.15 S is unconditionally approved as the original costs of plant.

IT IS FURTHER ORDERED that, subject to the provisions of Section 10-113 of the Public Utilities Act and 83 Ill. Adm. Code 200.880, this Order is final; it is not subject to the Administrative Review Law.

By Order of the Commission this 22nd day of September, 2015.

(SIGNED) BRIEN SHEAHAN

Chairman

Staff DR 2.07

Consumption Analysis

(See attached Excel file)

Staff DR 2.07

*See compact disc with
applicable documents*

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

8. Refer to the Application, Exhibit 4, Workpaper s.
- a. "Per Books" Water Revenue-Accruals are stated at (\$4,653). Describe and discuss the nature of this amount and explain why its removal from testyear operations is appropriate.
- b. In Column D, the effects of "Out-of Period Adj" are removed from the amounts reported "Per Books." Describe the nature of each "Out-of Period Adj" and explain why its removal from test-year operations is appropriate.
- c. In Column E, "Per Books" revenues are reduced by \$8,809 to remove sales to the Clinton Detention Center.
- 1) State the date that water service to the detention center was discontinued.
 - 2) State the reason that water service to the detention center was discontinued.
 - 3) State the date that water service to the detention center is expected to resume. If it is not expected to resume, state the reason.
 - 4) Provide the monthly water sales volumes by WSKY to the detention center for each month of the test year.
 - 5) Provide the amount billed for water sold by WSKY to the detention center for each month of the test year.

Response:

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- a. The amount of (\$4,653) in the “Per Books” Water Revenue-Accruals account are journal entries generated by Accounting on a monthly basis for flat and volumetric manual accruals in an effort to true-up the revenue for the month. The true-up is to account for any billings which will fall outside of the service period. For example, if a customer’s bill only has consumption through June 15th, Accounting would accrue for the revenue related to the consumption for the remaining 15 days of the month. WSKY believes this adjustment is appropriate because the data used to generate test-year consumption includes all consumption within the test-year parameters. If this adjustment isn’t included, pro forma revenue would be understated by \$4,653.
- b. “Out-of-Period Adjustments” in Column D are removed from the amounts reported “Per Books” because these adjustments are anomalies in the test-year that are not reflective of usage or activity during the test-year. These bills were for adjustments made by the Billing department during the test-year or bills that were sent out during the test-year that reflected consumption for prior periods outside of the test-year parameters. If these “Out-of-Period Adjustments” were to be included, the test-year consumption would have been overstated by approximately 1,680,090 gallons.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- c. WSKY anticipated losing the Clinton Detention Center as a customer and removed all associated revenue received during the test-year from this customer.
- 1) Officially, the service to this facility has not been discontinued, however, the water is no longer going to be used in its capacity as it was before. A small office located within the premise is still operational and WSKY will be providing service for the bathroom of the office, but the consumption will be minimal. The actual detention center part of the premise has been closed and water service to that part of the facility has been discontinued.
 - 2) The detention center has been closed, but there is an office space where water service is needed. Please see the response above.
 - 3) No, the Company does not anticipate the detention center part of the premise to resume service in the near future, however, the building is still functional and the owner of the property could re-purpose the property.
 - 4) Please refer to the table below for the monthly water sales volumes by WSKY to the detention center. The total water sales volume for the test-year related to the Clinton Detention Center is equal to 1,625,800 gallons.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Clinton Detention Center
Monthly Water Sales Volumes

<u>Start Date</u>	<u>End Date</u>	<u>Billed Month</u>	<u>Consumption (Gallons)</u>
5/23/2014	6/23/2014	May-15	169,000
6/24/2014	7/22/2014	May-15	144,000
7/23/2014	7/23/2014	Sep-14	510
7/24/2014	8/22/2014	Sep-14	15,290
8/23/2014	9/22/2014	May-15	155,000
9/23/2014	10/20/2014	May-15	135,000
10/21/2014	11/20/2014	May-15	166,000
11/21/2014	12/23/2014	May-15	172,000
12/24/2014	1/22/2015	May-15	160,000
1/23/2015	2/18/2015	May-15	108,000
2/19/2015	3/27/2015	Apr-15	160,000
3/28/2015	4/24/2015	May-15	130,000
4/25/2015	5/22/2015	Jun-15	111,000
			1,625,800
			1,625,800

- 5) Please refer to the table below for the amount billed for the water sold by WSKY to the detention center. The total amount billed for the water sold by WSKY to the detention center is equal to \$8,809.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Clinton Detention Center

Amount Billed For Water Sold

<u>Start Date</u>	<u>End Date</u>	<u>Billed Month</u>	<u>Amount Billed</u>
5/23/2014	6/23/2014	May-15	\$864.18
6/24/2014	7/22/2014	May-15	\$754.18
7/23/2014	7/23/2014	Sep-14	\$3.89
7/24/2014	8/22/2014	Sep-14	\$121.26
8/23/2014	9/22/2014	May-15	\$834.90
9/23/2014	10/20/2014	May-15	\$743.30
10/21/2014	11/20/2014	May-15	\$885.28
11/21/2014	12/23/2014	May-15	\$912.76
12/24/2014	1/22/2015	May-15	\$857.80
1/23/2015	2/18/2015	May-15	\$619.64
2/19/2015	3/27/2015	Apr-15	\$857.80
3/28/2015	4/24/2015	May-15	\$720.40
4/25/2015	5/22/2015	Jun-15	\$633.38
			<u>\$8,808.77</u>

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

9. Refer to the Application, Exhibit 4, Schedule 8 , Lines 9 and 23, and to WSKY's response to the Commission's First Request for Information that was attached as Appendix 8 to the Commissions December 9, 2015 Order ("Commission's First Request for Information"), Item 9.a.

a. Test-year salaries and wages shown on Schedule 8 total \$676,553 (\$510,822 shown on Line 9 + \$165,731 shown on Line 23). Using the same format of the three Excel worksheets provided in response to Item 9.a that are titled "WSC Salaries 2015," "wp-b4 office salaries," and "wp-b Salary," show the recalculation of test-year wages. The recalculation Excel worksheets should show for each employee: 1) test-year wage rates; 2) test-year regular and overtime hours worked; 3) test-year allocation factors; and 4) total test-year wages. The recalculated test-year wages for all employees should total \$676,553.

b. From review of the three aforementioned Excel worksheets that were provided in response to Item 9.a., it appears that WSKY accounts for a 3 percent wage increase in pro forma wages for all employees.

1) State the date that the 3 percent wage rate increase went into effect.

2) Explain why, in light of the present economic conditions, both locally and nationally, the wage increases are reasonable and appropriate.

c. From review of the three aforementioned Excel worksheets that were provided in response to Item 9.a., it is apparent that WSKY seeks rate recovery of wages for employee positions that were vacant at the time WSKY filed its Application.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

1) State whether additional employee positions have become vacant since WSKY filed its Application, and identify those positions.

2) Identify the vacant employee positions shown on these worksheets that have been filled since WSKY filed its Application, and state the date that each position was filled.

d. From review of the three aforementioned Excel worksheets that were provided in response to Item 9.a., it is apparent that Customer Service Personnel located in Florida, North Carolina, Nevada, and West Virginia had pro forma wages allocated to WSKY.

1) Describe the customer service facilities that are located in each of these states.

2) Describe the services provided to WSKY by each customer service facility located in these states.

3) Explain why the Equivalent Residential Customer Count is the most appropriate method to allocate the wage costs of each of the customer service facilities.

Response:

a) Please see the attached file "Staff DR 2.9.a - Test Year Salaries Detail". In this file please refer to tabs, "Wp-b Salary" Cell AH63, "wp-b4 office salaries" Cell AG160 and "WSC Salaries 2015" Cells AJ206 and AJ220. Please be advised it is not possible to recreate test year salaries as requested due to the varying intra-month wage rates and personnel shifts, along with varying Journal Entries which are not associated to any

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

particular employee. However, the aforementioned tabs are organized by employee and the totals do agree to the \$676,553 as requested. Test-year wage rates and test-year regular and overtime hours, along with allocation factors are located on tab, "Paychecks 7.3.14-7.31.15".

b) 1) Most employees receive an annual pay increase on April 1 of every year.

2) While it is unclear what PSC Staff is referring to with regard to "in light of the present economic conditions" it is the Company's position that wage increases are reasonable and appropriate in order to retain a skilled and qualified workforce in any economic environment.

c) Yes, it is common for the Company to experience some employee turnover. Positions which were vacant at the time WSKY filed its application are currently being recruited for.

1) The Financial Analyst I within the section "Regional Management (IL/IN/KY/MD/PA/NJ/VA)" on the worksheet with the tab labeled "WSC Salaries 2015" is no longer with the Company. The Company is currently in the hiring process and expects to fill this position by within the next four weeks.

2) Please see the vacancy at line 31 of the tab labeled "wp-b4 office salaries". This CSR I was hired 11/11/2015. Please see the vacancy at line

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

42 of the tab labeled "WSC Salaries 2015". This Billing Specialist was hired 12/10/2015.

- d) Yes, the Customer Service Personnel located in Florida, North Carolina, Nevada, and West Virginia had pro forma wages allocated to WSKY.

1) Florida – located in the Altamonte Springs, FL company office. The Company currently has 1 Customer Service Supervisor, 15 Customer Service Representatives, 1 Contact Center Supervisor, 1 Collections Representative, and 1 part-time Customer Service Administrative Assistant staffed at this office.

North Carolina – located in the Charlotte, North Carolina company office. The Company currently has 1 Customer Service Supervisor and 6 Customer Service Representatives staffed at this office.

Pahrump, Nevada – located in the Pahrump, Nevada company office. The Company currently has 1 Customer Service Supervisor, 1 Collections Supervisor, 3 Customer Service Representatives, and 2 Collections Representatives.

West Virginia – The Company currently has 1 Collections Representative who works from home.

2) Please see the attached files "Staff DR 2.9d2 Call Centers Call Handling 2015" and "Staff DR 2.9d2 Call Centers Call Handling Projected for 2016" which describe the nature of how the call centers have

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

handled and will continue to handle customer service contacts through February 17, 2016. Also provided is the updated call handling description that is forecasted to be implemented February 18, 2016.

3) ERC is the most appropriate and practical way to allocate customer service facilities wage costs because the Company operates in 15 states with 3 facilities that serve all Utilities Inc. customers that span 3 time zones. It is both cost effective and a strategic necessity to have centralized facilities for the function of customer service that produces a true overhead cost that should be shared equally among all Utilities Inc. customers that benefit from the service. In addition, if the Company were to, for example, allocate wage costs based on call volume not only would this be logistically cumbersome, but also unfair to ratepayers that have unusually high call volume in a test year.

Witness: Brian Halloran

Staff DR 2.09.a

*Test Year Salaries
Detail*

(See attached Excel file)

Staff DR 2.9d2

*Call Centers Call
Handling 2015*

Call Center Resources and Capacity, 2015

WSCKY Customers can call our toll free number 24/7 for incoming service requests.

Our available call center trunk capacity for incoming calls currently processes over 375,000 incoming calls and nearly as many outgoing calls annually. The current capacity can handle an additional 30% of call volumes without any additional upgrades. The capacity can be expanded to double or triple this capacity with the addition of telco circuits and software licensing in our multiple geographically diverse locations. We have access to telco circuit capacity in multiple locations and can point “800” numbers to any of them to handle primary or overflow call volumes. We recognize limits in our call center personnel before our technical capacity reaches a limit. We currently utilize trunks capable of handling 96 simultaneous calls through our Tier III hosting facility as our primary call routing process. Our VoIP switch can be expanded through agent software licenses to virtually any capacity we desire. We also have the capability to expand telephony circuit capacity to handle any volume of incoming and outgoing calls necessary. Our geographic diversity also enables continuous service in weather events and/or other emergency situations.

We currently have capacity in our VoIP switches, call center systems and available customer service representative workspace within our identified locations to ensure exceptional service delivery aligned with our Key Performance Indicators (KPI). We recognize some excess capacity in our current call center staffing levels to ensure we are capable of handling fluctuations in call volumes due to emergencies and other customer driven inquiries. At this time we operate a virtual call center via VoIP single queue for our current WSCKY customers; all primary and backup locations are in one virtual center for call routing. We have another 50+ seats available and 90 remote customer service representative ports in our VPN concentrator. This means we can currently route calls to 140+ additional representatives without any hardware or software modifications.

The following illustrates our current personnel allocation by call routing Tier.

Total CSR's within all Call Center locations: 35

Tier 1 – 23

Tier 2 – 5

Tier 3 – 3

Tier 4 – 4

Calls come in through the same call prompts and are routed to Agents dedicated to WSKY customer care and dispatch. The call is routed to the Call Center Customer Service Representative (CSR) in Tier 1. If none are available, the call is routed to Tier 2 agents in 25 seconds, Tier 3 in 30 seconds, and Tier 4 in 35 seconds so that every call can be answered within 60 seconds. In addition, call center supervisory personnel are available to serve WSKY customers in emergency situations.

Our call center response time for 2015 has an Average Wait Time of 51 seconds. We have received over 341,665 calls YTD with an average speed of answer at 82.94%. Emails and Faxes are received through a virtual fax/email server and are routed through email to a group of available agents. Both emails and faxes are responded to immediately upon receipt during regular business hours. During 2015 we have processed 12,067 emails with an average interaction time of 0:05:42, and have processed 9,962 faxes with an average interaction time of 0:02:58. Written mail correspondence is generally responded to within five business days.

After-hours (5:00 PM to 8:00 AM ET) emergency service is provided to WSKY customers through our answering service where every call is answered by a live agent. The agent will take the customer's location, contact information, service issue, then relay it to the on-call operations service technician through cell phone and email. If the on-call technician cannot respond within 10 minutes another technician is called and emailed. An operations manager is always available by phone.

The contingency plan, in case of severe weather, provides continuous call response for WSKY customers through live agents located in the Florida, North Carolina and Nevada Call Centers and after-hours

answering service located in North Carolina. CSR's are equipped with laptops and USB headsets, so they can re-locate and continue to respond to customer calls.

Staff DR 2.9d2

*Call Centers Call
Handling 2016*

Call Center Resources and Capacity for 2016, after February 17, 2016

WSCKY Customers can call their state dedicated toll free number 24/7 for incoming service requests.

Our call center currently processes over 375,000 incoming calls and nearly as many outgoing calls annually. From a call capacity standpoint, we can accommodate an additional 30% call volume without any additional infrastructure upgrades. Capacity can further be expanded with additional data bandwidth, software licensing and staff to address even a more significant increase in call volume. Inbound calls have recently been virtualized via Session Initiation Protocol (SIP) which leverages the multiple entry points of our data network which insures all calls, specifically Customer Service calls, will reach our call center. Because of SIP's flexibility we would recognize a limit in our call center personnel before any technical limit is reached. Our current maximum call capacity is 142 concurrent phone calls (an increase of 46 calls over our previous configuration).

Our geographic diversity also enables continuous service in weather events and/or other emergency situations. WSCKY Customer Service agents are not confined to specific offices. Any phone in any office location may be used by Customer Service which ensures exceptional service delivery aligned with our Key Performance Indicators (KPI). We recognize some excess capacity in our current call center staffing levels to ensure we are capable of handling fluctuations in call volumes due to emergencies and other customer driven inquiries. By utilizing other advanced technologies, we are able to extend the call center to any employee in any location (on network or off) via a VPN concentrator and softphone licensing.

The following illustrates our current personnel allocation by call routing per State.

- 27 Customer Service Representatives – trained, assigned, and dedicated to state(s) specific, and is routed as overflow to all state call handling.
- 3 Customer Service Supervisors – trained, assigned, and dedicated to state(s) specific responsibilities, and as overflow to all state call handling.
- 4 Collections Representatives – trained, assigned, and dedicated to state(s) specific collections, primary state specific call routing, and as overflow to all state call handling.

Each State is assigned a dedicated customer service phone number for inbound call customer service. WSKY Customer Service and Collections Representatives are trained for state specific dedicated customer service call handling, and outbound calls for the purpose of collections. WSKY calls flow immediately to the next available agent with the highest skill set for each state to insure calls are answered within 60 seconds from the time the call enters the call center. Our KPI goal is to answer 80 percent of all calls within 60 seconds.

WSKY customer service emails and faxes are handled through the same method. Both emails and faxes are responded to immediately upon receipt during regular business hours. Written mail correspondence is generally responded to within five business days.

After-hours (5:00 PM to 8:00 AM ET) emergency service is provided through our answering service where every WSKY call is answered by a live agent. The agent will take the customer's location, contact information, service issue, then relay it to the on-call operations service technician through cell phone and email. If the on-call technician cannot respond within 10 minutes another technician is called and emailed. An operations manager is always available by phone.

The contingency plan, in case of severe weather, provides continuous call response for WSKY customers through live agents located in the Florida, North Carolina and Nevada Call Centers and after-hours answering service located in North Carolina. CSR's are equipped with laptops and USB headsets, so they can re-locate and continue to respond to WSKY customer calls.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

10. Refer to the Application, Exhibit 5, Direct Testimony of Steven M. Lubertozi ("Lubertozi Testimony"), page 5, Lines 20- 23 and page 6, Lines 1-11 and to the work papers provided in response to Item 9.a., above, where test-year wages were recalculated. On pages 5 and 6, Mr. Lubertozi discusses a reorganization of UI that occurred since WSKY's last rate case.

a. Provide a detailed discussion of how and why UI was reorganized.

b. Discuss how the reorganization benefitted WSKY and its customers.

c. Make all changes necessary to the work papers provided in response to Item 9.a, above, to reallocate all test-year wages to WSKY as though the reorganization had not occurred.

d. Other than wages identified in Item 10.c., above, identify and quantify all other changes to WSKY test-year costs, including wage overhead charges, that occurred as a result of the reorganization.

e. State whether any new employee positions that were created as a result of the reorganization remain vacant.

Response:

a. UI's customers of all types (end users, regulators, elected officials, etc.) had increasingly demanded local authority and accountability. To meet this demand, UI and its operating entities evolved to a more locally based structure to support this objective. UI and its subsidiaries needed to be focused on how to best address customer's needs, establish local relationships and accountability, reduce communication and decision

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

making redundancy, all while preserving our outstanding safety and compliance culture, and position the company for growth. The reorganization, and elimination of the current executive team structure (CFO, COO, CRO and others), also created leadership capacity in the organization by reducing redundant communication and decision making. After reorganization, the new business units' leaders were fully responsible for the performance and service delivery to the customers. The reorganization and related personnel changes were designed to position UI and its subsidiaries to meet the consumers' needs. The reorganization, required that a state President be responsible for all facets of the business, including operations, safety, compliance, regulatory matters, and the overall customer experience. Moving to this model allowed senior executive level talent to focus on local customer's needs and business unit performance.

- b. Please refer to the response in Staff DR 2.10a.
- c. Please refer to the attached file, "PSC DR 2.10" in response to this request. Please be advised it is not possible and ultimately much too speculative to reallocate test-year wages to WSKY provided in response to Staff DR 2.9.a, as though the reorganization had not occurred. As an alternative the Company has provided two roll forwards of the salary work

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

papers provided in Case No. 2013-00237, which was pre-reorganization, assuming all employees receive the standard 3% annual raise.

A comparison of the test-year salaries in Case No. 2015-00382 to the roll forward of the pro forma salaries in Case No. 2013-00327 is shown on tab, "Test Year Salary Comparison". The salaries from Case No. 2013-00237, under the prior organization structure, were rolled forward at a 3% increase per year and allocated to each period in the test-year July 01, 2014 – June 30, 2015 using the appropriate wages and allocation factors for each period. The test-year salaries presented in response to Staff DR 2.9.a, were adjusted for bonuses, journal entries and cap time salary reallocations as those items are not included in pro forma salaries. The apples-to-apples comparison shows the test-year salaries under the reorganization are \$4,188 lower than without the reorganization.

A comparison of the roll forward of total pro-forma salaries from Case No. 2013-00237 to total pro forma salaries in Case No. 2015-00382 is shown on tab, "Pro Forma Salary Comparison". The salaries from Case No. 2013-00237, under the prior organization structure, were rolled forward at a 3% increase per year and updated for the allocation factors presented in Case No. 2015-00382. The apples-to-apples comparison shows the pro forma salaries under the reorganization are \$147 higher than without the reorganization.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- d. Due to the speculative nature of this question, a response cannot be provided with 100% certainty. However, it can be assumed that due to the elimination of some positions, which result in a lower number of employees at WSC, employee benefit costs and payroll taxes would be higher in the test year had the reorganization not occurred. This is consistent with the response provided to Staff DR 2.9.c, above.
- e. The Company has eliminated some positions as part of the reorganization and has renamed other positions. There are currently vacant positions within the Company; however, these positions do not result in incremental headcounts to the Company and were filled prior to the reorganization.

Witness: Brian Halloran, Steve Lubertozzi

CASE No. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Staff DR 2.10

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

11. Refer to the Application, Exhibit 4, Workpaper j.
- a. "Deferred Maintenance Expense" is stated at \$19,977. Identify each deferred item included in this amount and for each item: state its amount; provide a detailed description; and explain why its removal from test-year operations is appropriate.
- b. "Current Deferred Assets" is stated at \$20,106. Identify each deferred item included in this amount and for each item: state its amount; provide a detailed description; and explain why its inclusion in pro forma operations is appropriate.
- c. "Pro Forma Deferred Assets" is stated at \$14,027. Identify each deferred item included in this amount and for each item: state its amount; provide a detailed description; and explain why its inclusion in pro forma operations is appropriate.

Response:

- a. Please refer to the table below for a description of the deferred items that are included in the test-year Deferred Maintenance Expense. The removal is appropriate because we removed the amortization and then included it with the pro forma amortization.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Test-Year Deferred Maintenance Expense

Asset #	Asset Description	Original Plant Cost	Placed In Service Date	Asset Life (Months)	Total Test-Year Def. Maint. Exp.
1006258	Hydrant Painting	\$ 28,469	11/13/2012	72	\$ 4,745
1007984	SOC Testing	\$ 1,555	9/3/2014	36	\$ 432
1008005	Lab Analysis / Testing	\$ 900	9/4/2014	36	\$ 250
1008115	Water Storage Tanks (2) Inspection	\$ 3,000	9/11/2014	60	\$ 501
1008258	Water Storage Tanks (3) Inspection	\$ 3,280	5/19/2014	60	\$ 726
5000366	Paint 200kGal Water Standpipe	\$ 66,616	12/21/2012	60	\$13,323
		<u>\$103,820</u>			<u>\$19,977</u>

- b. Please refer to the tab labeled “Current Def Assets” in the file provided in response to Staff DR 1.3 labeled “*Staff DR 1.3 – wp j Maintenance and Repair*” for a listing of each deferred item that produces the amount of \$20,106. The inclusion in pro forma operations is appropriate because the Company is adjusting for known and measureable changes to test-year operations.
- c. Please refer to the tab labeled “Pro Forma Assets” in the file provided in response to Staff DR 1.3 labeled “*Staff DR 1.3 – wp j Maintenance and Repair*” for a listing of each deferred item that produces the amount of \$14,027. The inclusion in pro forma operations is appropriate because the Company is adjusting for known and measureable changes to test-year operations.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

12. Refer to the Halloran Testimony, Page 8, Lines 1-8. Mr. Halloran refers to a Clinton tank-painting project that is expected to be completed by December 31, 2015, and he refers to "smaller pro forma deferred assets."

a. In regard to the tank painting.

1) Provide the tank's street address or other description of its geographic location.

2) State the date that the tank was first placed into service.

3) State the tank's anticipated remaining life.

4) State the last date that the tank was painted prior to the 2015 painting.

5) Provide a copy of the advertisement for contractor bids to paint the tank.

6) Provide a copy of all contractor bids that were received by WSKY in response to the bid advertisement.

7) Indicate which contractor bid was accepted.

8) State the date that the tank painting was completed .

9) Provide a complete description of all the work that was necessary to perform the tank painting and state the type of paint used for the interior 1 0) State the basis for the ten-year amortization period proposed

10) for the 2015 tank-painting costs and state why this amortization period is reasonable.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- b. In regard to the "smaller pro forma deferred assets."
 - 1) Provide a description of each asset.
 - 2) Provide the cost of each asset.
 - 3) State the date that each asset was placed into service.
 - 4) State each asset's amortization period.
 - 5) Provide annual amortization schedules for each asset.

Response:

- a.
 - 1) 325 S Washington St., Clinton, KY 42031
 - 2) November 23, 2015
 - 3) 50 Years
 - 4) 2002
 - 5) Not available
 - 6) See attachment labeled "Staff DR 2.12" for the Company's response.
 - 7) Wet or Dry Water Tank Inspection
 - 8) November 12, 2015
 - 9) Interior: Abrasive SSPC-SP10 Near White finish sandblast, and apply three coats of Tnemec Series 20 Pota-Pox, to a thickness of 10.0 mils, with a stripe coat of the same epoxy to be applied to the weld seams.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Exterior: pressure wash to remove dirt, loose paint and chalkiness; power-tool clean rusted and abraded areas, intermediate and top coat coating system will be determined before application with Tnemec support recommendations.

- 10) The Company is proposing an amortization period of 10 years, because the average life of tank painting assets lasts roughly 10 years.
- b. Please refer to the tab labeled “Pro Forma Assets” in the file provided in response to Staff DR 1.3 labeled “*Staff DR 1.3 – wp j Maintenance and Repair*”. The items labeled “Tank Cleaning” and “Sealing Driveway @ Middlesboro” are the “smaller pro forma deferred assets” that are referenced in Halloran Testimony, Page 8, Lines 1-8.
- 1) See below for a description of each asset:

Tank Cleaning: This asset is for the water tanks that were cleaned at Middlesboro.

Sealing Driveway at Middlesboro: This asset is for the sealing and coating of the parking lot and roadways at the Middlesboro Water Treatment Plant.
 - 2) The amounts reflected in the workbook of \$6,000 and \$2,750 for the Tank Cleaning and Sealing Driveway at Middlesboro are the per books cost of the assets, respectively.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- 3) The dates reflected in the workbook of 10/8/15 and 8/27/15 for the Tank Cleaning and Sealing Driveway at Middlesboro are the actual dates the assets were placed into service, respectively.
- 4) Each asset has a life of 36 months, or 3 years.
- 5) See below for an amortization schedule of each asset:

Response to Staff DR 2.12b-5

"Tank Cleaning" Asset

Line No.	Year	Period	Amort. Amount
1	2015	Oct - Dec	\$ 500
2	2016	Full Year	\$ 2,000
3	2017	Full Year	\$ 2,000
4	2018	Jan - Sept	\$ 1,500
			<u>\$ 6,000</u>

"Sealing Driveway @ Middlesboro" Asset

Line No.	Year	Period	Amort. Amount
1	2015	Aug - Dec	\$ 382
2	2016	Full Year	\$ 917
3	2017	Full Year	\$ 917
4	2018	Jan - July	\$ 535
			<u>\$ 2,750</u>

Witnesses: Bruce Haas, Brian Halloran

CASE No. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Staff DR 2.12

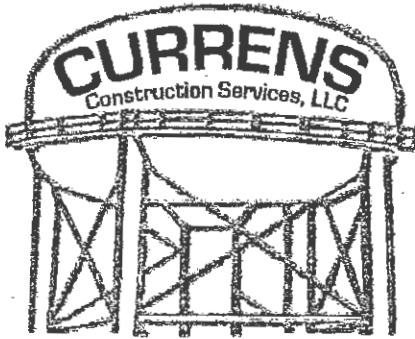
12. Refer to the Halloran Testimony, Page 8, Lines 1-8. Mr. Halloran refers to a Clinton tank-painting project that is expected to be completed by December 31 , 2015, and he refers to "smaller pro forma deferred assets."

a. In regard to the tank painting.

- 1) Provide the tank's street address or other description of its geographic location.
325 S Washington St. Clinton, KY 42031
- 2) State the date that the tank was first placed into service.
November 23, 2015
- 3) State the tank's anticipated remaining life.
50 Years
- 4) State the last date that the tank was painted prior to the 2015 painting.
2002
- 5) Provide a copy of the advertisement for contractor bids to paint the tank.
Non Available
- 6) Provide a copy of all contractor bids that were received by WSKY in response to the bid advertisement.
See Below
- 7) Indicate which contractor bid was accepted.
Wet or Dry Water Tank Inspection
- 8) State the date that the tank painting was completed
November 12, 2015
- 9) Provide a complete description of all the work that was necessary to perform the tank painting and state the type of paint used for the interior and exterior painting.

Interior: Abrasive SSPC-SP10 Near White finish sandblast, and apply three coats of Tnemec Series 20 Pota-Pox, to a thickness of 10.0 mils, with a stripe coat of the same epoxy to be applied to the weld seams.

Exterior: pressure wash to remove dirt, loose paint and chalkiness; power-tool clean rusted and abraded areas, intermediate and top coat coating system will be determined before application with Tnemec support recommendations.



Terry Currens, Owner

- P.O. Box 492
- 535 Handy Pike
- Harrodsburg, KY 40330
- 859-613-2522 Cell
- 859-265-5054 Fax
- twcurrens@gmail.com

July 30, 2015

Wet or Dry, Inc.

1609 Hillsboro Road

Campbellsburg, KY 40011

Attention: Mr. Jay Hoffman

RE: Clinton, KY 150,000 Standpipe Tank Painting Proposal

Dear Mr. Hoffman,

Below is our proposal to clean and paint the 150,000 gallon standpipe in Clinton, Kentucky. The information is based upon our discussions with you as well as our site visit on July 28, 2015. We will be offering two separate coating systems for the exterior which will give the Owner two options.

150,000 Standpipe Cleaning & Painting Proposal (Noxyde)

Provide all labor ,material and equipment necessary to abrasive blast the interior to a SSPC-SP10 Near White abrasive blast and apply (3) three coats of Tnemec Series 20 Pota-Pox to a minimum dry film thickness of 10.0 mils with a stripe coat of the same epoxy applied to the weld seams. The exterior will be pressure washed to remove dirt, loose paint and chalkiness; power-tool clean rusted and abraded areas and spot prime with Rust-Oleum 9380 @ 3.0 – 5.0 mils, (2) two full coats of Noxyde @ 7.0 mils per coat, and one full finish coat of Rust-Oleum 9800 DTM Urethane Mastic @ 3.0-5.0 mils.

Total Price: \$88,900.00

150,000 Standpipe Cleaning & Painting Proposal (High Performance Acrylic)

Provide all labor ,material and equipment necessary to abrasive blast the interior to a SSPC-SP10 Near White abrasive blast and apply (3) three coats of Tnemec Series 20 Pota-Pox to a minimum dry film thickness of 10.0 mils with a stripe coat of the same epoxy applied to the weld seams. The exterior will be pressure washed to remove dirt, loose paint and chalkiness; power-tool clean rusted and abraded areas and spot prime with Tnemec Series 135 ChemBuild @ 3.0 – 5.0 mils and (2) two full coats of Tnemec Series 1028 Enduratone acrylic @ 2.0 – 3.0 mils per coat.

Total Price: \$ 74,400.00

The Owner will need to assist in obtaining the necessary easements to get onsite as well as assist with any necessary utility easements since the site access is so tight with very little room to operate and store equipment.

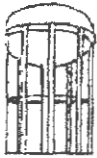
We thank you for the opportunity to provide this proposal and we look forward to hearing from you as soon as possible so that we can get scheduled.

Sincerely,

A handwritten signature in black ink, appearing to read "Terry Currens". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Terry Currens

Currens Construction Services, LLC



Central Painting

P.O. Box 214 • Harrodsburg, KY 40330

Painting, Sandblasting, Welding Repair of Water Storage Tanks

Steve Caton
859-749-5872

Fax 859-734-9474

July 30, 2015

Wet or Dry, Inc.

1609 Hillsboro Road

Campbellsburg, KY 40011

Attention: Jay Hoffman

RE: Clinton, KY 150,000 Standpipe Cleaning & Painting Proposal

Dear Jay,

Our price to clean and paint the 150,000 standpipe in Clinton, KY is below. Interior coatings are based upon using Themec and exterior coatings are Rust-Oleum and Noxyde.

Cleaning & Painting Proposal

Interior SSPC-SP10 20/Stripe/20/20 @ 10.0 mils

Exterior Power wash/Power Tool Spot 9380/Noxyde/Noxyde/9800 @ 20 mils total

Total Cleaning & Painting Price: \$104,000.00

Please let us know if you have any questions.

Sincerely,

Steve Caton

Central Painting

Wet or Dry Tank Inspection Quote

GENERAL:

This proposal is to assist Utilities Inc, Clinton, KY with the tank painting project for the North Washington St water storage tank

MINIMUM QUALIFICATIONS OF KEY PERSONNEL:

Jay L. Hoffman 25+ years in the business NACE inspector

Greg Weis 14+ years in the business NACE Inspector

Sean Garrison 8+ years in the business NACE inspector

Wet or Dry will have the staff available to complete all aspects of project during 2014

Wet or Dry will assign key personnel to physical inspection, and providing the majority of writing the reports, and they shall hold or possess the following minimum qualifications:

A.

As a minimum requirement, the personnel assigned to the work shall have successfully completed an education and training program from a recognized organization offering a curriculum equivalent to the NACE® Training Course. Level I minimum. As a note the combined knowledge base for all Wet or Dry employees is 62 years.

B.

Personnel shall have a minimum of five (5) years experience in the painting industry related to the type of work to be evaluated. An inspector will have a current working knowledge of the operation and use of the all inspection equipment required projects and have experience and ability to ascend elevated tanks using ladders and stages.

C.

All personnel shall be physically capable of performing the required inspection work using industry standard, OSHA approved, equipment as utilized by the industry for this type of work. All have and receive yearly training such as fall protection and confined space entry for the tasks required.

The Wet or Dry will coordinate the schedule and the of the proposed work.

b. Phase II Tasks:

ASSISTANCE IN PREPARING BIDDING DOCUMENTS:

TASK A:

Wet or Dry will assist Utilities Inc, Clinton, KY in preparing technical specifications for the tank as required. Documents will specify the repairs required to the tanks, required coating systems and application methods. The documents will include bidding procedure and forms, agreement and contract conditions, project requirements and processes to properly handle lead materials. Also prepare and submit to the Utilities Inc, Clinton, KY a detailed opinion of probable costs based on the final set of bidding documents.

PROVIDE CONTRACT PHASE SUPPORT:

TASK C:

Wet or Dry will provide project completion phase support through contract administration, Wet or Dry will provide progress, oversight, tracking; and technical interpretations and inspection. Contract administration will include providing interpretations; reviewing correspondence, submittals and bills; preparing status reports and similar activities. Wet or Dry will conduct a pre-construction meeting to discuss schedules, procedures for the project correspondence, change orders and other contract items.

Wet or Dry oversight and tracking will be provided with random on-site visits and regularly scheduled progress meetings with the Contractor to review schedule progress versus actual. Progress meetings will be held at 25%, 50% and 90% completion of the entire project or more as needed.

PERFORM WARRANTY INSPECTION:

TASK D:

Wet or Dry will provide post-painting inspections after final work is completed and two (2) year warranty inspection. Wet or Dry will prepare a letter report for the one (1) year inspection that will include a description of the general condition of the tank and identify conformance of the tank to the terms of the painting *Contract Documents*. Areas of review will include any structural improvements or modifications included in the scope of the *Contract Documents* and the condition of the coating systems

Associated Costs for tasks:

Contract Phase Support & Painting Inspection will be \$12,000.00

Our staff is comprised of NACE (National Association of Corrosion Engineers), Trained and Certified Coatings inspectors, that have a combined knowledge of 62 years of steel and coatings industry experience, as well as Level II NDT inspection certifications for assessing the condition of the storage tank.

REFERENCES

Louisville Water
550 South 3rd St
Louisville, KY
Bart Potts
502-569-3600

City of Madisonville
P. O. Box 704
Madisonville, KY 42431
Mr. Keith Curneal
270-824-2145

Hardin County Water District 2
360 Ring Rd
Elizabethtown, KY 42702
Mr. James Jefferies, General Manager
270-737-1056

Kenvirons, Inc. Engineers
452 Versailles Rd
Frankfort, KY 40602
Mr. Carlos Miller
Vaughn Williams, Ed Brown, Doug Griffin
502-695-4357

City of Jamestown
P. O. Box 587
Jamestown, KY
Mr. Terry Lawless, Ottis Skaggs
270-343-4185

Jackson Co Water Assoc
P.O. Box 232
Tyner, KY 40486
Mr. John Powell
606-287-7000

Oldham Co Water District
PO Box 207
Buckner, KY 40010
Mr. Russ Rose
502-222-1690

City of Oak Grove
PO Box 280
Oak Grove KY
Ms. Misty Cutsall
270-439-5433

McGhee Engineers
Mike McGhee
Guthrie, KY
270-483-9985

East Clark County Water District
P. O. Box 112
Winchester, KY 40392-112
Mr. William Ballard General
Manager 606-745-1458

City of Danville
P. O. Box 670
Danville, KY
Mr. Earl Coffey City Engineer
859-238-1200

Utilities, Inc
112 E Cumberland Ave
Middlesboro, KY
Mr. James Leonard
606-248-5730

East Pendleton Co Water
Wayne Lonaker
Falmouth, KY
859-654-2100

Henry County Water District #2
P. O. Box 219
Campbellsburg, KY 40011
Mr. James Simpson General Manager
502-532-6279

Pendleton County Water District
P O Box 232
Falmouth, KY 41040
Mr. William Jones (Red)
859-654-6964

Webster Co Water District
PO Box 320
Dixon, KY 859-824-3335
Mr. Paul Lashbroke

Additional references supplied upon request.

Some of our Private Sector Clients are Toyota Motors USA, United Airlines, Ford, Dupont, Union Carbide, Dow Corning, Colgate, General Motors, US Army, Navy and LG&E Energy

Current Projects 2015

Logan Todd Regional Water Commission

Greenville KY

Central City KY

Hardin Co Water District #2

East Casey Water

City of Danville

Southeastern Water Association

Henry County Water District

Eminence Water Works

Bullock Pen Water District

City of Carrollton KY

Completed Projects Various Years

City of Danville

Reservoir Hill tank	12 years ago
Aldridge Ln tank	13 years ago
4th Street tank	13 years ago

Various consulting and tank inspections over the years.

Webster County Water District, KY

300,000 Gallon Elevated rehab inside and out
500,000 Gallon Ground tank rehab inside and out
Mixing system installations various tank
Water treatment plant rehab

Henry County Water District, KY

300,000 Gallon Elevated tank rehab w/containment
300,000 Gallon Elevated new tank construction
300,000 Gallon Elevated tank new construction
150,000 Gallon Rehab
200,000 Gallon Elevated tank rehab
100,000 Gallon Elevated tank rehab

City Of Jamestown, KY

150,000 Gallon Elevated Rehab
200,000 Gallon Elevated tank rehab
750,000 Gallon Elevated tank Rehab
300,000 Gallon Elevated tank rehab

Oldham Co Water District, KY

1 Million Gallon Elevated tank new construction
300,000 Gallon Standpipe rehab

City of Madisonville, KY

3 Million Gallon Ground tank rehab
1 Million Gallon Elevated tank rehab
Treatment plant basin rehab
1.5 Million Gallon rehab



ADD-CHANGE FORM

New Project or Budget Change?

Assigned Project #:

Requested by:
Project Manager / Area Manager

Date:

Project Name:

Company:

Business Unit:

BU Type:

Project Owner:

Budget Owner / RVP: 01

Project Manager:

Region: 02

Start Date:

State:

Estimated End Date:

Project Type:

Will project replace/retire any assets:

Previously Requested:

This Request:

Still to be Requested:

Total Project Budget:

Description:

This project is to perform periodic preventive maintenance on the 210,000 gallon south Washington Street volume standpipe in Clinton KY. Interior: Abrasive SSPC-SP10 Near White finish sandblast, and apply three coats of Tnemec Series 20 Pota-Pox, to a thickness of 10.0 mils, with a stripe coat of the same epoxy to be applied to the weld seams. Exterior: pressure wash to remove dirt, loose paint and chalkiness; power-tool clean rusted and abraded areas, intermediate and top coat coating system will be determined before application with Tnemec support recommendations.

Timeline Considerations:

Project completion to be done by 12/31/2015 for optimal recovery in pending filing of rate case with KY-PSC. [Unforeseen weather delays could push completion date into 1Q16.]

Inter-dependant Project Project Number: Project Name (If applicable)

Have engineering evaluations been performed? Engineering project number (If applicable)



JUSTIFICATION / ALTERNATIVES

Justification and Benefits:

The most recent 3rd party specialist tank inspection, dated August 2014 indicated the interior coating as poor. Exterior coating was listed as fair.
Recoating the standpipe will extend the service life of the tank and address aesthetic concerns.

There are (2) large standpipes in the system and the system can be maintained for the period of refurbishment using the other system tank without problem.

Summary statement from recent inspection. "The tank coating has gone downhill since the last evaluation (2009) and will need some attention with the next year. Comments on tank: Exterior: The exterior coating is now showing signs of its age, and the number of failures are beginning to occur. Overall it is in fair condition, but due to its age, failures are going to progress more rapidly. Interior: The interior also has begun to rapidly deteriorate. At this point in time, nothing serious has occurred to the steel other than minor rusting, but if the interior is not addressed within the next year, it will become more serious and metal loss will become a problem. It is time to begin for a total rehab of the tank in order to protect the investment."

Risk Evaluation

The tank is a critical component of the system for adequate storage and pressure. Maintenance essential for maximizing asset life and maintaining structural integrity.

Alternatives Considered:

The only alternative would be to delay the maintenance. Proceeding now based on inspection recommendations and condition report is recommended.

Technical Review Summary:



Financial and Regulatory Implications

Capital Plan

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
Proposed Project Spend	102,900				
Project Spend in Current Plan	80,000				
Variance	(22,900)	-	-	-	-
CIAC Collected					
Net Rate Base	##### #	##### #	##### #	##### #	##### #

(if applicable)

O&M Cost Impact B/(W)

	(10,290)	(10,290)	(10,290)	(10,290)	(10,290)
--	----------	----------	----------	----------	----------

Financial Justification

Revenue will offset expense

Estimated Revenue Impact per Customer:

Number of Customers Impacted:

Served Rate Payers	
17.15	17.15
600	600.00

Utility Financial Impact

	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5
O&M Impact on EBITDA B/(W)	(10,290)	(10,290)	(10,290)	(10,290)	(10,290)
Depreciation Impact on EBIT B/(W)					
Under-recovery on capital B/(W)					
Net EBIT Impact B/(W)	-	-	-	-	-

Timing and Supporting Information on Rate Recovery

Rate filing est 11/30/15

Regulatory Plan Implications

Assumptions

10 year amortization on tank painting



BID INFORMATION AND BUDGET BREAKDOWN

Have three bids been received?

If not, why? List and provide amounts below

Bid	Company	Amount	Selected
1	Currens Construction Company	\$88,900	Yes
2	Central Painting	\$104,000	No
3			

Component:

Amount

Value Bid Elements	88,900.00	should match selected bid(s) above
Engineering		
Direct Purchase of Parts / Materials		
Landscaping / Site Restoration		
Other Components (specify):		
Cap Time	2,000.00	
Process Documents, Inspections of Prep and paint work	12,000.00	

Total Project Budget **102,900.00** should match Total Budget on General Information

Object Account(s) to which project will be closed:

<input type="text" value="1120"/>
<input type="text" value="n/a"/>
<input type="text"/>
<input type="text"/>

Dist Resv & Standpipes
 Not Applicable
 select from dropdown list
 select from dropdown list
 select from dropdown list

[Go to Reference List](#)

General Comments:



Approvals

EAM Prime Review

Review Completed by Date:

Does project align with utility plan and meet technical requirements? Yes No

Comments

Technical Peer Review

Review Sponsored by Date Held

Approval to proceed Yes No

Comments (note if feedback received in review incorporated)

FP&A Review

Review Completed by Date:

Does Project comply with current Utility Rate and Regulatory Plan? Yes No

Comments

Approvals

Applicable?

Regional Manager: Date:

VP Operations: Date:

President: Date:

Approval or Re-Direction Comments

**Object
Account**

[GO BACK TO FORM](#)

n/a	NOT APPLICABLE
1020	ORGANIZATION
1025	FRANCHISES
1030	LAND & LAND RIGHTS PUMP
1035	LAND & LAND RIGHTS WTR TRT
1040	LAND & LAND RIGHTS TRANS DIST
1045	LAND & LAND RIGHTS GEN PLT
1050	STRUCT & IMPRV SRC SUPPLY
1055	STRUCT & IMPRV WTR TRT PLT
1060	STRUCT & IMPRV TRANS DIST PLT
1065	STRUCT & IMPRV GEN PLT
1070	COLLECTING RESERVOIRS
1075	LAKE, RIVER, OTHER INTAKES
1080	WELLS & SPRINGS
1085	INFILTRATION GALLERY
1090	SUPPLY MAINS
1095	POWER GENERATION EQUIP
1100	ELECTRIC PUMP EQUIP SRC PUMP
1105	ELECTRIC PUMP EQUIP WTP
1110	ELECTRIC PUMP EQUIP TRANS DIST
1115	WATER TREATMENT EQPT
1120	DIST RESV & STANDPIPES
1125	TRANS & DISTR MAINS
1130	SERVICE LINES
1135	METERS
1140	METER INSTALLATIONS
1145	HYDRANTS
1150	BACKFLOW PREVENTION DEVICES
1155	OTH PLT&MISC EQUIP INTANG PLT
1160	OTH PLT&MISC EQUIP SRC SUPPLY
1165	OTH PLT&MISC EQUIP WTP
1170	OTH PLT&MISC EQUIP TRANS DIST
1175	OFFICE STRUCT & IMPRV
1180	OFFICE FURN & EQPT
1185	STORES EQUIPMENT
1190	TOOL SHOP & MISC EQPT
1195	LABORATORY EQUIPMENT
1200	POWER OPERATED EQUIP
1205	COMMUNICATION EQPT
1210	MISC EQUIPMENT
1215	WATER PLANT ALLOCATED
1220	OTHER TANGIBLE PLT WATER
1245	ORGANIZATION
1250	FRANCHISES INTANG PLT
1255	FRANCHISES RECLAIM WTR DIST PLT

1260	LAND & LAND RIGHTS INTANG PLT
1265	LAND & LAND RIGHTS COLL PLT
1270	LAND & LAND RIGHTS TRTMNT PLT
1275	LAND & LAND RIGHTS RECLAIM WTP
1280	LAND & LAND RIGHTS RCL DST PLT
1285	LAND & LAND RIGHTS GEN PLT
1290	STRUCT/IMPRV COLL PLT
1295	STRUCT/IMPRV PUMP PLT LS
1300	STRUCT/IMPRV TREAT PLT
1305	STRUCT/IMPRV RECLAIM WTP
1310	STRUCT/IMPRV RECLAIM WTR DIST PLT
1315	STRUCT/IMPRV GEN PLT
1320	POWER GEN EQUIP COLL PLT
1325	POWER GEN EQUIP PUMP PLT
1330	POWER GEN EQUIP TREAT PLT
1335	POWER GEN EQUIP RECLAIM WTP
1340	POWER GEN EQUIP RCL WTR DIST
1345	SEWER FORCE MAIN/SRVC LINES
1350	SEWER GRAVITY MAIN/MANHOLES
1353	MANHOLES
1355	SPECIAL COLL STRUCTURES
1360	SERVICES TO CUSTOMERS
1365	FLOW MEASURE DEVICES
1370	FLOW MEASURE INSTALL
1375	RECEIVING WELLS
1380	PUMPING EQUIPMENT PUMP PLT
1385	PUMPING EQUIPMENT RECLAIM WTP
1390	PUMPING EQUIPMENT RCL WTR DIST
1395	TREAT/DISP EQUIP LAGOON
1400	TREAT/DISP EQUIP TRT PLT
1405	TREAT/DISP EQUIP RCL WTP
1410	PLANT SEWERS TRTMT PLT
1415	PLANT SEWERS RECLAIM WTP
1420	OUTFALL LINES
1425	OTHER PLT TANGIBLE
1430	OTHER PLT COLLECTION
1435	OTHER PLT PUMP
1440	OTHER PLT TREATMENT
1445	OTHER PLT RECLAIM WTR TRT
1450	OTHER PLT RECLAIM WTR DIST
1455	OFFICE STRUCT & IMPRV
1460	OFFICE FURN & EQPT
1465	STORES EQUIPMENT
1470	TOOL SHOP & MISC EQPT
1475	LABORATORY EQPT
1480	POWER OPERATED EQUIP
1485	COMMUNICATION EQPT

1490	MISC EQUIP SEWER
1495	SEWER PLANT ALLOCATED
1500	OTHER TANGIBLE PLT SEWER
1525	REUSE SERVICES
1530	REUSE MTR/INSTALLATIONS
1535	REUSE DIST RESERVOIRS
1540	REUSE TRANMISSION & DIST SYS
1555	TRANSPORTATION EQPT WTR
1560	TRANSPORTATION EQPT SWR
1575	DESKTOP COMPUTER WTR
1580	MAINFRAME COMPUTER WTR
1585	MINI COMPUTERS WTR
1590	COMP SYS COST WTR
1595	MICRO SYS COST WTR
1605	DESKTOP COMPUTER SWR
1610	MAINFRAME COMPUTER SWR
1615	MINI COMPUTERS SWR
1620	COMP SYS COST SWR
1625	MICRO SYS COST SWR
1640	OTHER PLANT
2920	RATE CASE BEING AMORT
2960	DEF CHGS-TANK MAINT&REP WTR
3000	DEF CHGS-OTHER WTR & SWR
3040	DEF CHGS-TANK MAINT&REP SWR

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

13. Refer to the Application, Exhibit 4, Workpaper k and to the Halloran Testimony, Page 8, Lines 8-14. On Workpaper k, test-year chemicals expense is decreased by \$18,357. In his testimony, Mr. Halloran states that the reduction was to account for the completion of the Plate Settler Project ("Project").

- a. State the date that the Project was placed into service.
- b. State the Project's original cost.
- c. Provide a detailed description of the Project.
- d. Provide a copy of the advertisement for contractor bids to construct the Project.
- e. Provide copies of all contractor bids that were received in response to the advertisement for bid.
- f. Indicate which bid was accepted.
- g. Explain why the Project's construction did not require the Commission's approval pursuant to KRS 278.020(1).
- h. Explain how WSKY determined that the Project would save 40 percent of the Calcium Hypochlorite and Powder Activated Carbon used at the plant.
- i. Provide an analysis comparing the amount of each chemical used at the Middlesboro plant for the 24 months before the Project's completion date and for all of the months thereafter. The analysis should show the gross volume of chemicals used and the amount of chemicals used per 1,000 gallons of water treated.

Response:

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- a. June 22, 2015
- b. \$372,831.06
- c. Remove the following in each settling basin:
 - **Existing Tube Settlers and supports;
 - **3 ft. walkway;
 - **Sludge suction piping;
 - **Effluent piping and collection troughs;
 - **Influent piping as necessary;
 - **Handrail as necessary.Provide and install the following in each basin:
 - **Influent and Effluent sedimentation valves;
 - **Collection troughs;
 - **Baffle walls in each basin to direct flow;
 - **Supports and plate settlers with integral effluent troughs;
 - **Handrails;
 - **Piping as necessary;
 - **Operational assistance/training for optimizing the system.
- d. Not available
- e. See response to Item 13 above.
- f. Herrick Company, Inc.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- g. The Plate Settler project falls within the exemption provided for in 807 KAR 5:001, Section 15(3) because it is an extension in the ordinary course of business. The total cost of the project was less than 10% of the total utility plant for WSCK.
- h. Since the installation of the plate settlers, the Company has seen cost savings on chemical expenditures during the period of May through October 2015 of approximately \$9,000 and \$5,000 on powdered activated carbon and calcium hypochlorite, respectively. This total savings of \$14,000 equates to savings of approximately 40% on each chemical. The Company believes that this trend should be accounted for since the usage of these chemicals in the "Per Books" balance reflects our spending prior to the installation of this project. If this change isn't applied to the "Per Books" balance, the account would be overstated.
- i. See the attached file labeled "*Staff DR 2.13i*" for the Company's response.

Witnesses: Bruce Haas, Brian Halloran

CASE No. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Staff DR 2.13

13. Refer to the Application, Exhibit 4, Workpaper k and to the Halloran Testimony, Page 8, Lines 8-14. On Workpaper k, test-year chemicals expense is decreased by \$18,357. In his testimony, Mr. Halloran states that the reduction was to account for the completion of the Plate Settler Project ("Project").

a. State the date that the Project was placed into service.

June 22, 2015

b. State the Project's original cost.

\$350,500.00

c. Provide a detailed description of the Project.

Remove the following in each settling basin:

***Existing Tube Settlers and supports;*

***3 ft. walkway;*

***Sludge suction piping;*

***Effluent piping and collection troughs;*

***Influent piping as necessary;*

***Handrail as necessary.*

Provide and install the following in each basin:

***Influent and Effluent sedimentation valves;*

***Collection troughs;*

***Baffle walls in each basin to direct flow;*

***Supports and plate settlers with integral effluent troughs;*

***Handrails;*

***Piping as necessary;*

***Operational assistance/training for optimizing the system.*

d. Provide a copy of the advertisement for contractor bids to construct the Project.

Not Available

e. Provide copies of all contractor bids that were received in response to the advertisement for bid.

See Below

f. Indicate which bid was accepted.

Herrick Company, Inc.

g. Explain why the Project's construction did not require the Commission's approval pursuant to KRS 278.020(1).

(Response needed)

h. Explain how WSKY determined that the Project would save 40 percent of the Calcium Hypochlorite and Powder Activated Carbon used at the plant.

(Response needed)

i. Provide an analysis comparing the amount of each chemical used at the Middlesboro plant for the 24 months before the Project's completion date and for all of the months thereafter. The analysis should show the gross volume of chemicals used and the amount of chemicals used per 1,000 gallons of water treated.

See Separate Attachment

James Leonard

From: Ron McMaine <rmcmaine@hkbell.com>
Sent: Tuesday, December 23, 2014 3:34 PM
To: darrencleary@clearyconst.com; Bryan Moore; Doug
Cc: James Leonard; GLubin@HPThompson.com; Tim Walker;
mansonc@southernsalesinc.com
Subject: Bid results on Middlesboro water treatment plant improvements

Follow Up Flag: Follow up
Flag Status: Flagged

At the request of Water Service Corporation of Kentucky, we are forwarding the following subject results>

Herrick Company, Inc \$325,510.00

Codell Construction, \$425,000.00

Cleary Construction \$458,000.00

Water Service Corporation intends to award the contract to Herrick Company, Inc.

Water Service Corporation of Kentucky has asked us to indicate their sincere appreciation for the response of contractors, manufacturers, and manufacturer's representatives over such a short period at this time of year.



Ronald C. McMaine, P.E.
Senior Vice President

P: 859-278-5412 | C: 304-389-7990 | F: 859-278-2911
rmcmaine@hkbell.com | www.hkbell.com

2480 Fortune Drive, Suite 350
Lexington, KY 40509

SECTION 00410

FORM OF PROPOSAL
PROPOSAL FORM

P-1 PROJECT IDENTIFICATION:

1.01 This is a Request for Proposal (RFP) for design/build services to perform work relating to sedimentation basin improvements for the Water Service Corporation of Kentucky's Middlesboro, Kentucky, water treatment plant (WTP.). The improvements will enable the Water Service Corporation of Kentucky to continue providing high-quality finished water to their 5,709 service connections system wide.

1.02 The objective of this Project is to remove the aging and failing tube settler units from the 2 sedimentation basins and replace them with 2 new parallel plate settler units to increase the sedimentation capacity of each basin. This will allow the WTP to operate effectively at its rated capacity of 3 million gallons per day (mgd). The Project will consist of design/build construction, training, and all documentation.

P-2 THIS PROPOSAL IS SUBMITTED TO:

Mr. James R. Leonard, Regional Manager
Water Service Corporation of Kentucky
102 Water Plant Road
Middlesboro, Kentucky 40965

P-3 PROPOSER'S OBLIGATIONS AND REPRESENTATIONS

3.01 The undersigned Proposer proposes and agrees, if this Proposal is accepted, to enter into an Agreement with Owner in the form included in the Contract Documents to perform all Work as specified or indicated in the Contract Documents for the Contract Price and within the Contract Times indicated in this Proposal and in accordance with the other terms and conditions of the Contract Documents.

3.02 The proposed improvements made to the sedimentation basins shall be sufficient to adequately settle the flocculated process water providing a sedimentation basin effluent turbidity less than or equal to the nephelometric turbidity units (NTU) listed in the Specifications at the rated plant capacity of 3 mgd. The maximum influent turbidity can be estimated at 3,000 NTU, possible during extreme rain events. Other modifications to the basins, such as demolition and piping modification will be necessary to retrofit the existing basins around the new plate settler equipment. Also included in this project are provisions to isolate the sedimentation basins. This can be achieved with the addition of valves, gates, or other means of isolation to the plant process.

3.03 Proposer accepts all of the terms and conditions of the Proposal documents, including without limitation those dealing with the disposition of the Proposal security. This Proposal will remain subject to acceptance for 60 days after the day of Proposal opening. Proposer will sign and deliver the required number of counterparts of the Agreement with any Bonds and other documents required by the Request for Proposal and Proposal Form within 15 days after the date of Owner's Notice of Award.

3.04 In submitting this Proposal, Proposer represents and agrees, as more fully set forth in the Agreement, that:

A. Proposer has examined and carefully studied the Proposal Documents and the following Addenda (receipt of all which is hereby acknowledged)

Addendum No.	Addendum Date
<u>1</u>	<u>12-16-14</u>
<u>2</u>	<u>12-18-14</u>
<u>3</u>	<u>12-19-14</u>

B. Proposer has visited the Site and become familiar with the general, local and Site conditions that may affect cost, progress, performance and furnishing of the Work.

C. Proposer is familiar with all applicable federal, state and local Laws and Regulations that may affect cost, progress, performance and furnishing of the Work.

D. Proposer has carefully studied all available reports of explorations and tests of subsurface conditions at or contiguous to the Site and all available drawings of physical conditions relating to existing surface or subsurface structures at or contiguous to the Site which have been identified or made available by Owner.

E. Proposer is aware of the general nature of the work to be performed by Owner and others at the Site that relates to Work for which this Proposal is submitted as indicated in the Contract Documents.

F. Proposer has correlated the information known to Proposer, information and observations obtained from visits to the Site, reports and drawings identified in the Contract Documents and all additional examinations, investigations, explorations, tests, studies and data with the Contract Documents.

G. Proposer has given Owner written notice of all conflicts, errors, ambiguities or discrepancies that Proposer has discovered in the Contract Documents and the written resolution thereof by Owner is acceptable to Proposer, and the Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performing and furnishing the Work for which this Proposal is submitted.

H. This Proposal is genuine and not made in the interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; Proposer has not directly or indirectly induced or solicited any other Proposer to submit a false or sham Proposal; Proposer has not solicited or induced any individual or entity to refrain from submitting a Proposal; and Proposer has not sought by collusion to obtain for itself any advantage over any other Proposer or over Owner.

P-4 CONTRACT PRICE

4.01 Proposer will complete the Work in accordance with the Contract Documents for the following price(s):

LUMP SUM CONTRACT PRICE (INCLUDES ENGINEERING SERVICES)

1.	<u>Four Hundred Fifty Eight Thousand and ⁰⁰/₁₀₀.</u>	\$	<u>458,000</u>
	(Use Words)		(Use Numbers)

P-5 CONTRACT TIMES

5.01 Proposer agrees that the Work will be substantially completed and ready for final payment in accordance with paragraphs 13.05 and 13.08 of the General Conditions on or before the dates or within the number of calendar days indicated in the Agreement.

5.02 Proposer accepts the provisions of the Agreement as to liquidated damages in the event of failure to complete the Work within the times specified in the Agreement.

P-6 EXHIBITS

6.01 The following documents are attached to and made a condition of this Proposal: Precision Engineering, LLC

A. The individual or entity providing the Design Professional Services will be _____. See RFP 3.02.A for additional information required. Also state the engineering fee included in the lump sum price of 4.01.

B. A tabulation of Subcontractors, Suppliers and others required to be identified in this Proposal.

C. Required Proposer's Qualification Statement with supporting data.

D. Technical Exhibits are identified as follows:

Submittal information from selected plate settler manufacturer, including price.
Submittal information from second plate settler manufacturer, including price.

① Myers + Sons
\$142,900.00
② N/A

P-7 TERMINOLOGY

7.01 The terms used in this Proposal which are defined in the General Conditions of the Contract Between Owner and Design/Builder ("General Conditions") included as part of the Contract Documents have the meanings assigned to them in the General Conditions. Terms defined in the Request for Proposal are used with the same meaning in this Proposal.

P-8 SUBMISSION

SUBMITTED on

State Contractor License No. _____(If Applicable).

State Certificate of Authority for Corporate Engineering Practice (If Applicable):

If Proposer is:

An Individual

By: _____ (SEAL)

(Individual's Name)

doing business

as

Business

address: _____

Phone No.: _____

Facsimile No.: _____

A Partnership

By: _____ (SEAL)

(Firm Name)

(general partner)

Business

address: _____

Phone No.: _____

Facsimile No.: _____

A Corporation

By: _____ (SEAL)
(Corporation Name)

(state of incorporation)

By: _____ (SEAL)
(name of person authorized to sign)

(Title)

(Corporate Seal)

Attest _____
(Secretary)

Business address: _____

Phone No.: _____

Facsimile No.: _____

Date of Qualification to do business as a foreign (out-of-state) corporation in state where Project is located (if applicable): _____

A Joint Venture

By: Cleary Construction, Inc  (SEAL)
(Name)

2006 Edmonton Road, Tompkinsville, KY 42167
(Address)

By: Precision Engineering, LLC  (SEAL)
(Name)

2006 Edmonton Road, Tompkinsville KY 42167
(Address)

Business address: 2006 Edmonton Road
Tompkinsville, KY 42167

Phone No.: 270-487-1784

Facsimile No.: 270-487-8029

(Each joint venturer must sign. The manner of signing for each individual, partnership and corporation that is a party to the joint venture should be in the manner indicated above.)

SECTION 00420

PROPOSER'S QUALIFICATION STATEMENT
(TO BE ATTACHED TO THE BID)

1. On Schedule A, attached, list major engineered construction projects completed by this organization in the past five (5) years. (If joint venture list each participant's project separately.) *See Attached.*
2. On Schedule B, attached, list current projects under construction by this organization. (If joint venture, list each participant's projects separately.) *See Attached*
3. Name of surety company and name, address, and telephone number of agent.

Westfield Insurance Jamie Noe
P.O. Box 9001566 (615) 491-0148
Louisville, KY 40290-1566

4. Is your organization a member of a controlled group of corporations as defined in I.R.C. Sect. 1563? Yes No

5. Furnish on Schedule C, attached, details of the construction experience of the principal individuals of your organization directly involved in construction operations. *See Attached.*

6. Has your organization ever failed to complete any construction contract awarded to it? Yes No

If yes, describe circumstances on attachment.

7. Has a Corporate officer, partner, joint venture participant, or proprietor ever failed to complete a construction contract awarded to him or her in their own name or when acting as a principal of another organization? Yes No

8. In the last five years, has your organization ever failed to substantially complete a project in a timely manner? Yes No

If yes, describe circumstances on attachment.

9. Indicate general types of work performed with your own work force.

Utility construction, concrete structures, pumping stations,
WTP + WWTP Rehabilitations

10. Furnish the following information with respect to an accredited institution familiar with your organization

Name of Bank Edmonton State Bank

Address

703 North Main Street
TompKinsville, KY 42167

Account Manager

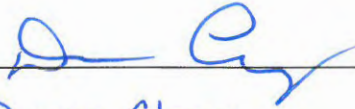
Tony High

Telephone

270-487-6158

I hereby certify that the information submitted herewith, including any attachment is true to the best of my knowledge and belief.

By:


Darren Cleary

Title:

President

Dated:

12/23/14

SCHEDULE A - PREVIOUS 5 YEARS PROJECTS

HKB CO-30 (7-92)

<u>Name, Location and Description of Project</u>	<u>Owner</u>	<u>Design Engineer</u>	<u>Date Complete</u>	<u>Contract Price</u>	<u>Reference/Contact Include Address and Phone</u>
--	--------------	------------------------	----------------------	-----------------------	--

See Attached.

00420-3

PREVIOUS 5 YEARS PROJECTS

TYPE OF WORK	OWNERS, CONTACTS & PHONE #'S	DESIGN ENGINEERS	TOTAL AMOUNT	COMPLETION DATE
Water Transmission Main Replacement	City of Tompkinsville, Mayor Jeff Proffitt (270)487-6776	Jim Hilborn GRW Engineers (615)366-1600	\$429,894	2/2009
Hwy 52 Water & Sewer Extension	City of Portland, TN Brian Goodwin (615)325-6776	Scott Kams Jordan, Jones & Goulding (615)254-6002	\$937,936	5/2009
2006 Rural Development Water Line Improvements	West Overton Utility District, TN Terry Walker (931)498-4144	Trey Cavin Barge, Waggoner, Sumner, & Cannon (615)254-4481	\$582,278	5/2009
Keen Hollow Water Extension Project	City of Portland, TN Brian Goodwin (615)325-6776	Brian Goodwin City of Portland (615)325-6776	\$510,739	6/2009
Tom Hitch Parkway Water Line Extension	Columbia Power and Water Systems, Columbia, TN James Clark (931)388-4833	Tim Graves Water Management Service (615)366-6088	\$439,881	6/2009
Schenkel Cave Sewer Replacements	City of Frankfort, Ky Bob Peterson (502)875-2448	Anthony Pellegri HDR/Quest Engineers (859)223-3755	\$4,618,737	6/2009
Allnut Drive Sewer Replacements	City of Frankfort, Ky Bob Peterson (502)875-2448	Anthony Pellegri HDR/Quest Engineers (859)223-3755	\$193,702	6/2009
Duvall Valley Area Water System Improvements - Phase 1, Contract 18	City of Albany, Ky Mayor John Smith (606)387-2081	Daron Byrne Monarch Engineering (502)839-1310	\$285,718	6/2009
Mohegan Trail Water Line Upgrade	Georgetown Municipal Water & Sewer, Ky Billy Jenkins (502)863-7816	Damon Crutcher Georgetown Municipal Water & Sewer (502)863-7816	\$47,905	6/2009
Wastewater Treatment Plant Upgrade	City of Tompkinsville, Ky Steve Carter (270)487-6776	Jim Hilborn GRW Engineers (615)366-1600	\$447,370	3/2010
Sewer System Rehabilitation Contract 209	City of Celina, TN James Hamilton (931)243-2115	Neal Westerman James C. Hailey Eng. (615)883-4933	\$345,488	4/2010
Jones Lane Extension & Lift Station	City of Frankfort, Ky Bob Peterson (502)875-2448	Jeff Lee Lee Engineering (502)859-0190	\$885,896	5/2010
Pump Station Rehabilitation Project	Perry County Sanitation District #1 Freeman Robertson (606)439-3766	Mark Feibes Nesbitt Engineering, Inc. (859)685-4517	\$772,505	5/2010
Kentucky 3237 Canoe Waterline Extension	Breathitt County Water District J.L. Smith (606)666-3809	Ken Reid Nesbitt Engineering (859)685-4532	\$747,879	5/2010
Utility Relocation For Ky Highway 163	City of Edmonton, Ky (270)432-4844	Water Management Service (615)366-6088	\$321,203	6/2010
Woodlands Place Gravity Sewer Extension WMS No. 08171	City of Mt. Juliet Casey Binion (615)566-9326	Charles Jackson Water Management Service (615)366-6088	\$272,905	9/2010
2005 Water System Improvements, Finished Water Transmission Line Contract 'D'	Laguardo Utility District Joey Hardin (615)444-7290	Jimmy Highers Goodwyn, Mills & Cawood (615)333-7200	\$1,049,009	10/2010
Dawson Springs, KY WL Replacements	City of Dawson Springs Mayor Jenny Sewell (270)797-2781	Louis Robbins GRW Engineers (615)366-1600	\$1,689,324	11/2010
Lebanon, TN Water Main Rehabilitation - Winwood Drive, Castle Heights Avenue, and Oak Hill Subdivision	City of Lebanon Jeff Seaborn (615)444-3647	Tim Graves Water Management Service (615)366-6088	\$969,737	01/2011
Lebanon, TN Hill Lakes Drive Water Line Relocation WC10-1	Water & Wastewater Authority of Wilson County (615)449-2951	John Smith Oral Smith & Associates (615)871-4657	\$82,607	1/7/2011
Clarksville, TN Water Distribution Improvement for HSC Megasite Contract 2	City of Clarksville Mike Wheeler (931)645-7418	Jimmy Bagwell Moore Design Services (931)648-9411	\$1,123,733	02/2011
Clarksville, TN Water Distribution Improvement for HSC Megasite Contract 3	City of Clarksville Mike Wheeler (931)645-7419	Jimmy Bagwell Moore Design Services (931)648-9411	\$1,086,857	02/2011
Springfield, TN Water Main Stream Crossing Replacements - 2010	City of Springfield, Tennessee Roger Lemasters (615)382-1600	Tim Graves Water Management Services (615-366-6088)	\$212,843	02/2011
Cookeville, TN Hudgens Creek Pump Station, Force Main, And Interceptor Sewer	City of Cookeville, TN Barry Turner (931)520-5258	CTI Engineers Neal Hall (615-834-8300)	\$1,761,049	02/2011
Lebanon, TN Utility Upgrades	Lebanon Housing Authority Bleke Rindahl (615)444-1872	Walter Davidson Walter Davidson & Associates (615)331-2156	\$412,399	04/2011
Park City, KY Realign KY-255 Construct Overpass at CSX Railroad to Intersect Existing US-31W/KY-255 Intersection in Park City Utility Relocation FD52 005 69520 01 U	Caveland Environmental Authority Kenny Massey (270)773-2887	Roger Boyers Water Management Services (615-366-6088)	\$100,643	04/2011
Ball Creek WWTP - Sanitary Sewer Collection Project - Phase I	Troublesome Creek Environmental Authority (606)785-3222	Steve Harris R.M. Johnson Engineering (606)785-5926	\$1,393,247	4/2011
Newport, TN Point Pleasant Waterline Extensions	Newport Utilities Leonard Allen (423)625-2800	C 2 R L Engineers (865-980-3500)	\$472,193	05/2011
Lafayette, TN USDA/Rural Development Phase II - Water System Expansion Project	City of Lafayette Phillip Brawner (615)666-4570	Chris Ballou Mid-Tenn Engineering Company (615-666-2385)	\$692,705	05/2011
Lancaster, KY Phase III - Water System Improvements	City of Lancaster Mayor Brenda Powers (859)792-2241	David Schrader Bell Engineering (859)351-1263	\$2,030,722	06/2011
Mt. Juliet, TN Sewer Line Relocations for SR171 from North of I40 to SR24 - Phase II	City of Mt. Juliet Casey Binion (615)566-9326	Charles Jackson Water Management Service (615)366-6088	\$1,290,440	07/2011

Murfreesboro, TN Sanitary Sewer Rehab/Replacement Projects 2011	City of Murfreesboro Galvin Weatherly (615)642-2147	Donnie Steele Huddleston-Steele Engineering, Inc. (615)893-4084	\$264,031	08/2011
Vicco, KY Contract 1 - AML Waterline Extension Project	City of Vicco Ernaet Back (606)476-2414 or (606)476-8696	Bob Scott R.M. Johnson Engineering (859)543-9873	\$2,583,390	10/2011
Soddy Daisy, TN 2009 Source Improvements Contract 401	Mowbray Mountain Utility District Carlin Carpenter (423)332-2809	Art Parry Art Parry Engineering Company (423)886-2354	\$966,441	10/2011
Frankfort, KY East Main Street Sanitary Sewer Rehabilitation	City of Frankfort Bob Peterson (502)875-2448	Fred Eastridge Sherman, Carter, Bamhart (859)224-1351	\$845,262	11/2011
Glasgow, KY WWTP Sludge Press Addition - Phase I	Glasgow Water Company Billy Carver (270)651-3727	John Dix Cannon & Cannon (865)603-3675	\$712,358	11/2011
Austin Tracy, KY Austin Tracy School Force Main	Glasgow Water Company Clint Harbison (270)651-3727	John Dix Cannon & Cannon (865)603-3675	\$480,022	12/2011
Winchester, TN Wastewater Treatment Plant Effluent Outfall Replacement	Winchester Utilities Tim Solomon (931)967-2238	Tim Graves Water Management Service (615)366-6088	\$384,288	03/2012
Pikeville, TN Bledsoe County Correctional Facility Wastewater Infrastructure Improvements	State of Tennessee Ted Davidson (423)881-3312	Bob Threedgill GRW Engineers (615)366-1600	\$967,916.00	04/2012
Kingston, TN Roane County Sewer Expansion - "Midtown"	Roane County, TN Mike Stout (865)354-2702	Kent Olson Vaughn & Melton (865)546-5800	\$1,596,498.78	04/2012
Pelham, AL Backup Water Supply - Phase I High Pressure Water Line	City of Pelham Eddy Jowers (205)620-6413	William Shepherd Municipal Consultants, Inc. (205)822-0387	\$872,930.02	04/2012
Greenbrier, TN Contract 111 Sewer System Rehabilitation	City of Greenbrier (615)643-4531	Matthew Tucker James C. Hailey (615)883-4933	\$1,000,738.33	04/2012
Morristown, TN Wastewater System Improvements Hwy 160 Force Main	City of Morristown	Greg Jones Lamar Dunn & Associates, Inc. (865)573-7672	\$76,027.00	04/2012
Knoxville, TN Biddle Street/Old McDonald Road Water Main Replacement	Knoxville Utilities Board Shane Bragg (865)558-2492	Shane Bragg Knoxville Utilities Board (865)558-2492	\$101,219.40	05/2012
Jefferson County, KY Billtown Road Pump Station, Force Main, and Interceptor Sewer	Louisville and Jefferson County Metropolitan Sewer District	Clay Boatic Metropolitan Sewer District (502)741-0757	\$656,919.60	06/2012
Hopkinsville, KY Northside Sewage Pumping Station and Force Main Contract A and B	Hopkinsville Water Environmental Authority Dave Blaine (270)484-1456	Jeff Vaughn JV Engineering (615)781-8725	\$277,817.29	06/2012
Winchester, KY Contract No. 61 Lower Howards Creek Sanitary Sewer Improvements Project/Old Boonesboro Road Outfall Sewer	Winchester Municipal Utilities Duke Dryden (859)744-5434	Stephanie Blain Palmer Engineering (859)744-1218	\$3,727,893.40	08/2012
Winchester, KY Contract No. 63 Lower Howards Creek Force Main	Winchester Municipal Utilities Duke Dryden (859)744-5435	Morey Lampson CDP Engineers (865)264-7500	\$2,529,111.31	08/2012
Celina, TN Contract 212-SR-52 Water Line Crossings	City of Celina James Hamilton (931)243-2115	James C. Hailey Eng.	\$513,212.00	09/2012
Knoxville, TN Daugherty Water Treatment Plant Upgrade	West Knox Utility District Sub Under Judy Construction Steve Judy (859)234-6900	Louis Robbins GRW Engineers (615)366-1600	\$513,212.36	09/2012
Leitchfield, KY Contract 1 Raw Water Intake	City of Leitchfield Kevin Pharis (270)259-4034	Monty Rhody Cann-Tech, LLC (502)859-0907	\$1,154,150.40	10/2012
Springfield, TN 2012 Water System Improvements Phase A	City of Springfield Terry Beers (615)382-2200	City of Springfield Terry Beers (615)382-2200	\$388,009.00	10/2012
Tompkinsville, KY Phase IX Water System Improvements	Monroe County Water District Ricky Ross (270)487-8131	Stigall Engineering Associates, Inc.	\$270,443.00	10/2012
Knoxville, TN Amherst Road & Southside Drive Sewage Pumping Station Replacements	Knoxville Utilities Board Sharon Shadwick (865)558-2693	Knoxville Utilities Board Sharon Shadwick (865)558-2693	\$892,888.64	12/2012
Knoxville, TN Shady Road Water System Improvements	Knoxville Utilities Board Shane Bragg (865)558-2492	Knoxville Utilities Board Shane Bragg (865)558-2492	\$311,312.65	01/2013
South Fulton, TN 2011 CDBG Sewer System Improvements	City of South Fulton	Hethcoat & Davis, Inc. Stacey Cox (615)577-4300	\$472,143.40	01/2013
Columbia, TN Contract 2011-01 8", 10", & 30" Gravity Sewer Mains	City of Columbia Mark Williams (931)560-1013	J.R. Waulford Bob Qualman (615)883-3243	\$1,875,234.00	01/2013
Knoxville, TN Drienen Road Galvanized Water Main Replacement Phase 2	Knoxville Utilities Board Jason Crouch (865)558-2489	Knoxville Utilities Board Jason Crouch (865)558-2489	\$359,717.00	02/2013
Todd County, KY Coal Bank Tank Replacement & System Upgrade Project (Contract 2 - Waterlines)	Todd County Water District	McGhee Engineering, Inc.	\$445,387.00	02/2013
Manchester, KY Pennington Hill Water Line Project	City of Manchester Bobby Weaver (606)748-8016	Cann-Tech LLC Derrick Motsch (502)859-0907	\$583,920.00	04/2013
Madisonville, KY Contract 2012-01 New Mooreland Avenue Sewage Pumping Station	City of Madisonville William Jackson (270)824-2187	J.R. Waulford Bob Qualman (615)883-3243	\$572,930.00	05/2013
Bardotown, KY Town Creek Treatment Plant Sewer Main Replacement	City of Bardotown Jessica H. Filastreau (502)348-5947	Horizon Engineering, LLC Robin Mills (502)348-4330	\$215,451.00	05/2013
Glasgow, Ky Omnicare	Omnicare, Inc. Repackaging Facility (800)890-6664	SNC LAVALIN Project Services (610)524-5920	\$204,896	05/2013
Knoxville, TN East Fork of Third Creek Trunk Sewer Replacement - Phase 3	Knoxville Utilities Board Scott Carroll (865)558-2655	Knoxville Utilities Board Scott Carroll (865)558-2655	\$2,557,525.22	06/2013



PREVIOUS 5 YEARS PROJECTS

Harrodsburg, KY Main Street Sanitary Sewer Replacement	City of Harrodsburg	GRW Engineers, Inc.	\$91,940.00	07/2013
Harrodsburg, KY Water System Improvements	City of Harrodsburg	GRW Engineers, Inc.	\$410,246.00	07/2013
Knoxville, TN 02A2 Railroad Crossings Gravity Sewer Replacement Project	Knoxville Utilities Board Herschel Halt (865)558-2106	Knoxville Utilities Board Herschel Halt (865)558-2106	\$396,047.75	08/2013
Knoxville, TN Rambling Acres Subdivision Water Line Replacement	Knoxville Utilities Board Greg Patterson (865)558-2291	Knoxville Utilities Board Greg Patterson (865)558-2291	\$1,959,384.94	09/2013
Berry, KY Wastewater System Improvements	City of Berry Honorable Kenneth Abner, Mayor (859)234-3185	Bell Engineering Jamie Noe (859)278-5412	\$410,350.00	10/2013
Nicholasville, KY Armory Place Watermain Improvements	City of Nicholasville Danny Johnson (859)983-8734	Banks Engineering, Inc. Josh Banks (859)296-6300	\$494,344.00	11/2013
Nashville, TN Avondale Park - Offsite Water Phase I	Avondale Residential Inc. Dale McColluch (615)804-0218	Civil Site Design Group Ryan Lovelace (615)248-9999 or (615)545-9612	\$910,520.00	11/2013
Lynchburg, TN 2010 Sewer System Rehabilitation, Contract 'B' - Collection System Rehabilitation	Metro Utility Department Rick Garland (931)759-4297	Goodwyn, Mills & Cawood Jimmy Highers (615)333-7200	\$875,821.15	11/2013
Gallatin, TN Contract 112 - Rankin Branch Sewer Interceptor - Phase II	City of Gallatin	James C. Halley Eng. James Halley (615)883-4933	\$1,333,540.05	11/2013
Marrowbone, KY 2012 Water System Improvements Contract No. 1, Marrowbone Storage Tank Transmission Main & 1880 Pump Station Rehabilitation	Cumberland County Water District	Monarch Engineering	\$44,220.00	11/2013
Knoxville, TN Grassy Creek Trunkline Gravity Sanitary Sewer Extension, Phase 1	Knoxville Utilities Board Sharon Deane (865)558-2693	Knoxville Utilities Board Sharon Deane (865)558-2693	\$2,066,550.13	12/2013
Knoxville, TN Rural Development Waterline Improvements for the Cherokee Ridge Area	Hallsdale Powell Utility District	Robert G. Campbell & Associates, L.P.	\$667,107.12	01/2014
Lafayette, TN 2012 Block Grant (CDBG) Sewer Rehabilitation Project	City of Lafayette	Mid-Tennessee Engineering Evan White (615)666-2385	\$501,362.20	01/2014
Knoxville, TN Westland Drive Gas & Water Line Replacement	Knoxville Utilities Board Mike Bowden (865)558-2739	Knoxville Utilities Board Mike Bowden (865)558-2739	\$1,165,753.02	03/2014
Knoxville, TN John Barber Tank Discharge Line - Phase 1 & 2, Control Number: 17233	Knoxville Utilities Board Shane Bragg (865)558-2492	Knoxville Utilities Board Shane Bragg (865)558-2493	\$1,399,811.00	04/2014
Murray, KY Old Bee Creek Interceptor Sewer Replacement Contract 1	City of Murray, KY David Roberts (270)762-0350	GRW Engineers Todd Solomon (502)489-8484	\$1,538,904.51	05/2014
Lewisport, KY Storm Sewer Replacement Project	Aleris Rolled Products (Prime)	DDI Engineering Scott Randolph (270)726-3530	\$300,294.02	06/2014
Henderson, KY Water System Improvements	Henderson County Water District	HDR Engineering Mark Stephens (859)223-3755	\$304,178.31	06/2014
Campbellsburg, KY Morton Ridge Main Upgrade	Henry County Water District #2 Barry Woods (502)532-6279	Tetra Tech Tom Green (859)223-8000	\$1,942,474	07/2014
Edmonton, KY KDOT Metcalfe County Water & Gas Relocation Call #306	City of Edmonton Howard Dickson (270)846-6278	Water Management Services LLC Roger Boyers (615)366-6088	\$605,455	07/2014
Lexington, KY East Lake Trunk Sewer Improvements	Lexington-Fayette Urban County Government A. Douglas Baldwin, P.E. (859)258-3474	Palmer Engineering Greg Isaacs (859)389-9293	\$683,466.00	07/2014
Jamestown, KY Russell County Regional WTP Rehab Contract 2	City of Jamestown Otis Skaggs (270)343-4594	Kenviron, Inc. Phil Meadors (502)695-4357 (office) (859)351-6376 (cell)	\$615,000.00	07/2014
Louisville, KY Mud Creek Interceptor Project	Metropolitan Sewer Department Slave Leong (502)540-6637	Metropolitan Sewer Department Slave Leong (502)540-6637	\$1,452,927.37	10/2014
Oneonta, AL Wall #4 Water Transmission Main	The Utilities Board of the City of Oneonta Rodney McCain (205)274-2159	Insite Engineering Tim Rylee (205)733-9696	\$1,303,924.17	11/2014

PREVIOUS 5 YEARS PROJECT HISTORY

Project Name	Location	Contract Amount	Client	Date
Ball Creek WWTP & Sewer Collection Project, Phase I	Vest, KY	\$4,800,000	Troublesome Creek Environmental Authority	May 2009
City of Vicco WWTP Rehabilitation Project	Vicco, KY	\$4,000,000	City of Vicco	June 2011
Perry County WWTP & Sewer Collection Project, Phase I	Hazard, KY	\$4,200,000	Troublesome Creek Environmental Authority	May 2012
Bank of Hindman Sanitary Sewer Extension Project	Hindman, KY	\$600,000	Bank of Hindman	February 2012
Pippa Passes Sanitary Sewer Rehabilitation Project	Pippa Passes, KY	\$1,100,000	Knott County Water & Sewer District	October 2012
Perry County Public Library Development	Hazard, KY	\$7,000,000	Perry County Fiscal Court	May 2009
Carr Creek 4.0 MGD WTP Project	Litt Carr, KY	\$13,000,000	Knott County Water & Sewer District	May 2010
Carr Creek Waterline Extension Project	Red Fox, KY	\$3,200,000	Knott County Water & Sewer District	June 2011
Jamestown & Highway 80 Waterline Extension Project	Jamestown, KY	\$2,500,000	Knott County Water & Sewer District	August 2011
ALC Tank & Pippa Passes Tank Replacements	Pippa Passes, KY	\$550,000	Knott County Water & Sewer District	February 2010
Irishman Creek Waterline Extension Project	Irishman, KY	\$1,900,000	Knott County Water & Sewer District	March 2012
Monroe County Bridge Replacement – Lebanon Church Road	Fountain Run, KY	\$60,000	Monroe County Fiscal Court	August 2014

*** Precision Engineering, LLC was formed in 2013. Some projects listed above represent projects completed by Principal Engineer, Stephen R. Harris.

SCHEDULE B - CURRENT PROJECTS

HKB GO-30 (7-92)

<u>Name, Location and Description of Project</u>	<u>Owner</u>	<u>Design Engineer</u>	<u>Date Complete</u>	<u>Contract Price</u>	<u>Reference/Contact Include Address and Phone</u>
--	--------------	------------------------	----------------------	-----------------------	--

See Attached.

00420-4



CURRENT PROJECTS

<u>PROJECT TITLE & DESCRIPTION</u>	<u>PROJECT OWNER</u>	<u>DESIGN ENGINEER</u>	<u>CONTRACT AMOUNT</u>	<u>ANTICIPATED DATES OF COMPLETION</u>
Adams Springs Reservoir Improvements	City of Lafayette	Mid-Tennessee Engineering	\$523,710.60	Pending
Russell County Regional WTP Rehab Contract 1	City of Jamestown Ottis Skaggs (270)343-4594	Kenviron, Inc. Phil Meadors (502)695-4357 (office) (859)351-6376 (cell)	\$1,686,050.00	10/30/2014
2013 Natural Gas System Improvements	City of Portland, Tennessee Mayor Ken Wilber (615)325-6776	Stigall Engineering Associates, Inc. Robert Stigall (615)460-7515	\$868,800.00	12/03/2014
Eight Mile Creek Sewer Line Replacement Project	City of Cullman, Alabama	St. John & Associates, Inc. Dale Bright (256)734-2114	\$4,476,331.00	06/06/2015
Butler Wastewater Treatment Plant Repairs & Improvements	City of Butler, Kentucky Alice Smith (859)472-5015	GRW Engineers Mark Upton (859)223-3999	\$447,100.00	10/30/2014
Mallard Fox Water Reinforcement Phase II	Decatur Utilities, Alabama Jordan Young (256)552-1403	Decatur Utilities, Alabama Jordan Young (256)552-1403	\$1,753,670.00	2/27/2015
Contract 113 - River Road Water Line	River Road Utility District	James C. Hailey Neal Westerman (615)883-4933	\$1,154,608.00	04/27/2015
Highway 278 Water line Replacement & Utility Bridge	Cullman County Water Authority	Goodwyn, Mills & Cawood	\$578,740.00	3/29/2015
Town Creek Area Sewer System Improvements	City of Tompkinsville	Monarch Engineering	\$597,000.00	12/1/2014
Natural Gas Line Extensions	Keystone Foods Navita Utility Corporation	Bell Engineering	\$1,224,958.00	2/3/2015
Gamaliel Sewer Rehabilitation	City of Gamaliel	GRW Engineers	\$720,000.00	2/21/2015
North South Water Main Phase 1 Contract No. 2	Cleveland Utilities	Arcadis	\$869,700.00	1/15/2015
North South Water Main Phase 1 Contract No. 3	Cleveland Utilities	Arcadis	\$1,174,455.00	1/15/2015
Myrtle Avenue Gravity Sewer Installation Phase 1	City of Frankfort	DLZ Kentucky, Inc. Michael Hesse (502)695-2300	\$1,150,945.00	3/27/2015
Lake Louisville Pump Station Force Main and Sanitary Sewer	Louisville MSD	Louisville MSD	\$2,829,025.00	10/15/2015
Water Main Relocation for Winchester Road	Madison County, Huntsville Alabama	Madison County John Buxton (256)532-3507	\$1,127,980.00	4/20/2015
Middletown Sanitary Recapture Phase 1 &2- Section A	Louisville MSD	Louisville MSD	\$2,171,145.00	Pending
CR 222 Interchange Gas Line Relocation	Cullman, AL	St. John & Associates, Inc.	\$519,833.00	Pending
Lincoln Avenue Sewer Improvements	Birmingham, AL	Krebs Engineering, Inc.	\$4,978,252.00	Pending

TOTAL OF ALL CONTRACTS

\$28,852,302.60

SCHEDULE C - PERSONNEL

HKB GO-30 (7-92)

<u>Name</u>	<u>Position</u>	<u>Date started with this organization</u>	<u>Date started in construction</u>	<u>Prior positions and experience in construction</u>
<i>See Attached</i>				

00420-5



PERSONNEL

<u>NAME</u>	<u>POSITION</u>	<u>DATE STARTED</u>	<u>DATE STARTED CONSTRUCTION</u>	<u>PRIOR POSITIONS</u>
Darren Cleary	President	7/11/1997	7/11/1997	N/A
Wesley Cleary	Vice President	12/26/2004	12/26/2004	N/A

PERSONNEL

NAME	POSITION	DATE STARTED AT PRECISION ENGINEERING	PRIOR POSITIONS	TOTAL EXPERIENCE
Stephen R. Harris, PE, PLS LEED Accredited Professional	Principal Engineer	August 2013	2004-2005 LFUCG Division of Engineering 2005-2007 Summit Engineering, Inc. 2007-2013 RM Johnson Engineering, Inc.	11 years

STANDARD FORM OF AGREEMENT
BETWEEN OWNER AND OWNER'S CONSULTANT
FOR PROFESSIONAL SERVICES –
DESIGN/BUILD PROJECT

Prepared by

ENGINEERS JOINT CONTRACT DOCUMENTS COMMITTEE

and

Issued and Published Jointly By



PROFESSIONAL ENGINEERS IN PRIVATE PRACTICE
a practice division of the
NATIONAL SOCIETY OF PROFESSIONAL ENGINEERS

AMERICAN COUNCIL OF ENGINEERING COMPANIES

AMERICAN SOCIETY OF CIVIL ENGINEERS

©Copyright 2002 National Society of Professional Engineers
1420 King Street, Alexandria, VA 22314-2794

American Council of Engineering Companies
1015 15th Street N.W., Washington, DC 20005

American Society of Civil Engineers
1801 Alexander Bell Drive, Reston, VA 20191-4400

TABLE OF CONTENTS

Page

ARTICLE 1 – SERVICES OF OWNER'S CONSULTANT	1
1.01 Scope.....	1
ARTICLE 2 – OWNER'S RESPONSIBILITIES	1
2.01 General.....	1
ARTICLE 3 – TIMES FOR RENDERING SERVICES	1
3.01 General.....	1
ARTICLE 4 – PAYMENTS TO OWNER'S CONSULTANT.....	2
4.01 Payment for Services and Reimbursable Expenses of Owner's Consultant	2
4.02 Other Provisions Concerning Payments.....	2
ARTICLE 5 – OPINIONS OF COST.....	3
5.01 Opinions of Probable Design/Build Cost.....	3
5.02 Opinions of Total Project Cost.....	3
ARTICLE 6 – GENERAL CONSIDERATIONS	3
6.01 Standards of Performance	3
6.02 Authorized Project Representatives	4
6.03 Use of Documents.....	4
6.04 Insurance	4
6.05 Termination.....	5
6.06 Controlling Law	5
6.07 Successors, Assigns, and Beneficiaries.....	5
6.08 Dispute Resolution.....	5
6.09 Hazardous Environmental Condition	6
6.10 Allocation of Risks – Indemnification	6
6.11 Notices	7
6.12 Survival.....	7
6.13 Severability	7
6.14 Waiver.....	7
6.15 Headings	7
ARTICLE 7 – DEFINITIONS.....	7
7.01 Defined Terms	7
ARTICLE 8 – EXHIBITS	10
8.01 Exhibits Included	10
8.02 Total Agreement	10

**STANDARD FORM OF AGREEMENT
BETWEEN
OWNER AND OWNER'S CONSULTANT
FOR
PROFESSIONAL SERVICES – DESIGN/BUILD PROJECT**

THIS IS AN AGREEMENT between Utilities, Inc.

_____ (“Owner”)

and Bell Engineering

_____ (“Owner’s Consultant”).

Owner intends to contract with a Design/Builder for the design and construction of removal of existing

~~which is (all)(part of)~~ tube settlers, basin modification, and supply and installation of plate settlers

_____ (“Work”).

Owner and Owner’s Consultant in consideration of their mutual covenants as set forth herein agree as follows:

ARTICLE 1 – SERVICES OF OWNER'S CONSULTANT

1.01 Scope

A. Owner’s Consultant shall provide the Basic and Additional Services enumerated in Exhibit A.

B. Upon this Agreement becoming effective, Owner’s Consultant is authorized to begin Basic Services as set forth in Exhibit A.

C. If authorized by Owner, Owner’s Consultant shall furnish Resident Project Representative(s) with duties, responsibilities, and limitations of authority as set forth in Exhibit D.

ARTICLE 2 – OWNER'S RESPONSIBILITIES

2.01 General

A. Owner shall have the responsibilities set forth herein and in Exhibit B.

ARTICLE 3 – TIMES FOR RENDERING SERVICES

3.01 General

A. Owner’s Consultant’s services and compensation under this Agreement have been agreed to in anticipation of the orderly and continuous progress of the Project through completion. Unless specific periods of time or specific dates for providing services are specified in this Agreement, Owner’s Consultant’s obligation to render services hereunder will be for a period which may reasonably be required for the completion of said services.

B. If in this Agreement specific periods of time for rendering services are set forth or specific dates by which services are to be completed are provided and if such periods of time or dates are changed through no fault of Owner’s Consultant, the rates and amounts of compensation provided for herein shall be subject to equitable adjustment. If Owner authorizes or requests changes in the scope, extent or character of the Project, the time of performance of Owner’s Consultant’s services shall be adjusted equitably.

C. For purposes of this Agreement the term "day" means a calendar day of 24 hours.

D. If Owner fails to give prompt written authorization to proceed with any phase of services after completion of the immediately preceding phase, or if

Owner's Consultant's services are delayed or suspended through no fault of Owner's Consultant, Owner's Consultant shall be entitled to equitable adjustment of rates and amounts of compensation provided for elsewhere in this Agreement to reflect, among other things, reasonable costs incurred by Owner's Consultant in connection with such delay or suspension and reactivation and the fact that the times of performance under this Agreement have been revised.

ARTICLE 4 – PAYMENTS TO OWNER'S CONSULTANT

4.01 Payment for Services and Reimbursable Expenses of Owner's Consultant

A. *For Basic and Additional Services.* Owner shall pay Owner's Consultant for Basic and Additional Services performed or furnished under Exhibit A on the basis set forth in Exhibit C.

B. *For Reimbursable Expenses.* In addition to payments provided for in paragraph 4.01.A, Owner shall pay Owner's Consultant for Reimbursable Expenses incurred by Owner's Consultant and Owner's Consultant's Subconsultants as set forth in Exhibit C.

4.02 Other Provisions Concerning Payments

A. *Preparation of Invoices.* Invoices will be prepared in accordance with Owner's Consultant's standard invoicing practices and calculated on the basis set forth in Exhibit C and be submitted to Owner not more than once per month.

B. *Payment of Invoices.* Invoices are due and payable within 30 days of receipt. If Owner fails to make any payment due Owner's Consultant for services and expenses within 30 days after receipt of Owner's Consultant's invoice therefor, the amounts due Owner's Consultant will be increased at the rate of 1.0% per month (or the maximum rate of interest permitted by law, if less) from said thirtieth day. In addition, Owner's Consultant may, after giving seven days written notice to Owner, suspend services under this Agreement until Owner's Consultant has been paid in full all amounts due. Payments will be credited first to interest and then to principal.

C. *Disputed Invoices.* In the event of a disputed or contested invoice, only that portion so contested may be withheld from payment, and the undisputed portion will be paid.

D. *Payments Upon Termination.*

1. In the event of any termination under paragraph 6.05, Owner's Consultant will be entitled to invoice Owner and will be paid for all services performed or furnished and Reimbursable Expenses incurred through the effective date of termination.

2. In the event of termination by Owner for convenience or by Owner's Consultant for cause, Owner's Consultant, in addition to invoicing for those items identified in paragraph 4.02.D.1, shall be entitled to invoice Owner and shall be paid a reasonable sum for services and expenses directly attributable to termination, including those provided and incurred both before and after the effective date of termination, such as reassignment of personnel, costs of terminating contracts with Owner's Consultant's Subconsultants and other related close-out costs, using methods and rates for Additional Services set forth in Exhibit C.

E. *Records of Owner's Consultant's Costs.* Records of Owner's Consultant's costs pertinent to Owner's Consultant's compensation under this Agreement shall be kept in accordance with generally accepted accounting practices. To the extent necessary to verify Owner's Consultant's charges and upon Owner's timely request, copies of such records will be made available to Owner at cost.

F. *Legislative Actions.* In the event of legislative actions after the date of this Agreement by any level of government that impose taxes or fees on Owner's Consultant's services or impose other costs in connection with the Project or compensation therefor, such new taxes, fees or costs shall be invoiced to and paid by the Owner as a Reimbursable Expense to which a Factor of 1.0 shall be applied. Such sum shall be in addition to the Owner's Consultant's estimated total compensation.

ARTICLE 5 – OPINIONS OF COST

5.01 Opinions of Probable Design/Build Cost

A. Owner's Consultant's opinions of probable Design/Build Cost provided for herein are to be made on the basis of Owner's Consultant's experience and qualifications and represent Owner's Consultant's best judgment as an experienced and qualified professional generally familiar with the industry. However, since Owner's Consultant has no control over the cost of labor, materials, equipment or services furnished by others, or over the Design/Builder's Work or methods of determining prices, or over competitive bidding or market conditions, Owner's Consultant cannot and does not guarantee that proposals, bids or actual Design/Build Cost will not vary from opinions of probable Design/Build Cost prepared by Owner's Consultant. If Owner wishes greater assurance as to probable Design/Build Cost, Owner shall employ an independent cost estimator.

5.02 Opinions of Total Project Cost

A. A. Owner's Consultant assumes no responsibility for the accuracy of opinions of Total Project Costs.

ARTICLE 6 – GENERAL CONSIDERATIONS

6.01 Standards of Performance

A. The standard of care for all professional engineering and related services performed or furnished by Owner's Consultant under this Agreement will be the care and skill ordinarily used by members of Owner's Consultant's profession practicing under similar circumstances at the same time and in the same locality. Owner's Consultant makes no warranties, express or implied, under this Agreement or otherwise, in connection with Owner's Consultant's services.

B. Owner's Consultant shall be responsible for the technical accuracy of its services and documents resulting therefrom, and Owner shall not be responsible for discovering deficiencies therein. Owner's Consultant shall correct such deficiencies without additional compensation except to the extent such action is directly attributable to deficiencies in Owner-furnished information.

C. Owner's Consultant shall not be responsible for deficiencies in professional services performed by or for Design/Builder. Owner's Consultant shall not be responsible for the acts or omissions of any

Design/Builder, or of any of their subcontractors, suppliers, or of any other individual or entity performing or furnishing any of the Work. Owner's Consultant shall not be responsible for Design/Builder's failure to perform or furnish the Work in accordance with the Contract Documents.

D. Owner's Consultant may employ such Owner's Consultant's Subconsultants as Owner's Consultant deems necessary to assist in the performance or furnishing of the services. Owner's Consultant shall not be required to employ any Owner's Consultant's Subconsultant unacceptable to Owner's Consultant.

E. Owner's Consultant and Owner shall comply with applicable Laws and Regulations and Owner-mandated standards. This Agreement is based these requirements as of its Effective Date. Changes to these requirements after the Effective Date of this Agreement may be the basis for modifications to Owner's responsibilities or to the scope, schedule, and compensation for Owner's Consultant's services.

F. Owner shall be responsible for, and Owner's Consultant may rely upon, the accuracy and completeness of all requirements, programs, instructions, reports, data and other information furnished pursuant to this Agreement. Owner's Consultant may use such requirements, reports, data and information in performing or furnishing services under this Agreement.

G. Owner shall make decisions and carry out its other responsibilities in a timely manner so as not to delay the services of Owner's Consultant and shall bear all costs incident thereto.

H. Owner and Owner's Consultant agree that the General Conditions for any Design/Build contract documents prepared hereunder are to be the "Standard General Conditions of the Contract Between Owner and Design/Builder" as prepared by the Engineers Joint Contract Documents Committee (Document No. D-700, 2002 Edition) unless both parties mutually agree to use other General Conditions as specifically referenced in Exhibit H, "Special Provisions."

I. Owner's Consultant shall not be required to sign any documents, no matter by whom requested, that would result in the Owner's Consultant having to certify, guarantee or warrant the existence of conditions whose existence the Owner's Consultant cannot ascertain.

J. If Owner's Consultant's services under this Agreement do not include project observation or review of Design/Builder's performance or any other Design/Build Phase Services, such services will be provided by Owner.

In such case, Owner assumes all responsibility for interpretation of the Contract Documents and for design review, construction observation and waives any claims against Owner's Consultant that may be in any way connected thereto.

6.02 Authorized Project Representatives

A. Contemporaneous with the execution of this Agreement, Owner's Consultant and Owner shall designate specific individuals to act as their respective representatives with respect to the services to be performed or furnished by Owner's Consultant and responsibilities of Owner under this Agreement. Such individuals shall have authority to transmit instructions, receive information and render decisions relative to the Project on behalf of each respective party.

6.03 Use of Documents

A. All Documents are instruments of service in respect to this Project and Owner's Consultant shall retain an ownership and property interest therein (including the right of reuse at the discretion of the Owner's Consultant) whether or not the Project is completed.

B. Copies of data that may be relied upon are limited to the printed copies (also known as hard copies) that are delivered to the other party. Files on electronic media of text, data, or graphics or of other types that are furnished to the other party are only for convenience of the receiving party. Any conclusion or information obtained or derived from such electronic files will be at the user's sole risk.

C. Because data stored on electronic media can deteriorate or be modified inadvertently or otherwise without authorization of the data's creator:

1. The party receiving data in an electronic format agrees that it will perform acceptance tests or procedures within 60 days, after which the receiving party shall be deemed to have accepted the data thus transferred. Any errors detected within the 60-day acceptance period will be corrected by the transferring party. Owner's Consultant shall not be responsible to maintain data stored on electronic media after acceptance by Owner.

2. Owner's Consultant may remove all indicia of ownership or involvement, including title blocks and seals, from each electronic drawing.

D. Parties who create files on electronic media make no representations as to long term compatibility, usability, or readability of data resulting from the use of software application packages, operating systems, or computer

hardware differing from those used by Owner's Consultant at the start of the Project.

E. If there is a discrepancy between the electronic files and the hard copies, the hard copies govern.

F. Owner may make and retain copies of Documents for information and reference in connection with use on the Project by Owner. Such Documents are not intended or represented to be suitable for reuse by Owner or others on extensions of the Project or on any other project. Any such reuse or modification without written verification or adaptation by Owner's Consultant, as appropriate for the specific purpose intended, will be at Owner's sole risk and without liability or legal exposure to Owner's Consultant, or to Owner's Consultant's officers, directors, partners, employees, or to Owner's Consultant's Subconsultants. Owner shall indemnify and hold harmless Owner's Consultant and Owner's Consultant's Subconsultants from all claims, costs, damages, losses, and expenses (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) arising out of or resulting therefrom.

G. Any verification or adaptation of the Documents for extensions of the Project or for any other project will entitle Owner's Consultant to further compensation at rates to be agreed upon by Owner and Owner's Consultant.

6.04 Insurance

A. Owner's Consultant shall procure and maintain insurance as set forth in Exhibit E, "Insurance."

B. Owner shall procure and maintain insurance as set forth in Exhibit E, "Insurance." Owner shall cause Owner's Consultant and Owner's Consultant's Subconsultants to be listed as additional insureds on any general liability or property insurance policies carried by Owner which are applicable to the Project.

C. Owner shall require Design/Builder to purchase and maintain general liability and other insurance as specified in the Contract Documents and to list Owner's Consultant and Owner's Consultant's Subconsultants as additional insureds with respect to such liability and other insurance purchased and maintained by Design/Builder for the Project.

D. Owner and Owner's Consultant shall each deliver to the other certificates of insurance evidencing the coverages indicated in Exhibit E. Such certificates shall be furnished prior to commencement of Owner's Consultant's services and at renewal thereafter during the life of the Agreement.

E. All policies of property insurance shall contain provisions to the effect that Owner's Consultant's and Owner's Consultant's Subconsultants' interests are covered and that in the event of payment of any loss or damage the insurers will have no rights of recovery against any of the insureds or additional insureds thereunder.

6.05 Termination

A. This Agreement may be terminated:

1. For cause,

a. By either party upon 30 days written notice in the event of substantial failure by the other party to perform in accordance with the terms hereof through no fault of the terminating party. Notwithstanding the foregoing, this Agreement will not terminate as a result of such substantial failure if the party receiving such notice begins, within seven days of receipt of such notice, to correct its failure to perform and proceeds diligently to cure such failure within no more than 30 days of receipt thereof; provided, however, that if and to the extent such substantial failure cannot be reasonably cured within such 30 day period, and if such party has diligently attempted to cure the same and thereafter continues diligently to cure the same, then the cure period provided for herein shall extend up to, but in no case more than, 60 days after the date of receipt of the notice.

b. By Owner's Consultant:

1) Upon seven days written notice if Owner's Consultant believes that Owner's Consultant is being requested by Owner to furnish or perform services contrary to Owner's Consultant's responsibilities as a licensed professional; or

2) Upon seven days written notice if the Owner's Consultant's services for the Project are delayed or suspended for more than ninety days for reasons beyond Owner's Consultant's control.

2. For convenience,

a. By Owner effective upon the receipt of notice by Owner's Consultant.

B. In the case of termination under paragraph 6.05.A.1.b, Owner's Consultant shall have no liability to Owner on account of such termination.

C. The terminating party under paragraphs 6.05.A.1 or 6.05.A.2 may set the effective date of termination at a time up to 30 days later than otherwise provided to allow Owner's Consultant to complete tasks whose value would otherwise be lost, to prepare notes as to the status of completed and uncompleted tasks, and to assemble Project documents in orderly files.

6.06 Controlling Law

A. This Agreement is to be governed by the law of the state in which the Project is located.

6.07 Successors, Assigns, and Beneficiaries

A. Owner and Owner's Consultant each is hereby bound and the partners, successors, executors, administrators and legal representatives of Owner and Owner's Consultant (and to the extent permitted by paragraph 6.07.B the assigns of Owner and Owner's Consultant) are hereby bound to the other party to this Agreement and to the partners, successors, executors, administrators and legal representatives (and said assigns) of such other party, in respect of all covenants, agreements and obligations of this Agreement.

B. Neither Owner nor Owner's Consultant may assign, sublet or transfer any rights under or interest (including, but without limitation, moneys that are or may become due) in this Agreement without the written consent of the other, except to the extent that any assignment, subletting or transfer is mandated or restricted by law. Unless specifically stated to the contrary in any written consent to an assignment, no assignment will release or discharge the assignor from any duty or responsibility under this Agreement.

C. Unless expressly provided otherwise in this Agreement:

1. Nothing in this Agreement shall be construed to create, impose or give rise to any duty owed by Owner or Owner's Consultant to any Design/Builder, Design/Builder's subcontractor or supplier, other individual or entity, or to any surety for or employee of any of them.

2. All duties and responsibilities undertaken pursuant to this Agreement will be for the sole and exclusive benefit of Owner and Owner's Consultant and not for the benefit of any other party. The Owner agrees that the substance of the provisions of this paragraph 6.07.C shall appear in the Owner-Design/Builder Contract Documents.

6.08 Dispute Resolution

A. Owner and Owner's Consultant agree to negotiate all disputes between them in good faith for a period of 30 days from the date of notice prior to exercising their rights under Exhibit F or other provisions of this Agreement, or under law.

B. If and to the extent that Owner and Owner's Consultant have agreed on a method and procedure for resolving disputes between them arising out of or relating to this Agreement, such dispute resolution method and procedure, is set forth in Exhibit F, "Dispute Resolution." In the absence of such an agreement, the parties may exercise their rights under law.

6.09 Hazardous Environmental Condition

A. Owner represents that to the best of its knowledge a Hazardous Environmental Condition does not exist, and it has disclosed to Owner's Consultant the existence of all Hazardous Materials located at or near the Site, including type, quantity and location.

B. If any such Hazardous Environmental Condition is encountered or alleged, Owner's Consultant shall have the obligation to notify Owner and, to the extent of applicable Laws and Regulations, appropriate governmental officials.

C. It is acknowledged by both parties that Owner's Consultant's scope of services does not include any services related to a Hazardous Environmental Condition. In the event Owner's Consultant or any other party encounters a Hazardous Environmental Condition, Owner's Consultant may, at its option and without liability for consequential or any other damages, suspend performance of services on the portion of the Project until Owner: (i) retains appropriate specialist consultant(s) or contractor(s) to identify and, as appropriate, abate, remediate, or remove the Hazardous Environmental Condition, and (ii) warrants that the Site is in full compliance with applicable Laws and Regulations.

D. Owner acknowledges that Owner's Consultant is performing professional services for Owner and that Owner's Consultant is not and shall not be required to become an "operator," "generator," or "transporter" of Hazardous Materials which are or may be encountered at or near the Site in connection with Owner's Consultant's activities under this Agreement.

E. If the Owner's Consultant's services under this Agreement cannot be performed because of a Hazardous Environmental Condition, the existence of the condition shall justify Owner's Consultant terminating this Agreement for cause on 30 days' notice.

6.10 Allocation of Risks – Indemnification

A. To the fullest extent permitted by law, Owner's Consultant shall indemnify and hold harmless Owner, Owner's officers, directors, partners, and employees from and against any and all claims, costs, losses and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) to the extent caused by the negligent acts or omissions of Owner's Consultant or Owner's Consultant's officers, directors, partners, employees, and Owner's Consultant's Subconsultants in the performance and furnishing of Owner's Consultant's services under this Agreement.

B. To the fullest extent permitted by law, Owner shall indemnify and hold harmless Owner's Consultant, Owner's Consultant's officers, directors, partners, and employees and Owner's Consultant's Subconsultants from and against any and all claims, costs, losses and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) to the extent caused by the negligent acts or omissions of Owner or Owner's officers, directors, partners, employees, and other consultants retained by Owner with respect to this Agreement or the Project.

C. To the fullest extent permitted by law, Owner's Consultant's total liability to Owner and anyone claiming by, through, or under Owner for any cost, loss, or damages caused in part by the negligence of Owner's Consultant and in part by the negligence of Owner or any other negligent entity or individual, shall not exceed the percentage share that Owner's Consultant's negligence bears to the total negligence of Owner, Owner's Consultant and all other negligent entities and individuals.

D. In addition to the indemnity provided under paragraph 6.10.B of this Agreement, and to the fullest extent permitted by law, Owner shall indemnify and hold harmless Owner's Consultant and its officers, directors, partners, employees, and Owner's Consultant's Subconsultants from and against all claims, costs, losses, and damages (including but not limited to all fees and charges of engineers, architects, attorneys and other professionals and all court or arbitration or other dispute resolution costs) caused by, arising out of or relating to or resulting from a Hazardous Environmental Condition at, on, or under the Site, provided that (i) any such claim, cost, loss or damage is attributable to bodily injury, sickness, disease or death, or to injury to or destruction of tangible property (other than completed Construction), including the loss of use resulting therefrom, and (ii) nothing in this paragraph shall obligate Owner to indemnify any individual or entity from and against the consequences of

that individual's or entity's own negligence or willful misconduct.

E. The indemnification provision of paragraph 6.10.A.1 is subject to and limited by the provisions agreed to by Owner and Owner's Consultant in Exhibit G, "Allocation of Risks," if any.

6.11 Notices

A. Any notice required under this Agreement will be in writing, addressed to the appropriate party at its address on the signature page and given personally, by certified mail (return receipt requested), or by a commercial courier service. All notices shall be effective upon the date of receipt.

6.12 Survival

A. All express representations, indemnifications or limitations of liability made in or given in this Agreement will survive its completion or termination for any reason.

6.13 Severability

A. Any provision or part of the Agreement held to be void or unenforceable under any law or regulation shall be deemed stricken, and all remaining provisions shall continue to be valid and binding upon Owner and Owner's Consultant, who agree that the Agreement shall be reformed to replace such stricken provision or part thereof with a valid and enforceable provision that comes as close as possible to expressing the intention of the stricken provision.

6.14 Waiver

A. Non-enforcement of any provision by either party shall not constitute a waiver of that provision nor shall it affect the enforceability of that provision or of the remainder of this Agreement.

6.15 Headings

A. The headings used in this Agreement are for general reference only and do not have special significance.

ARTICLE 7 – DEFINITIONS

7.01 Defined Terms

A. Wherever used in this Agreement and printed with initial capital letters the following terms have the meanings

indicated which are applicable to both the singular and plural thereof:

1. *Addenda* – Written or graphic instruments issued prior to the opening of Proposals which clarify, correct or change the Proposal Documents.

2. *Agreement* – This "Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project" including those Exhibits listed in Article 8 thereof.

3. *Application for Payment* – The form acceptable to Owner which is to be used by Design/Builder in requesting progress or final payments for the completion of its Work and which is to be accompanied by such supporting documentation as is required by the Contract Documents.

4. *Change Order* – A document which is signed by Design/Builder and Owner to authorize an addition, deletion or revision in the Work, or an adjustment in the Contract Price or the Contract Times, issued on or after the Effective Date of the Design/Build Agreement.

5. *Conceptual Documents* – The drawings and specifications and/or other graphic or written materials, criteria and information concerning Owner's requirements for the Project, such as design objectives and constraints, space, capacity and performance requirements, flexibility and expandability, which show or describe the character, and scope of, or relate to, the Work to be performed or furnished by Design/Builder. Conceptual Documents are further described and enumerated in Exhibit A.

6. *Construction* – The performing or furnishing of labor, the furnishing and incorporating of materials and equipment into various portions of the Work, and the furnishing of services (other than Design Professional Services) and documents, all as required by the Drawings and Specifications. Construction may be provided by Design/Builder or Subcontractors or Suppliers.

7. *Contract Documents* – The Contract Documents establish the requirements and obligations of the parties engaged in the final design and construction of the Project and include the Design/Build Agreement between Owner and Design/Builder, Addenda (which pertain to the Contract Documents), Design/Builder's Proposal (including documentation accompanying the Proposal and any post Proposal documentation submitted prior to the notice of award) when attached as an exhibit to the Design/Build Agreement, the notice to proceed, the bonds, the General Conditions, the

Supplementary Conditions, the Conceptual Documents, the Specifications and the Drawings as the same are prepared by or for Design/Builder and approved by Owner, together with all Written Amendments, Change Orders, Work Change Directives, Field Orders and Owner's written interpretations and clarifications issued on or after the Effective Date of the Design/Build Agreement. Approved Shop Drawings and reports and drawings of subsurface and physical conditions are not Contract Documents.

8. *Contract Price* – The moneys payable by Owner to Design/Builder for completion of the Work in accordance with the Contract Documents and as stated in the Design/Build Agreement.

9. *Contract Times* – The numbers of days or the dates stated in the Design/Build Agreement to: (i) achieve Substantial Completion, and (ii) complete the Work so that it is ready for final payment.

10. *Defective* – An adjective which, when modifying the word Work, refers to Work that is unsatisfactory, faulty or deficient, in that it does not conform to the Contract Documents, or does not meet the requirements of any inspection, reference standard, test or approval referred to in the Contract Documents, or has been damaged prior to final payment.

11. *Design Professional Services* – Services by Design/Builder related to the preparation of Drawings, specifications, and other design submittals specified by the Contract Documents and required to be performed by licensed design professionals, as well as service provided by or for licensed design professionals.

12. *Design/Build Agreement* – The written agreement contained in the Contract Documents between Owner and Design/Builder covering the Work to be performed or furnished with respect to this Project.

13. *Design/Build Cost* – The cost to Owner of those portions of the entire Project described in the Report or Conceptual Documents prepared by Owner's Consultant. Design/Build Cost does not include Owner's Consultant's compensation and expenses, the cost of land, rights-of-way, or compensation for or damages to properties, or Owner's legal, accounting, insurance counseling or auditing services, or interest and financing charges incurred in connection with the Project or the cost of other services to be provided by others to Owner pursuant to Exhibit B of this Agreement. Design/Build Cost is one of the items comprising Total Project Costs.

14. *Design/Builder* – The individual or entity with whom Owner enters into a written Design/Build

Agreement covering Work to be performed or furnished with respect to the Project.

15. *Documents* – The documents, including data, reports, Conceptual Documents, Record Drawings, and other deliverables, whether in printed or electronic media format, provided or furnished in appropriate phases by Owner's Consultant to Owner pursuant to this Agreement.

16. *Drawings* – That part of the Contract Documents which graphically shows the scope, extent and character of the Work to be furnished and performed by Design/Builder and which have been prepared by or for Design/Builder and are approved by Owner. Shop Drawings are not Drawings as so defined.

17. *Effective Date of the Design/Build Agreement* – The date indicated in the Design/Build Agreement on which it becomes effective, but if no such date is indicated, it means the date on which the Design/Build Agreement is signed and delivered by the last of the two parties to sign and deliver.

18. *Effective Date of the Agreement* – The date indicated in this Agreement on which it becomes effective, but if no such date is indicated, the date on which the Agreement is signed and delivered by the last of the two parties to sign and deliver.

19. *Field Order* – A written order issued by Owner which directs minor changes in the Work but which does not involve a change in the Contract Price or the Contract Times.

20. *General Conditions* – The conditions as agreed to by Owner and Owner's Consultant in accordance with paragraph 6.01.H which govern the Work to be performed or furnished by Design/Builder with respect to this Project.

21. *Hazardous Environmental Condition* – The presence at the Site of Hazardous Materials in such quantities or circumstances that there is a danger to persons or property.

22. *Hazardous Materials* – Asbestos, PCB's, petroleum, hazardous substances, or radioactive material. It is the intention of the parties that these terms be accorded the definition under applicable Laws and Regulations.

23. *Laws and Regulations; Laws or Regulations* – Any and all applicable laws, rules, regulations, ordinances, codes, standards and orders of any and all

governmental bodies, agencies, authorities and courts having jurisdiction.

24. *Owner's Consultant's Subconsultants* – Individuals or entities having a contract with Owner's Consultant to furnish services with respect to this Project as Owner's Consultant's independent professional associates, consultants, subcontractors or vendors.

25. *Proposal* – The offer or proposal submitted on the prescribed form setting forth the prices and times for the Work to be performed.

26. *Proposal Documents* – The advertisement or invitation, Request for Proposal, Proposal form, the Proposal security, if any, and the proposed Contract Documents (including all Addenda issued prior to receipt of Proposals).

27. *Reimbursable Expenses* – The expenses incurred directly by Owner's Consultant or its subconsultants for transportation and subsistence; providing and maintaining field office facilities including furnishings and utilities; subsistence and transportation of Resident Project Representatives and their assistants; toll telephone calls and telegrams, copying, facsimile and courier charges; reproduction of reports, Drawings, Specifications, Bidding Documents, and similar Project-related items in addition to those required under Exhibit A, and, if authorized in advance by Owner, overtime work requiring higher than regular rates. In addition, if authorized in advance by Owner, Reimbursable Expenses will also include expenses incurred for the use of highly specialized equipment.

28. *Resident Project Representative* – The authorized representative of Owner's Consultant who will be assigned to assist Owner's Consultant at the Site during the Design/Build Phase. The Resident Project Representative will be Owner's Consultant's agent or employee and under Owner's Consultant's supervision. As used herein, the term Resident Project Representative includes any assistants of Resident Project Representative agreed to by Owner. The duties and responsibilities of the Resident Project Representative are as set forth in Exhibit D.

29. *Samples* – Physical examples of materials, equipment, or workmanship that are representative of some portion of the Work and which establish the standards by which such portion of the Work will be judged.

30. *Site* – Lands or areas indicated in the Contract Documents as being furnished by Owner, upon which the Work is to be performed, rights-of-way and

easements for access thereto, and such other lands furnished by Owner which are designated for use of Design/Builder.

31. *Specifications* – That part of the Contract Documents prepared by or for Design/Builder and approved by Owner consisting of written technical descriptions of materials, equipment, systems, standards and workmanship as applied to the Work and certain administrative details applicable thereto.

32. *Submittal* – A written or graphic document prepared by or for Design/Builder which is required by the Contract Documents to be submitted to Owner by Design/Builder. Submittals may include Drawings, Specifications, progress schedules, shop drawings, Samples, cash flow projections, and schedule of values.

33. *Substantial Completion* – The time at which the Work (or a specified part thereof) has progressed to the point where, as evidenced by Owner's certificate of Substantial Completion, the Work (or specified part thereof) is sufficiently complete, in accordance with the Contract Documents, so that it can be utilized for the purposes for which it is intended. If no such certificate is issued, the time at which the Work is complete and ready for final payment as evidenced by the Owner's written notice of acceptance and recommendation for final payment. The terms "substantially complete" and "substantially completed" as applied to all or part of the Work refer to Substantial Completion thereof.

34. *Supplementary Conditions* – The part of the Contract Documents which amends or supplements the General Conditions.

35. *Total Project Costs* – The sum of the Design/Build Cost, allowances for contingencies, the total costs of design professional and related services provided by Owner's Consultant and (on the basis of information furnished by Owner) allowances for such other items as charges of all other professionals and consultants, for the cost of land and rights-of-way, for compensation for or damages to properties, for interest and financing charges and for other services to be provided by others to Owner.

36. *Work* – The entire completed project or the various separately identifiable parts thereof to be furnished or provided by Design/Builder. Work includes and is the result of performing or furnishing Design Professional Services and Construction.

37. *Work Change Directive* – A written directive to Design/Builder, issued on or after the Effective Date of the Design/Build Agreement and signed by Owner,

ordering an addition, deletion or revision in the Work, or responding to differing or unforeseen subsurface or physical conditions under which the Work is to be performed or to emergencies. A Work Change Directive will not change the Contract Price or the Contract Times, but is evidence that the parties expect that the change directed or documented by a Work Change Directive will be incorporated in a subsequently issued Change Order following negotiations by the parties as to its effect, if any, on the Contract Price or Contract Times.

ARTICLE 8 – EXHIBITS

8.01 Exhibits Included

A. Exhibit A, "Owner's Consultant's Services," consisting of 8 pages.

B. Exhibit B, "Owner's Responsibilities," consisting of 3 pages.

C. Exhibit C, "Payments to Owner's Consultant for Services and Reimbursable Expenses," consisting of 4 pages.

D. Exhibit D, "Duties, Responsibilities and Limitations of Authority of Resident Project Representative," consisting of 4 pages.

E. Exhibit E, "Insurance," consisting of 2 pages.

F. Exhibit F, "Dispute Resolution," consisting of 1 page.

G. Exhibit G, "Allocation of Risks," consisting of 2 pages.

H. Exhibit H, "Special Provisions," consisting of 1 page.

8.02 Total Agreement

A. This Agreement (consisting of pages 1 to _____ inclusive, together with the Exhibits identified above) constitutes the entire agreement between Owner and Owner's Consultant and supersedes all prior written or oral understandings. This Agreement may only be amended, supplemented, modified or canceled by a duly executed written instrument.

IN WITNESS WHEREOF, Owner and Owner's Consultant have signed this Agreement in duplicate. One counterpart each has been delivered to Owner and Owner's Consultant. All portions of the Contract Documents have been signed, initialed or identified by Owner and Owner's Consultant.

This Agreement will be effective on _____ (which is the Effective Date of the Agreement).

OWNER:

By: _____
Title: _____
Date Signed: _____

Address for giving notices:

102 Water Plant Road
Middlesboro, Kentucky 40965

Designated Representative (paragraph 6.02.A):

James Leonard
Title: Regional Manager

Facsimile Number: 606/248-0180

Phone Number: 606/248-2306

E-mail: jrleonard@uiwater.com

OWNER'S CONSULTANT:

By: _____
Title: James K. Roberts, P.E., P.L.S.
Executive Vice President
Date Signed: _____

License or Certificate No. and State 15736
Kentucky

Address for giving notices:

Bell Engineering
2480 Fortune Drive, Suite 350
Lexington, Kentucky 40509

Designated Representative (paragraph 6.02.A):

Ronald C. McMaine, P.E.
Title: Senior Vice President

Facsimile Number: 859/278-2911

Phone Number 859/278-5412

E-mail: rmcmaine@hkbell.com

SUGGESTED FORMAT

This is **EXHIBIT A**, consisting of 8 pages, referred to in and part of the **Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project** dated _____, _____.

Initials
Owner: _____
Owner's Consultant: _____

Owner's Consultant's Services

ARTICLE A1 – BASIC SERVICES

A.1.01 Study and Report Phase--Complete

A. Owner's Consultant shall:

1. Consult with Owner to define and clarify Owner's requirements for the Project and available data.
2. Advise Owner as to the necessity of Owner's providing data or services of the types described in Exhibit B which are not part of Owner's Consultant's Basic Services, and assist Owner in obtaining such data and services.
3. Identify, consult with, and analyze requirements of governmental authorities having jurisdiction to approve the portions of the Project described by Owner's Consultant, including but not limited to mitigating measures identified in any environmental assessment.
4. Identify and evaluate _____ alternate solutions available to Owner and, after consultation with Owner, recommend to Owner those solutions which in Owner's Consultant's judgment meet Owner's requirements for the Project.
5. Prepare a report (the "Report") which will, as appropriate, contain schematic layouts, sketches and conceptual design criteria with appropriate exhibits to indicate the agreed to requirements, considerations involved, and those alternate solutions available to Owner which Owner's Consultant recommends. This Report will be accompanied by Owner's Consultant's opinion of Total Project Costs for each solution which is so recommended for the Project including the following which will be separately itemized:
 - a. Opinion of probable Design/Build Cost,
 - b. Allowances for contingencies
 - c. Allowances for the estimated total costs of services provided by Owner's Consultant and,
 - d. On the basis of information furnished by Owner, allowances for other items and services included within the definition of Total Project Costs.
6. Perform or furnish the following additional Study and Report Phase tasks or deliverables:

~~7. Furnish _____ review copies of the Report to Owner within _____ days of authorization to begin services and review it with Owner.~~

~~8. Revise the Report in response to Owner's and other parties' comments, as appropriate, and furnish _____ copies of the revised Report to the Owner within _____ days of completion of reviewing it with Owner.~~

~~B. Owner's Consultant's services under the Study and Report Phase will be considered complete on the date when the copies of the revised Report have been delivered to Owner.~~

A.1.02 Conceptual Documents Phase

A. After acceptance by Owner of the Report, selection by Owner of a recommended solution and indication of any specific modifications or changes in the scope, extent, character or design requirements of the Project desired by Owner, and upon written authorization from Owner, Owner's Consultant shall:

1. Advise Owner if additional reports, data or other information or services of the types described in Exhibit B are necessary and assist Owner in obtaining such reports, data or other information and services.

2. On the basis of the above acceptance, selection, and authorization, prepare the following Conceptual Documents:

- a. Drawings;
- b. Specifications;
- c. Other graphic or written materials;
- d. Criteria and information concerning Owner's requirements for the Project;
- e. A basis of design;
- f. Design objectives, constraints and criteria;
- g. Space, capacity and performance requirements; and
- h. Flexibility and expandability requirements.

3. These Conceptual Documents will show or describe the character, scope and intent of, or relate to, the Work to be performed or furnished by or for Design/Builder. Such Conceptual Documents will be taken to a point of an estimated 35 percent of the final design which the parties agree will be sufficient for Owner to receive Design/Build proposals.

4. Provide necessary field surveys and topographic and utility mapping for the purpose of preparing Conceptual Documents. Utility mapping will be based upon information obtained from utility owners.

5. Based on the information contained in the Conceptual Documents, submit a revised opinion of probable Design/Build Cost and any adjustments to Total Project Costs known to Owner's Consultant, which will be itemized as provided in paragraph A.1.01.A.5.

6. Furnish the Conceptual Documents to and review them with Owner.

7. Prepare and furnish Proposal Documents for review and approval by Owner, its legal counsel and other advisors, as appropriate.

8. Furnish or provide the following additional Conceptual Document Phase tasks or deliverables:

1. Documents necessary to submit to the Kentucky Division of Water for review of the plans and specifications.

9. Submit to Owner _____ final copies of the Conceptual Documents, Proposal Documents, and revised opinion of probable Design/Build Cost within _____ days after authorization to proceed with this phase.

~~B. In the event that the Work or equipment for which Owner's Consultant has prepared Conceptual Documents is to be performed or furnished under more than one prime contract, Owner and Owner's Consultant shall, prior to commencement of the Conceptual Document Phase, develop a schedule for performance of Owner's Consultant's services during the Conceptual Document and Proposal or Negotiating Phases and for the performance of Additional Services, if any, in order to sequence and coordinate properly such services as are applicable to the work under such separate prime contracts. This schedule is to be prepared and included in or become an amendment to Exhibit A whether or not the work under such contracts is to proceed concurrently.~~

C. The number of prime contracts for work or equipment for which Owner's Consultant services are to be performed upon which the Owner's Consultant's compensation has been established under this Agreement is _____.

D. Owner's Consultant's services under the Conceptual Document Phase will be considered complete on the date when final copies of the Conceptual Documents and Proposal Documents have been delivered to Owner.

A.1.03 Proposal or Negotiating Phase

A. After acceptance by Owner of the Proposal Documents and the most recent opinion of probable Design/Build Cost as determined in the Conceptual Document Phase, and upon written authorization by Owner to proceed, Owner's Consultant shall:

1. Assist Owner in soliciting for and obtaining Proposals or negotiating proposals for the Work and, where applicable, maintain a record of prospective proposers to whom Proposal Documents have been issued, attend pre-Proposal conferences, if any, and receive and process Design/Builder deposits or charges for the Proposal Documents.
2. Assist Owner in issuing Addenda as appropriate to clarify, correct or change the Proposal Documents.
3. Consult with Owner as to the acceptability of Design/Builders, engineers, subcontractors, suppliers and other persons and entities proposed by Design/Builder for those portions of the Work as to which such acceptability is required by the Proposal Documents.
4. Furnish or provide the following additional Proposal or Negotiating Phase tasks or deliverables:
 5. Attend the Proposal opening, prepare Proposal tabulation sheets and assist Owner in evaluating Proposals and in assembling and awarding contracts for the Work.

B. The Proposal or Negotiating Phase will be considered complete upon commencement of the Design/Build Phase or upon cessation of negotiations with prospective Design/Builders.

ARTICLE A2 – ADDITIONAL SERVICES

A.2.01 Owner's Authorization in Advance Required

A. If authorized in writing by Owner, Owner's Consultant shall furnish or obtain from others Additional Services of the types listed below. These services will be paid for by Owner as indicated in Article 4 of the Agreement.

B. Study and Report, Conceptual Documents, and Proposal or Negotiating Phases:

1. Prepare applications and supporting documents (in addition to those furnished under Basic Services) for private or governmental grants, loans or advances in connection with the Project; prepare or review environmental assessments and impact statements; review and evaluate the effects on the design requirements for the Project of any

such statements and documents prepared by others; and assist in obtaining approvals of authorities having jurisdiction over the anticipated environmental impact of the Project.

2. Make measured drawings of or investigate existing conditions or facilities, or verify the accuracy of drawings or other information furnished by Owner.

3. Perform services resulting from significant changes in the scope, extent or character of the portions of the Project presented or specified by Owner's Consultant or its design requirements including, but not limited to, changes in size, complexity, Owner's schedule, character of construction or method of financing; and revise previously accepted studies, reports, Conceptual Documents or other Contract Documents when such revisions are required by changes in Laws or Regulations enacted subsequent to the Effective Date of this Agreement or are due to any other causes beyond Owner's Consultant's control.

4. Perform services resulting from evaluation by Owner's Consultant during the Study and Report Phase at Owner's request of alternative solutions in addition to those specified in paragraph A.1.01.A.4.

5. Perform services required as a result of Owner's providing incomplete or incorrect Project information, with respect to Exhibit B.

6. Provide renderings or models for Owner's use.

7. Prepare documents for alternate proposals requested by Owner for Design/Builder's work which is not executed or documents for out-of-sequence work.

8. Undertake investigations and studies including, but not limited to, detailed consideration of operations, maintenance and overhead expenses; the preparation of feasibility studies, cash flow and economic evaluations, rate schedules and appraisals; assistance in obtaining financing for the Project; evaluating processes available for licensing and assisting Owner in obtaining process licensing; detailed quantity surveys of materials, equipment and labor; and audits or inventories required in connection with construction performed by Owner.

9. Furnish services of Owner's Consultant's Subconsultants for other than Basic Services.

10. Perform services attributable to more prime contracts than specified in paragraph A.1.02.C.

11. Perform services during out-of-town travel required of Owner's Consultant other than for visits to the Site or Owner's office.

12. Prepare for, coordinate with, participate in and respond to structured independent review processes, including, but not limited to, construction management, cost estimating, project peer review, value engineering and constructibility review requested by Owner; and perform or furnish services required to revise studies, reports, drawings, specifications or other Proposal Documents as a result of such review processes.

13. Determine the acceptability of substitute materials and equipment proposed during the Proposal and Negotiating Phase when substitution prior to the award of contracts is allowed by the Proposal Documents.

14. Assist in connection with Proposal protests, rebidding or renegotiating contracts for construction, materials, equipment or services.

15. Perform services resulting from significant delays, changes or price increases occurring as a direct or indirect result of materials, equipment, or energy shortages.

C. Design/Build Phase—Not Applicable (Unless Authorized in Writing by the Owner)

1. Consult with Owner during the Design/Build Phase.

2. Provide the services of a Resident Project Representative (RPR) at the Site. Duties, responsibilities, and authority of the RPR are as set forth in Exhibit D.

3. Assist Owner in the selection of an independent testing laboratory to perform the services identified in paragraph B.2.01.R.

4. Participate in the initial conference between Owner and Design/Builder prior to commencement of Construction.

5. As appropriate, establish baselines and benchmarks for locating the Work which in Owner's Consultant's judgment are necessary to enable Design/Builder to proceed. Provide engineering surveys and staking to enable Design/Builder to perform its work, and any type of property surveys or related engineering services needed for the transfer of interests in real property; and provide other special field surveys.

6. Review submittals prepared by or for Design/Builder including Drawings, Specifications, Samples and other Submittals required by the Conceptual Documents and advise Owner as to their acceptability in accordance with the Contract Documents, but only for conformance with the information given in the Contract Documents and compatibility with the design concept of the completed Project as a functioning whole as indicated in the Contract Documents. Such reviews or other action will not extend to means, methods, techniques, sequences or procedures of construction or to safety precautions and programs incident thereto.

7. Make revisions to Conceptual Documents occasioned by the acceptance of substitute materials or equipment items; and provide services after the award of the Design/Build contract in evaluating and determining the acceptability of a substitution which is found to be inappropriate for the Project or an excessive number of substitutions.

8. While the Work is in progress:

a. Make visits to the Site at intervals appropriate to the various stages of construction, as Owner's Consultant deems necessary, in order to observe as an experienced and qualified design professional the progress and quality of the various aspects of Design/Builder's Construction. Such visits and observations by Owner's Consultant, and the Resident Project Representative, if any, are not intended to be exhaustive or to extend to every aspect of the construction in progress, or to involve detailed inspections of the construction beyond the responsibilities specifically assigned to Owner's Consultant in this Agreement and the Contract Documents, but rather are to be limited to spot checking, selective sampling and similar methods of general observation of the construction based on Owner's Consultant's exercise of professional judgment as assisted by the Resident Project Representative, if any. Based on information obtained during such visits and such observations, Owner's Consultant will determine in general if such Construction is proceeding in accordance with the Contract Documents and Owner's Consultant shall keep Owner informed of the progress of the Work. The responsibilities of Owner's Consultant contained in this paragraph are expressly subject to the limitations set forth in this paragraph and other express or general limitations in this Agreement.

b. Owner's Consultant shall not, during such visits or as a result of such observations of Design/Builder's Construction in progress, supervise, direct or have control over Design/Builder's work nor shall Owner's Consultant have authority over or responsibility for the means, methods, techniques, sequences or procedures of Construction selected or used by Design/Builder, for safety precautions and programs incident to the work of Design/Builder or for any failure of Design/Builder to comply with laws, rules, regulations, ordinances, codes or orders applicable to Design/Builder's furnishing and performing the Work. Accordingly, Owner's Consultant neither guarantees the performance of any Design/Builder nor assumes responsibility for any Design/Builder's failure to furnish and perform the Work in accordance with the Contract Documents.

c. As a result of such visits and on the basis of such observations, Owner's Consultant shall have authority to recommend to Owner that Design/Builder's Work be disapproved and rejected while it is in progress if Owner's Consultant believes that such Work will not produce a completed Project that conforms generally to the Contract Documents or that it will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents.

9. Assist Owner in issuing necessary clarifications and interpretations of the Contract Documents and Field Orders as appropriate to the orderly completion of the Work. Such clarifications and interpretations and Field Orders will be consistent with the intent of and reasonably inferable from the Contract Documents.

10. Recommend Change Orders and Work Change Directives to Owner, as appropriate, and assist Owner in preparation of Change Orders and Work Change Directives as required.

11. Provide services in connection with Work Change Directives and Change Orders to reflect changes requested by Owner.

12. Advise Owner as to the necessity of ordering special inspections or tests of the Work as deemed reasonably necessary, and receive and review all certificates of inspections, tests and approvals required by Laws or Regulations or the Contract Documents. Owner's Consultant's review of such certificates will be for the purpose of determining that the results certified indicate compliance with the Contract Documents and will not constitute an independent evaluation that the content or procedures of such inspections, tests or approvals comply with the requirements of the Contract Documents. Owner's Consultant shall be entitled to rely on the results of such tests.

13. Advise Owner on all claims between Owner and Design/Builder relating to the acceptability of the Work or the interpretation of the requirements of the Contract Documents pertaining to the execution and progress of the Work.

14. Based on Owner's Consultant's on-site observations as an experienced and qualified design professional and on review of Applications for Payment and the accompanying supporting documentation:

a. Determine the amounts that Owner's Consultant recommends Design/Builder be paid. Such recommendations of payment will constitute Owner's Consultant's representation to Owner, based on such observations and review, that, to the best of Owner's Consultant's knowledge, information and belief, the Work has progressed to the point indicated, the quality of such Work is generally in accordance with the Contract Documents (subject to an evaluation of such Work as a functioning whole prior to or upon Substantial Completion, to the results of any subsequent tests called for in the Contract Documents and to any other qualifications stated in the recommendation), and the conditions precedent to Design/Builder's being entitled to such payment appear to have been fulfilled in so far as it is Owner's Consultant's responsibility to observe the Work.

b. By recommending any payment Owner's Consultant shall not thereby be deemed to have represented that observations made by Owner's Consultant to check the quality or quantity of Design/Builder's work as it is performed and furnished have been exhaustive, extended to every aspect of the Work in progress, or involved detailed inspections of the Work beyond the responsibilities specifically assigned to Owner's Consultant in this Agreement and the Contract Documents. Neither Owner's Consultant's review of Design/Builder's Work for the purposes of recommending payments nor Owner's Consultant's recommendation of any payment including final payment will impose on Owner's Consultant responsibility to supervise, direct or control such Work or for the means, methods, techniques, sequences or procedures of construction or safety precautions or programs incident thereto, or Design/Builder's compliance with Laws or Regulations applicable to Design/Builder's furnishing and performing the Work. Such reviews and recommendations will not impose responsibility on Owner's Consultant to make any examination to ascertain how or for what purposes Design/Builder has used the moneys paid on account of the Contract Price, or to determine that title to any of the Work, materials or equipment has passed to Owner free and clear of any liens, claims, security interests or encumbrances, or that there may not be other matters at issue between Owner and Design/Builder that might affect the amount that should be paid.

15. Perform or provide the following Design/Build Phase tasks or deliverables:

1. None.

16. Review maintenance and operating instructions, schedules and guarantees, receive bonds, certificates or other evidence of insurance required by the Contract Documents, certificates of inspection, tests and approvals, and marked-up documents including Submittals and other data approved as provided under paragraph A.2.01.C.6 and Record

Drawings which are to be assembled by Design/Builder in accordance with the Contract Documents to obtain final payment, but the extent of such review and receipt will be limited as provided in paragraph A.2.01.C.14.

17. Within a reasonable time after notice from Owner that Design/Builder considers the entire Work ready for its intended use, in company with Owner and Design/Builder, conduct an inspection to determine if the Work is substantially complete. If Owner's Consultant considers the Work substantially complete, Owner's Consultant will recommend that the Owner issue certificate of Substantial Completion to Design/Builder.

18. Provide services, other than services during the Operational Phase, in connection with any partial utilization of any part of the Work by Owner prior to Substantial Completion.

19. Conduct a final inspection to evaluate the acceptability of the completed Work and advise Owner if the Work is ready for final payment. Owner's Consultant's advice will be based on its actual knowledge gained through the final inspection and prior observation.

20. Provide additional or extended services during construction made necessary by (1) Work damaged by fire or other cause during construction, (2) a significant amount of defective, neglected or delayed Work by Design/Builder, (3) acceleration of the progress schedule involving services beyond normal working hours, or (4) default by Design/Builder.

D. Post-Construction Phase—Not Applicable (Unless Authorized in Writing by the Owner)

1. Provide assistance in connection with the refining and adjusting of any Project equipment or systems.
2. Prepare operating, maintenance, and staffing manuals.
3. Assist Owner in developing systems and procedures for control of the operation and maintenance of and record keeping for the Project.
4. Together with Owner, visit the Project to observe any apparent defects in the completed Work, assist Owner in consultations and discussions with Design/Builder concerning correction of such defects, and make recommendations as to replacement or correction of defective Work.
5. Prepare and furnish to Owner Project record Drawings showing appropriate record information based on Project documentation received from others.
6. In company with Owner or Owner's representative, provide an inspection of the Project within one month before the end of the correction period to ascertain whether items of Design/Builder's Work are subject to correction.
7. Perform or provide the following Operational Phase tasks or deliverables:
 1. None.

E. Witness Services

1. Prepare to serve or serve as a consultant or witness for Owner in any litigation, arbitration, or other dispute resolution process related to the Project.

A.2.02 Duration of Design/Build Phase

A. The Design/Build Phase will commence with the execution of the Design/Build Agreement for the Project or any part thereof and will terminate upon advice of Owner's Consultant concerning final payment to Design/Builder. If the Project involves more than one prime contract as indicated in paragraph A.1.02.C, Design/Build Phase services may be rendered at different times in respect to separate prime contracts covering the Work.

A.2.03 Duration of Post-Construction Phase

A. The Post-Construction Phase and other services may commence during the Design/Build Phase and, if not otherwise modified in this Exhibit A, will terminate one year after the date of Substantial Completion.

SUGGESTED FORMAT

This is **EXHIBIT B**, consisting of 3 pages, referred to in and part of the **Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project** dated _____, _____.

Initials
Owner: _____
Owner's Consultant: _____

Owner's Responsibilities

ARTICLE B1 – FURTHER RESPONSIBILITIES OF OWNER

B.2.01 In addition to other responsibilities of Owner as set forth in this Agreement, Owner shall:

A. Provide Owner's Consultant with all criteria and full information as to Owner's requirements for the Project, including design objectives and constraints, space, capacity and performance requirements, flexibility and expandability, and any budgetary limitations.

B. Furnish copies of all design and construction standards which Owner will require to be included in the Contract Documents.

C. Furnish copies of Owner's standard forms, conditions and related documents for Owner's Consultant to include in the Proposal Documents, when applicable.

D. Furnish to Owner's Consultant any other available information pertinent to the Project including reports and data relative to previous designs, or investigation at or adjacent to the Site.

E. Following Owner's Consultant's assessment of initially-available Project information and data, upon Owner's Consultant's request, furnish or otherwise make available such additional Project related information and data as is reasonably required to enable Owner's Consultant to complete its Basic and Additional Services. Such additional information or data would generally include the following:

1. Property descriptions;
2. Zoning, deed and other land use restrictions;
3. Property, boundary, easement, right-of-way, and other special engineering surveys or data, including establishing relevant reference points for design and construction which in Owner's judgment are necessary to enable Design/Builder to proceed with the Work;
4. Data prepared by or services of others, including without limitation explorations and tests of subsurface conditions at or contiguous to the Site, drawings of physical conditions in or relating to existing surface or subsurface structures at or contiguous to the Site, or hydrographic surveys, with appropriate professional interpretation thereof;
5. Environmental assessments, audits, investigations and impact statements, and other relevant environmental or cultural studies as to the Project, the Site and adjacent areas; and
6. Data or consultations as required for the Project but not otherwise identified in the Agreement or the Exhibits thereto.

F. Give prompt written notice to Owner's Consultant whenever Owner observes or otherwise becomes aware of any development that affects the scope or time of performance or furnishing of Owner's Consultant's services, or any defect or nonconformance in Owner's Consultant's services or in the work of any Design/Builder.

G. Furnish, as appropriate, other services or authorize Owner's Consultant to provide required Additional Services as set forth in Article A2.

H. Arrange for safe access to and make all provisions for Owner's Consultant and Owner's Consultant's Subconsultants to enter upon public and private property as required for Owner's Consultant to perform services under the Agreement.

I. Examine all alternate solutions, studies, reports, sketches, drawings, specifications, proposals and other documents presented by Owner's Consultant (including obtaining advice of an attorney, insurance counselor and other consultants as Owner deems appropriate with respect to such examination) and render in writing timely decisions pertaining thereto.

J. Provide reviews, approvals and permits from all governmental authorities having jurisdiction to approve all Phases of the Project designed or specified by Owner's Consultant and such reviews, approvals and consents from others as may be necessary for completion of each Phase of the Project.

K. Provide, as required for the Project:

1. Accounting, bond and financial advisory, independent cost estimating and insurance counseling services;
2. Legal services with regard to issues pertaining to the Project as Owner requires, Design/Builder raises, or Owner's Consultant reasonably requests;
3. Such auditing services as Owner requires to ascertain how or for what purpose Design/Builder has used the moneys paid; and
4. Placement and payment for advertisement for Request for Qualifications and Request for Proposals in appropriate publications.

L. Advise Owner's Consultant of the identity and scope of services of any independent consultants employed by Owner to perform or furnish services in regard to the Project, including, but not limited to, cost estimating, project peer review, value engineering and constructibility review.

M. Furnish to Owner's Consultant data as to Owner's anticipated costs for services to be provided by others for Owner so that Owner's Consultant may make the necessary calculations to develop and periodically adjust Owner's Consultant's opinion of Total Project Costs.

N. If Owner designates a construction manager, an individual or entity other than, or in addition to, Owner's Consultant to represent Owner at the site, define and set forth in this Exhibit B the duties, responsibilities and limitations of authority of such other party and the relation thereof to the duties, responsibilities and authority of Owner's Consultant.

O. If more than one prime contract is to be awarded for work designed or specified by Owner's Consultant, designate a person or entity to have authority and responsibility for coordinating the activities among the various prime contractors, and define and set forth the duties, responsibilities and limitations of authority of such individual or entity and the relation thereof to the duties, responsibilities and authority of Owner's Consultant in an exhibit that is to be mutually agreed upon and attached to and made a part of this Agreement before such services begin.

P. Attend the pre-proposal conference, Proposal opening, initial conferences, design and construction progress and other job related meetings, and Substantial Completion and final payment inspections.

Q. Provide, as required by the Contract Documents, engineering surveys and staking to enable Design/Builder to proceed with the layout of the Work, and other special field surveys.

R. Provide the services of an independent testing laboratory to perform all inspections, tests and approvals of samples, materials and equipment required by the Contract Documents, or to evaluate the performance of materials, equipment and facilities of Owner, prior to their incorporation into the Contract Documents, with appropriate professional interpretation thereof;

S. Provide inspection or monitoring services by an individual or entity other than Owner's Consultant (and disclose the identity of such individual or entity to Owner's Consultant) as Owner determines necessary to verify:

1. That Design/Builder is complying with any Laws or Regulations applicable to Design/Builder's performing and furnishing the Work; or

2. That Design/Builder is taking all necessary precautions for safety of persons or property and complying with any special provisions of the Contract Documents applicable to safety.

T. Provide Owner's Consultant with the findings and reports generated by the entities providing services pursuant to subparagraphs B.1.01.R and S.

U. Additional Owner responsibilities:

SUGGESTED FORMAT

This is **EXHIBIT C**, consisting of 4 pages, referred to in and part of the **Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project** dated _____, _____

Initials
Owner: _____
Owner's Consultant: _____

Payments to Owner's Consultant for Services and Reimbursable Expenses

Lump Sum Method of Payment

Article 4 of the Agreement is amended and supplemented to include the following agreement of the parties:

ARTICLE 4 – PAYMENTS TO OWNER'S CONSULTANT

C.4.01 For Basic Services

A. Owner shall pay Owner's Consultant for Basic Services set forth in Exhibit A as follows:

1. A Lump Sum of \$15,000.00 for Basic Services in Exhibit A allocated as follows:

- a. Study and Report Phase \$3,500.00
- b. Conceptual Document Phase \$11,500.00
- c. Proposal or Negotiating Phase \$11,500.00

2. Owner's Consultant may alter the distribution of compensation between individual phases to be consistent with services actually rendered, but shall not exceed the total Lump Sum amount unless approved in writing by Owner.

3. The Lump Sum includes compensation for Owner's Consultant's services and services of Owner's Consultant's Subconsultants, if any. Appropriate factors have been incorporated into the Lump Sum to account for labor, overhead, profit, and Reimbursable Expenses.

4. The portion of the Lump Sum billed will be based upon Owner's Consultant's estimate of the proportion of the total services actually completed during the billing period to the Lump Sum.

5. The Lump Sum was determined on the basis of an orderly progression of services and completion of the Proposal or Negotiating Phase within 3 months. Should the time to complete the Work extend beyond this period, the Lump Sum for Owner's Consultant's services shall be appropriately adjusted.

C.4.02 For Additional Services

A. Owner shall pay Owner's Consultant for Additional Services as follows:

1. For services of Owner's Consultant's principals and employees engaged directly in the Work pursuant to Article A2 of Exhibit A, except services as a consultant or witness under paragraph A.2.01.E, an amount equal to the cumulative hours devoted to the services by each class of Owner's Consultant's employees times hourly rates for each

applicable billing class for all Additional Services performed on the Work, plus Reimbursable Expenses and Owner's Consultant's Subconsultants' charges, if any. The Owner's Consultant's Standard Hourly Rates and Reimbursable Expenses Schedule is attached to this Exhibit C as Appendix 1. The total compensation for services under this paragraph is estimated to be \$0.00 based upon Contract Times of 6 months.

2. For services performed by Owner's Consultant's employees as witnesses giving testimony in any litigation, arbitration or other legal or administrative proceeding under paragraph A.2.01.E, at the rate of \$1,500.00 per day or any portion thereof (but compensation for time spent in preparing to testify in any such litigation, arbitration or proceeding will be on the basis provided in paragraph C.4.02.A.1). Compensation for Owner's Consultant's Subconsultants for such services will be on the basis provided in paragraph C.4.04.

C.4.03 For Reimbursable Expenses

A. When not included in compensation for Basic Services under paragraph C.4.01, Owner shall pay Owner's Consultant for Reimbursable Expenses at the rates set forth in Appendix 1 to this Exhibit C. Such rates are subject to annual adjustment on the same date as Standard Hourly rates are adjusted.

B. Reimbursable Expenses include the following:

1. Transportation and subsistence thereto;
2. Providing and maintaining field office facilities, including furnishings and utilities;
3. Subsistence and transportation of Resident Project Representatives and their assistants, if any;
4. Toll telephone calls and telegrams;
5. Reproduction of reports, Drawings, Specifications, Conceptual Documents, and similar Work-related items in addition to those required by Exhibit A, and,
6. If authorized in advance by Owner,
 - a. Overtime work requiring higher than regular rates.
 - b. Expenses incurred for the use of other specialized equipment.

C. The amounts payable to Owner's Consultant for Reimbursable Expenses will be the work-related internal expenses actually incurred or allocated by Owner's Consultant, plus all invoiced external Reimbursable Expenses allocable to the services, the latter multiplied by a factor of 1.15.

C.4.04 Standard Hourly Rates

A. Standard Hourly Rates are set forth in Appendix 1 to this Exhibit C and include salaries and wages paid to personnel in each billing class plus the cost of customary and statutory benefits, general and administrative overhead, non-project operating costs, and operating margin or profit.

B. The Standard Hourly rates will be adjusted annually (as of January 1) to reflect equitable changes in the compensation payable to Owner's Consultant.

C.4.05 For Owner's Consultant's Subconsultant's Charges

A. Whenever compensation to Owner's Consultant herein is stated to include charges of Owner's Consultant's Subconsultants, those charges to Owner shall be the amounts billed to Owner's Consultant times a factor of 1.15.

C.4.06 Other Payment Provisions

A. *Progress Payments.* The portion of the amounts billed for Owner's Consultant for services identified in paragraph C.4.02, will be billed based on the cumulative hours charged to the Project for such services during the billing period by each class of Owner's Consultant's employees, times the Standard Hourly Rate for each such employee class, plus Reimbursable Expenses and Owner's Consultant's Subconsultants' charges, if any.

B. *Estimated Compensation Amounts*

1. Owner's Consultant's estimate of the amounts that will become payable for Additional Services are only estimates for planning purposes, are not binding on the parties, and are not the minimum or maximum amounts payable to Owner's Consultant under the Agreement. Notwithstanding the fact that the estimated amounts for Additional Services are exceeded, Owner's Consultant shall receive appropriate compensation based on the Standard Hourly Rates method for all Additional Services furnished or performed under this Agreement.

2. When estimated compensation amounts have been stated herein and it subsequently becomes apparent to Owner's Consultant that a compensation amount thus estimated will be exceeded, Owner's Consultant shall give Owner written notice thereof. Promptly thereafter Owner and Owner's Consultant shall review the matter of services remaining to be performed and compensation for such services. Owner shall either agree to such compensation exceeding said estimated amount or Owner and Owner's Consultant shall agree to a reduction in the remaining services to be rendered by Owner's Consultant, so that total compensation for such services will not exceed said estimated amount when such services are completed. If Owner's Consultant exceeds the estimated amount before Owner and Owner's Consultant have agreed to an increase in the compensation due Owner's Consultant or a reduction in the remaining services, Owner's Consultant shall be paid for all services rendered hereunder.

This is **Appendix 1 to EXHIBIT C**, consisting of 1 page, referred to in and part of the **Agreement Between Owner and Engineer for Professional Services** dated _____.

Standard Hourly Rates Schedule

A. Standard Hourly Rates

1. Standard Hourly Rates are set forth in this Appendix 2 to this Exhibit C and include salaries and wages paid to personnel in each billing class plus the cost of customary and statutory benefits, general and administrative overhead, non-project operating costs, and operating margin or profit.
2. ~~The Standard Hourly Rates will be adjusted annually (as of _____) to reflect equitable changes in the compensation payable to Engineer.~~
3. The Standard Hourly Rates apply only as specified in Article C.4.02.A.

B. Schedule

Hourly rates for services performed on or after the date of Agreement are:

Principal IV	\$175.00
Principal III	175.00
Principal II	169.00
Associate I	102.00
Engineer VI	151.00
Engineer V	134.00
Engineer IV	128.00
Engineer II	97.00
Engineer I	80.00
Landscape Architect	108.00
Designer/Planner IV	96.00
Designer/Planner III	79.00
Designer/Planner II	76.00
Engineering Tech I	42.00
Inspector II	68.00
Draftsman III	68.00
Acct./Econ III	136.00
Acct./Econ. II	86.00
Admin. Assist. III	76.00
Admin. Assist. II	53.00
Admin. Assist. I	44.00
Secretary III	61.00

- C. Reimbursable expenses are \$0.565/mile for company vehicles. Meals and lodging are at cost.

This is **EXHIBIT D**, consisting of 4 pages, referred to in and part of the **Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project** dated _____, _____.

Initials
Owner: _____
Owner's Consultant: _____

Duties, Responsibilities and Limitations of Authority of Resident Project Representative

ARTICLE D1 – RESIDENT PROJECT REPRESENTATIVE—For Reference Only

The Consultant will not furnish a Resident Project Representative unless authorized in writing by the Owner.

D1.01 General

A. Owner's Consultant shall furnish a Resident Project Representative ("RPR"), assistants and other field staff to assist Owner's Consultant in observing the progress and quality of the Construction of Design/Builder. The RPR, assistants and other field staff under this Exhibit D shall provide [full] [part] time representation] set forth in this Exhibit D.

B. Through observations of Construction in progress and field checks of materials and equipment by the RPR and assistants, Owner's Consultant shall endeavor to provide further protection for Owner against defects and deficiencies in the Construction of Design/Builder. However, Owner's Consultant shall not, during such visits or as a result of such observations of Design/Builder's construction in progress, supervise, direct, or have control over the Construction nor shall Owner's Consultant have authority over or responsibility for the means, methods, techniques, sequences or procedures selected by Design/Builder, for safety precautions and programs incident to the Construction of Design/Builder, for any failure of Design/Builder to comply with laws, rules, regulations, ordinances, codes or orders applicable to Design/Builder's performing and furnishing the Construction, or responsibility of construction for Design/Builder's failure to furnish and perform the Construction in accordance with the Contract Documents. In addition, the specific limitations set forth in section A.2.01.C.8 of Exhibit A of the Agreement are applicable.

D.1.02 Duties, Responsibilities and Role

A. RPR is Owner's Consultant's agent at the Site, and will act as directed by and under the supervision of Owner's Consultant, and will confer with Owner's Consultant regarding RPR's actions. RPR's dealings in matters pertaining to the on-Site construction shall in general be with Owner's Consultant and Design/Builder, keeping Owner advised as necessary. RPR's dealings with subcontractors shall only be through or with the full knowledge and approval of Design/Builder. RPR shall generally communicate with Owner with the knowledge of and under the direction of Owner's Consultant.

B. RPR shall have the following specific duties and responsibilities.

1. *Schedules.* Review the progress schedule, schedule of Submittals, schedule of values, and cash flow curves prepared by Design/Builder and consult with Owner's Consultant concerning acceptability.

2. *Conferences and Meetings.* Attend meetings with Design/Builder, such as initial conferences, progress meetings, job conferences and other project-related meetings, and prepare and circulate copies of minutes thereof.

3. *Liaison.*

a. Serve as Owner's Consultant's liaison with Design/Builder and Owner at the Site, working principally through Design/Builder's superintendent, assist in understanding the intent of Contract Documents.

b. Assist in obtaining from Owner additional details or information, when required for proper execution of the Construction.

4. *Submittals.*

a. Record date of receipt of Submittals if they are to be received at the Site by RPR.

b. Receive Submittals which are furnished at the Site by Design/Builder, and notify Owner of availability of Submittals for examination by Owner.

c. Advise Owner and Design/Builder of the commencement of any Construction requiring a Submittal for which RPR believes that the Submittal has not been approved by Owner.

5. Review of Construction, Rejection of Defective Construction; Inspections and Tests.

a. Conduct on-Site observations of the Construction in progress to assist Owner's Consultant in determining if the Construction is in general proceeding in accordance with the Contract Documents.

b. Report to Owner's Consultant whenever RPR believes that any Construction will not produce a completed Project that conforms generally to the Contract Documents or will prejudice the integrity of the design concept of the completed Project as a functioning whole as indicated in the Contract Documents, or has been damaged, or does not meet the requirements of any inspection, test or approval required to be made; and advise Owner's Consultant of Construction that RPR believes should be corrected or rejected or should be uncovered for observation, or requires special testing, inspection or approval.

c. Verify that tests, equipment and systems startups and operating and maintenance training are conducted in the presence of appropriate personnel, and that Design/Builder maintains adequate records thereof; and observe, record and report to Owner's Consultant appropriate details relative to the test procedures and startups.

d. Accompany visiting inspectors representing public or other agencies having jurisdiction over the Project, record the results of these inspections and report to Owner's Consultant.

6. *Interpretation of Contract Documents.* Report to Owner's Consultant when clarifications and interpretations of the Contract Documents are needed and transmit to Design/Builder clarifications and interpretations as issued by Owner.

7. *Modifications.* Consider and evaluate Design/Builder's suggestions for modifications in Drawings or Specifications and report RPR's recommendations to Owner's Consultant.

8. *Records.*

a. Maintain at the Site orderly files for correspondence, reports of job conferences, reproductions of original Contract Documents including all work Change Directives, Addenda, Change Orders, Field Orders, Drawings and Specifications issued subsequent to the execution of the Contract, Owner's clarifications and interpretations of the Contract Documents, progress reports, Submittals received from and delivered to Design/Builder and other Project related documents.

b. Prepare a daily report or keep a diary or log book, recording Design/Builder's hours on the Site, weather conditions, data relative to questions of Work Change Directives, Change Orders, Hazardous Environmental Conditions, or changed conditions, list of Site visitors, daily activities, decisions, observations in general, and specific observations in more detail as in the case of observing test procedures; and send copies to Owner's Consultant.

c. Record names, addresses and telephone numbers of Design/Builder, all subcontractors and major suppliers of materials and equipment.

d. Maintain records for use in preparing Project documentation.

e. Upon completion of Design/Build Phase, furnish original set of all RPR Project documentation to Owner's Consultant.

9. *Reports.*

a. Furnish to Owner's Consultant periodic reports as required of progress of the Construction and of Design/Builder's compliance with the progress schedule and schedule of Submittals.

b. Furnish to Owner's Consultant copies of all tests, inspections or system start up of important phases of the Construction.

c. Assist Owner's Consultant in drafting proposed Change Orders and Work Change Directives and obtain backup material from Design/Builder.

d. Report immediately to Owner's Consultant the occurrence of any accidents on or adjacent to the Site, any Hazardous Environmental Conditions, emergencies, or acts of God endangering the Work, and property damaged by fire or other causes.

10. *Payment Requests.* Review Applications for Payment with Design/Builder for compliance with the established procedure for their submission and forward with recommendations to Owner, noting particularly the relationship of the payment requested to the schedule of values, Construction completed, and materials and equipment delivered at the Site but not incorporated in the Construction.

11. *Certificates, Maintenance and Operation Manuals.* During the course of the Construction, verify that certificates, maintenance and operation manuals and other data required to be assembled and furnished by Design/Builder are applicable to the items actually installed and in accordance with the Contract Documents, and have this material delivered to Owner's Consultant for review and forwarding to Owner prior to final payment for the Construction.

12. *Completion.*

a. Before Owner issues a Certificate of Substantial Completion, submit to Design/Builder a list of observed items requiring completion or correction.

b. Observe whether Design/Builder has had performed inspections required by laws, rules, regulations, ordinances, codes, or orders applicable to the Construction, including but not limited to those to be performed by public agencies having jurisdiction over the Construction.

c. Participate in a final inspection in the company of Owner's Consultant, Owner and Design/Builder and prepare a final list of items to be completed or corrected.

d. Observe whether all items on final list have been completed or corrected and make recommendations to Owner's Consultant concerning acceptance and issuance of the Notice of Acceptability of the Construction.

C. Resident Project Representative shall not:

1. Authorize any deviation from the Contract Documents or substitution of materials or equipment unless authorized by Owner;

2. Exceed limitations of Owner's Consultant's authority as set forth in the Agreement or the Contract Documents;
3. Undertake any of the responsibilities of Design/Builder, subcontractors, suppliers, or Design/Builder's superintendent;
4. Advise on, issue directions relative to or assume control over any aspect of the means, methods, techniques, sequences or procedures of Construction;
5. Advise on, issue directions regarding, or assume control over safety precautions and programs in connection with the Construction;
6. Accept Submittals from anyone other than Design/Builder;
7. Authorize Owner to occupy the Project in whole or in part; or
8. Participate in specialized field or laboratory tests or inspections conducted by others except as specifically authorized by Owner's Consultant.

This is **EXHIBIT E**, consisting of 2 pages, referred to in and part of the **Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project** dated _____, _____.

Initials
 Owner: _____
 Owner's Consultant: _____

Insurance

Paragraph 6.04 of the Agreement is amended and supplemented to include the following agreement of the parties:

E.6.04 Insurance

The limits of liability for the insurance required by paragraph 6.04 of the Agreement are as follows:

A. By Owner's Consultant:

- | | |
|---|-----------------------|
| 1. Workers' Compensation: | Statutory |
| 2. Employer's Liability – | |
| 1) Each Accident: | <u>\$2,000,000.00</u> |
| 2) Disease, Policy Limit: | <u>\$2,000,000.00</u> |
| 3) Disease, Each Employee: | <u>\$2,000,000.00</u> |
| 3. General Liability – | |
| 1) General Aggregate: | <u>\$2,000,000.00</u> |
| 2) Each Occurrence (Bodily Injury and Property Damage): | <u>\$1,000,000.00</u> |
| 4. Excess Umbrella Liability – | |
| 1) Each Occurrence: | \$ _____ |
| 2) General Aggregate: | \$ _____ |
| 5. Automobile Liability – | |
| 1) Bodily Injury: | |
| a) Each Person | \$ _____ |
| b) Each Accident | \$ _____ |
| 2) Property Damage | |
| a) Each Accident | \$ _____ |
| [or] | |
| 1) Combined Single Limit (Bodily Injury and Property Damage): | |
| a) Each Accident | <u>\$1,000,000.00</u> |
| 6. Professional Liability Insurance | <u>\$1,000,000.00</u> |
| 7. Other (specify): | \$ _____ |

B. By Owner:

1. General Liability: \$_____

2. Property Damage Liability Insurance: \$_____

3. Property Insurance: \$_____

4. Other (specify): \$_____

5. Additional Insureds. The following individuals or entities are to be listed on Owner's policies of insurance as additional insureds as provided in paragraph 6.04.B of the Agreement:

Bell Engineering

Initials
Owner: _____
Owner's Consultant: _____

Dispute Resolution

Paragraph 6.08 of the Agreement is amended and supplemented to include the following agreement of the parties:

F.6.08 Dispute Resolution

A. Owner and Owner's Consultant agree that they shall submit any and all unsettled claims, counterclaims, disputes and other matters in question between them arising out of or relating to this Agreement or the breach thereof ("disputes"), to mediation by a mutually agreed upon mediator.

B. All disputes between Owner and Owner's Consultant not resolved under paragraph F.6.08.A will be decided by arbitration in accordance with the rules of an arbitration service agreed upon by both parties in effect on the Effective Date of the Agreement, subject to the limitations and restrictions stated in paragraph F.6.08.B.2 below. The mediator of any dispute submitted to mediation under this Agreement shall not serve as arbitrator of such dispute unless otherwise agreed. This agreement so to arbitrate and any other agreement or consent to arbitrate entered into in accordance herewith as provided in this paragraph F.6.08 will be specifically enforceable under the prevailing law of any court having jurisdiction.

1. Notice of the demand for arbitration must be filed in writing with the other party to the Agreement and with the other party's insurance carrier. The demand must be made within a reasonable time after the claim, dispute or other matter in question has arisen. In no event may the demand for arbitration be made after the date when institution of legal or equitable proceedings based on such claim, dispute or other matter in question would be barred by the applicable statute of limitations.

2. No arbitration arising out of or relating to this Agreement will include by consolidation, joinder or in any other manner any other person or entity who is not a party to this Agreement.

C. All demands for arbitration and all answering statements thereto which include any monetary claim must contain a statement that the total sum or value in controversy as alleged by the party making such demand or answering statement is not more than \$200,000.00 (exclusive of interest and costs). The arbitrators will not have jurisdiction, power or authority to consider, or make findings (except in denial of their own jurisdiction) concerning any claim, counterclaim, dispute or other matter in question where the amount in controversy of any such claim, counterclaim, dispute or matter is more than \$200,000.00 (exclusive of interest and costs), or to render a monetary award in response thereto against any party which totals more than \$200,000.00 (exclusive of interest and costs).

D. By written consent signed by all the parties to this Agreement and containing a specific reference hereto, the limitations and restrictions contained in paragraph F.6.08.B.2 and F.6.08.C may be waived in whole or in part as to any claim, counterclaim, dispute or other matter specifically described in such consent. No consent to arbitration in respect of a specifically described claim, counterclaim, dispute or other matter in question will constitute consent to arbitrate any other claim, counterclaim, dispute or other matter in question which is not specifically described in such consent or in which the sum or value in controversy exceeds \$200,000.00 (exclusive of interest and costs) or which is with any party not specifically described therein.

E. The award rendered by the arbitrators will be final and binding, and judgment may be entered upon it in any court having jurisdiction thereof.

This is **EXHIBIT G**, consisting of 2 pages, referred to in and part of the **Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project** dated _____, _____.

Initials
Owner: _____
Owner's Consultant: _____

Allocation of Risks

Paragraph 6.10 of the Agreement is amended and supplemented to include the following agreement of the parties:

G.6.10.D Limitation of Owner's Consultant's Liability

~~1. *Owner's Consultant's Liability Limited to Amount of Owner's Consultant's Compensation*~~

~~Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by law, Owner and Owner's Consultant agree, as between them, that the total aggregate liability of Owner's Consultant and its officers, directors, partners, employees, agents, Subcontractors, and Suppliers, to Owner and all third parties for any and all injuries, claims, losses, costs, damages or expenses whatsoever, including attorneys' fees, arising out of the Project or the Agreement from any cause or causes will not exceed the total compensation received by Owner's Consultant under this Agreement. Such cause or causes include, but are not limited to negligence, errors, omissions, strict liability, breach of contract or breach of warranty of Owner's Consultant or its officers, directors, partners, employees, agents, Subcontractors or Suppliers.~~

1. *Owner's Consultant's Liability Limited to Amount of Insurance Proceeds*

Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by law, Owner and Owner's Consultant agree, as between them, that the total aggregate liability of Owner's Consultant and its officers, directors, partners, employees, agents, Subcontractors, and Suppliers, to Owner and all third parties for any and all injuries, claims, losses, costs, damages or expenses whatsoever, including attorneys' fees, arising out of the Project or the Agreement from any cause or causes (collectively "Claims") shall not exceed the total available insurance proceeds paid on behalf of or to Owner's Consultant by Owner's Consultant's insurers in settlement or satisfaction of any such Claims under the terms and conditions of Owner's Consultant's applicable insurance policies. For purposes of this provision, "total available insurance proceeds" for each Claim means any limits under the applicable Owner's Consultant's insurance policy that remains at the time of settlement or satisfaction of the Claims, which will not exceed in any event the limits set forth in the Contract Documents, less any settlement or satisfaction of all previously resolved Claims and any fees, costs and expenses of investigation, claims adjustment, defense and appeal incurred up to the time of settlement or satisfaction of all Claims.

1. ~~Owner's Consultant's Liability Limited to the Sum of \$ _____~~

~~Notwithstanding any other provision of this Agreement, and to the fullest extent permitted by law, Owner and Owner's Consultant agree, as between them, that the total aggregate liability, of Owner's Consultant and its officers, directors, partners, employees, agents, Subcontractors, and Suppliers, to Owner and all third parties for any and all injuries, claims, losses, costs, damages or expenses (including attorneys' fees) whatsoever arising out of the Project or the Agreement from any cause or causes including but not limited to the negligence, professional errors or omissions, strict liability or breach of contract, or breach of warranty express or implied of Owner's Consultant or Owner's Consultant's officers, directors, partners, employees, agents, or Owner Consultant's, or any of them.~~

2. Exclusion of Special, Incidental, Indirect and Consequential Damages

To the fullest extent permitted by law, and not withstanding any other provision in the Agreement, Owner's Consultant and Owner's Consultant's officers, directors, partners, employees, agents and Owner's Consultant's Subconsultants shall not be liable to Owner or anyone claiming by, through or under Owner for any special, incidental, indirect or consequential damages whatsoever, arising out of, resulting from or in any way related to the Project or the Agreement from any cause or causes, including but not limited to any such damages caused by the negligence, professional errors or omissions, strict liability, breach of contract or breach of warranty express or implied of Owner's Consultant or Owner's Consultant's officers, directors, partners, employees, agents or Owner's Consultant's Subconsultants, or any of them, and including but not limited to:

SUGGESTED FORMAT
(for use with D-500, 2002 Edition)

This is **EXHIBIT H**, consisting of 1 page, referred to in and part of the **Standard Form of Agreement between Owner and Owner's Consultant for Professional Services - Design/Build Project** dated , .

Initials
Owner:
Owner's Consultant

Special Provisions

H.1.01 ~~Article(s) of the Agreement is/are amended to include the following agreement(s) of the parties:~~

1. Amendments to this Agreement have been accomplished by striking through the standard language to be deleted and underling the language to be added.

Herrick Company, Inc.

1385 Tracy Road
Lawrenceburg, KY 40342

Phone: 502-839-3484
Fax: 502-839-0939
hci@dcr.net

December 23, 2014

Mr. James R. Leonard
Regional Manager
Water Service Corporation of KY
102 Water Plant Road
Middlesboro, KY 40965

RE: Middlesboro Water Treatment Facility Improvements
Request for Proposal Opening: December 23, 2014

Dear Mr. Leonard:

Per our conversation today, Herrick Company, Inc. is offering a \$5,000.00 deduction on our submitted proposal price. This deduction makes our proposal price the following:

Three hundred twenty-five thousand, five hundred ten dollars or \$325,510.00

Herrick Company, Inc. is able to offer this deduct because we received a lower price on the JMS / Mega-SETTLER System. Mr. Gary Lubin of Henry P. Thompson, Inc. was calling me at the same time I was emailing you with our proposal. Mr. Lubin stated that he was giving Herrick Company a better price in an effort to make our proposal more favorable. The factors influencing HCI's decision to use JMS, outlined below, remain the same.

- HCI used JMS in our \$325,510.00 price. This is a fast-paced job and we felt more comfortable with JMS. JMS committed to having material on-site by May 1, 2015 if they get a Purchase Order by January 2, 2015.
- HCI did not get a firm commitment from MRI regarding delivery. MRI said they most probably could have material around May 5, 2015, but could not commit.
- Roberts Water Technologies said they did not have time to prepare bid documents per specs. Furthermore, we are not certain they included the diversion baffles.

In order to have material on-site by May 1, 2015, HCI must have Notice of Award by January 1, 2015. If this date is not met, the May 15, 2015 substantial completion date cannot be met. Material must be on-site by May 1, 2015 in order to be substantially complete by May 15, 2015.

In summary, JMS is the only vendor who committed to meeting the May 1, 2015 date for having material on-site. Please call us with any questions.

Thank you for inviting us to prepare a proposal for this project.

Sincerely,



Donna S. Herrick
CEO

SPECIFICATIONS FOR
CONTRACT 614-14-01

MIDDLESBORO WATER TREATMENT FACILITY IMPROVEMENTS

*WATER SERVICE CORPORATION OF KENTUCKY
MIDDLESBORO, KENTUCKY*

February 2014

107 Forbes Drive
Hopkinsville, KY 42240
270/886-5466



2480 Fortune Drive
Suite 350
Lexington, KY 40509
859/278-5412

INDEX

**CONTRACT 614-14-01
MIDDLESBORO WATER TREATMENT FACILITY IMPROVEMENTS
WATER SERVICE CORPORATION OF KENTUCKY
MIDDLESBORO, KENTUCKY**

<u>SECTION NO.</u>	<u>TITLE</u>	<u>PAGE NO.</u>
<u>DIVISION 0</u>	<u>GENERAL SPECIFICATIONS, BIDDING REQUIREMENTS, CONTRACT FORMS AND CONDITIONS OF THE CONTRACT</u>	
00010	Request for Proposal	1-6
00410	Form of Proposal	7-10
00420	Proposer's Qualification Statement	00420-1 Thru 00420-5
00520	Contract Agreement	00520-1 Thru 00520-5
00610	Design/Build Contract Performance Bond	00610-1 Thru 00610-2
00615	Design/Build Contract Payment Bond	00615-1 Thru 00615-2
00700	Standard General Conditions	00700-1 Thru 00700-28
00800	Supplementary Conditions	00800-1 Thru 00800-4
<u>DIVISION 1</u>	<u>GENERAL REQUIREMENTS</u>	
01010	Summary of Work	01010-1
01600	Special Provisions for Material and Equipment	01600-1 Thru 01600-7
<u>DIVISION 2</u>	<u>SITWORK</u>	
02050	Selective Demolition	02050-1 Thru 02050-4
02140	Dewatering	02140-1
02200	Earth and Rock Work	02200-1 Thru 02200-15
02610	Pressure Pipe	02610-1 Thru 02610-25
02930	Sodding and Seeding	02930-1 Thru 02930-8
<u>DIVISION 3</u>	<u>CONCRETE</u>	
03301	Cast-in-Place Concrete (Minor Structures)	03301-1 Thru 03301-5

614-14-01 (2/14)

<u>SECTION NO.</u>	<u>TITLE</u>	<u>PAGE NO.</u>
<u>DIVISION 4</u>	<u>MASONRY</u>	
	Not Applicable	
<u>DIVISION 5</u>	<u>METALS</u>	
05520	Metal Fabrications	05520-1 Thru 05520-10
<u>DIVISIONS 6 THRU 8</u>		
	Not Applicable	
<u>DIVISION 9</u>	<u>FINISHING</u>	
09900	Painting	09900-1 Thru 09900-19
<u>DIVISION 10</u>	<u>SPECIALTIES</u>	
	Not Applicable	
<u>DIVISION 11</u>	<u>EQUIPMENT</u>	
11235	Stainless Steel Inclined Plate Settlers	11235-1 Thru 11235-9
<u>DIVISIONS 12 THRU 14</u>		
	Not Applicable	
<u>DIVISION 15</u>	<u>MECHANICAL</u>	
15102	Valves (Water Related)	15102-1 Thru 15102-13
15140	Hangers and Supports	15140-1 Thru 15140-7

614-14-01 (2/14)

<u>SECTION NO.</u>	<u>TITLE</u>	<u>PAGE NO.</u>
<u>DIVISION 13</u>	<u>SPECIAL CONSTRUCTION</u>	
13321	Painting and Repairs for Existing Tanks	13321-1 Thru 13321-8

DIVISIONS 14 THRU 16

Not Applicable

END

SECTION 00010

**REQUEST FOR PROPOSAL
MIDDLESBORO WATER TREATMENT FACILITY IMPROVEMENTS
WATER SERVICE CORPORATION OF KENTUCKY**

RFP-1 DEFINED TERMS

1.01 Terms used in this Request for Proposal which are defined in the Standard General Conditions of the Contract Between Owner and Design/Builder, EJCDC Document D-700 (2000 Edition), have the meanings assigned to them there. Certain additional terms used in this Request for Proposals have the meanings indicated below.

A. Proposal Documents - The Advertisement or Invitation, Request for Proposal, Proposal Form, and the proposed Contract Documents (including all Addenda issued prior to acceptance of Proposals).

B. Proposer - One who submits a Proposal directly to Owner.

C. Successful Proposer - The Proposer to whom Owner (on the basis of Owner's evaluation as hereinafter provided) makes an award.

D. Technical Exhibits—Documents prepared by Design/Builder which demonstrate the Proposer's plan for meeting the Owner's requirements as set forth in the Conceptual Documents.

RFP-2 COPIES OF PROPOSAL DOCUMENTS

2.01 Obtaining and Use of Proposal Documents

A. Complete sets of the Proposal Documents for the deposit sum of \$100.00 may be obtained from the Owner at the following address: 102 Water Plant Road, Middlesboro, Kentucky 40965. The deposit will be refunded to each document holder of record who returns a complete set of Proposal Documents in good condition within 60 days after receipt of Proposals.

B. Complete sets of Proposal Documents must be used in preparing Proposals. Neither Owner nor Owner's Consultant (if any) assume any responsibility for errors or misinterpretations resulting from the use of incomplete sets of Proposal Documents.

C. Copies of Proposal Documents available on the above terms are only for the purpose of obtaining Proposals for the Work and do not confer a license or grant to Proposers for any other use.

2.02 Identification of Conceptual Documents

A. Conceptual Documents are identified and listed as follows: Contract Documents for Contract 614-14-01 by Bell Engineering.

RFP-3 QUALIFICATIONS OF PROPOSERS

3.01 Proposer's Qualifications

A. To demonstrate qualifications to perform the Work, each Proposer must submit with the Proposal written evidence, such as financial data, previous experience, present commitments, and other such data as may be called for below or in attachments listed in RFP-14. Each Proposal must contain evidence of Proposer's qualification to do business in the state where the Project is located or covenant to obtain such qualification prior to award of the contract.

B. Nothing indicated here shall prejudice the right of Owner to seek additional pertinent information.

614-14-01 (2/14)

3.02 Designation of Engineer

A. The individual or entity that will be providing Design Professional Services shall be listed in the Proposal. For each entity furnish the names, titles, their role in the Project, and qualifications of the key individuals that will be providing design professional services.

RFP-4 EXAMINATION OF CONTRACT DOCUMENTS AND SITE

4.01 Proposer's Responsibilities

A. It is the responsibility of each Proposer before submitting a Proposal to:

1. Examine and carefully study the Proposal Documents and other related data identified in the Proposal Documents;

2. Visit the Site to become familiar with and satisfy Proposer as to the general, local and Site conditions that may affect cost, progress, performance or furnishing of the Work. Site visits shall be coordinated through James Leonard, Regional Manager, phone: 606/248-2306.

3. Become familiar with and satisfy Proposer as to all federal, state and local Laws and Regulations that may affect cost, progress, performance or furnishing of the Work;

4. Study and carefully correlate Proposer's knowledge and observations with the Contract Documents and such other related data; and

5. Promptly notify Owner of all conflicts, errors, ambiguities, or discrepancies which Proposer has discovered in the Proposal Documents.

4.02 Reports of Subsurface Conditions

A. No subsurface reports are available.

4.03 Site Conditions

A. Before submitting a Proposal each Proposer will be responsible to obtain such additional or supplementary examinations, investigations, explorations, tests, studies and data concerning conditions (surface, subsurface and underground facilities) at or contiguous to the Site or otherwise, which may affect cost, progress, performance or furnishing of the Work or which relate to any aspect of the means, methods, techniques, sequences or procedures of construction to be employed by Proposer and safety precautions and programs incident thereto or which Proposer deems necessary to prepare its Proposal for performing and furnishing the Work in accordance with the time, price and other terms and conditions of the Contract Documents.

4.04 Proposer's Access to the Site

A. On request, Owner will provide each Proposer access to the Site to conduct such examinations, investigations, explorations, tests and studies as each Proposer deems necessary for submission of a Proposal. Proposer must fill all holes and clean up and restore the Site to its former conditions upon completion of such explorations, investigations, tests and studies.

4.05 Work at the Site by Others

A. Reference is made to the Supplementary Conditions for the identification of the general nature of work that is to be performed at the Site by Owner or others (such as utilities) that relates to the Work for which a Proposal is to be submitted. On request, Owner will provide to each Proposer for examination access to or copies of Contract Documents (other than portions thereof related to price) for such work.

614-14-01 (2/14)

4.06 Hazardous Environmental Condition

A. The provisions of Paragraphs 4.01 through 4.05 above do not apply to Hazardous Environmental Conditions covered by Paragraph 4.04 of the General Conditions.

RFP-5 PRE-PROPOSAL CONFERENCE

5.01 No pre-Proposal conference will be held for this Project.

RFP-6 SITE AND OTHER AREAS

6.01 The Site is identified in the Proposal Documents. All additional lands and access thereto required for temporary construction facilities, construction equipment or storage of materials and equipment to be incorporated in the Work are to be obtained and paid for by Design/Builder. Easements for permanent structures or permanent changes in existing facilities are to be obtained and paid for by Owner unless otherwise provided in the Proposal Documents.

RFP-7 INTERPRETATIONS AND ADDENDA

7.01 All questions about the meaning or intent of the Proposal Documents are to be directed to Owner in writing. Send questions to the attention of James Leonard at JLeonard@UWater.com. Interpretations or clarifications considered necessary by Owner in response to such questions will be issued by Addenda mailed or delivered to all parties recorded by Owner as having received the Proposal Documents. Questions received less than 5 business days prior to the date for opening of Proposals may not be answered. Only questions answered by formal written Addenda will be binding. Oral and other interpretations or clarifications will be without legal effect.

7.02 Addenda may be issued to clarify, correct, or change the Proposal Documents as deemed advisable by Owner.

RFP-8 PROPOSAL SECURITY

8.01 Proposal security is not required.

RFP-9 CONTRACT TIMES

9.01 The number of days within which, or the dates by which, the Work is to be (a) Substantially Completed and (b) completed and ready for final payment are set forth in the Agreement.

RFP-10 LIQUIDATED DAMAGES

10.01 Provisions for liquidated damages, if any, are set forth in the Agreement.

RFP-11 TECHNICAL EXHIBITS REQUIRED WITH PROPOSAL

11.01 Proposers shall submit with their proposals the technical exhibits listed in Section P-6 of the Proposal Form.

RFP-12 PREPARATION OF PROPOSAL

12.01 The Proposal Form is included with the Proposal Documents. Additional copies may be obtained from Owner.

12.02 All blanks on the Proposal Form must be completed by printing in black ink or by typewriter and the Proposal signed.

12.03____Proposal Signatures

A. A Proposal by a corporation must be executed in the corporate name by a corporate officer accompanied by evidence of authority to sign. The corporate seal must be affixed and attested by the secretary or an assistant secretary. The corporate address and state of incorporation must be shown below the signature.

B. A Proposal by partnerships shall be executed in the partnership name and signed by a partner (whose title must appear under the signature), accompanied by evidence of authority to sign. The official address of the partnership shall be shown below the signature.

C. A Proposal by limited liability company shall be executed in the name of the firm by a member accompanied by evidence of authority to sign. The state of formation of the firm and the official address of the firm shall be shown below the signature.

D. A Proposal by an individual shall show the Proposer's name and official address.

E. A Proposal by a joint venture shall be executed by each joint venturer in the manner indicated on the Proposal Form. The official address of the joint venture shall be shown below the signatures.

12.04 All names must be typed or printed in black ink below the signature.

12.05 The Proposal shall contain an acknowledgement of receipt of all Addenda, the numbers of which must be filled in on the Proposal Form.

12.06 The address and telephone number for communications regarding the Proposal must be shown.

12.07 The Proposal shall contain evidence of Proposer's authority to do business in the state where the Project is located or covenant to obtain such qualification prior to award of the Contract. Proposer's state contractor license number for the state of the Project and professional engineering registration numbers must also be shown if required.

RFP-13 PROPOSAL PRICE

13.01____Lump Sum

A. Proposers shall submit a Proposal on a lump sum basis as set forth in the Proposal Form.

13.02 The Proposal price shall include such amounts as the Proposer deems proper for overhead and profit on account of cash allowances, if any, named in the Contract Documents as provided in paragraph 10.02 of the General Conditions.

RFP-14 SUBMITTAL OF PROPOSALS

14.01 Each prospective Proposer is furnished one copy of the Proposal Documents with one separate unbound copy of the Proposal Form. No Proposal security is required. The unbound copy of the Proposal Form is to be completed and submitted with the following data:

- A. Proposer's Qualifications Statement, Section 00420
- B. Supplemental Information
- C. _____

14.02 Proposals shall be submitted no later than the following time and at the following place:

10:00 a.m December 23, 2014

102 Water Plant Road, Middlesboro, Kentucky 40965

14.03 Proposals shall be enclosed in an opaque sealed envelope or box, marked with the Project title and name and address of Proposer and accompanied by the Proposal security and other required documents. If the Proposal is sent through the mail or other delivery system the sealed envelope or box shall be enclosed in a separate envelope or box with the notation "PROPOSAL ENCLOSED" on the face of it. Such Proposals shall be addressed to:

Mr. James R. Leonard, Regional Manager, 102 Water Plant Road, Middlesboro, Kentucky 40965

RFP-15 MODIFICATION AND WITHDRAWAL OF PROPOSAL

15.01 A Proposal may be modified or withdrawn by an appropriate document duly executed in the manner that a Proposal must be executed and delivered to the place where the Proposals are to be submitted prior to the date and time for the opening of the Proposals.

15.02 If within 24 hours after Proposals are opened any Proposer files a duly signed written notice with Owner and promptly thereafter demonstrates to the reasonable satisfaction of Owner that there was a material and substantial mistake in the preparation of its Proposal, that Proposer may withdraw its Proposal, and the Proposal security will be returned. Thereafter, if the Work is rebid, that Proposer will be disqualified from further consideration of being awarded the Contract.

RFP-16 OPENING OF PROPOSALS

16.01 Proposals will be opened privately. An abstract of the amounts of the base Proposals (and major alternates, if any), will be made available to Proposers after the opening of Proposals.

RFP-17 PROPOSALS TO REMAIN SUBJECT TO ACCEPTANCE

17.01 All Proposals will remain subject to acceptance for the period of time stated in the Proposal Form, but Owner may, in its sole discretion, release any Proposal and return the Proposal security prior to the end of that period.

RFP-18 SELECTION CRITERIA

18.01 In evaluating Proposals, Owner may consider:

A. Whether the Proposals comply with the prescribed documents and other data as may be requested in the Proposal Form or prior to the Notice of Award.

B. The qualifications of Proposers, whether or not the Proposals comply with the prescribed requirements, and such alternates, unit prices and other data, as may be requested in the Proposal Form or prior to the Notice of Award.

C. The Proposal prices as required in the Proposal Form.

D. The qualifications of Proposers [and may consider the qualifications and experience of Subcontractors (including engineer), Suppliers, and other individuals and entities proposed for those portions of the Work as to which the identity of Subcontractors, Suppliers, and other individuals and entities must be submitted as provided in the Supplementary Conditions].

E. The extent to which the Technical Exhibits demonstrate the Proposer's plan for meeting of the Owner's requirements set forth in the Conceptual Documents and design solutions contained therein.

F. The operating costs, maintenance requirements, performance data and guarantees of major items of materials and equipment proposed for incorporation in the Work when such data is required to be submitted prior to the Notice of Award.

614-14-01 (2/14)

18.02 Owner may conduct such investigations as Owner deems necessary to assist in the evaluation of any Proposal and to establish the responsibility, qualifications and financial ability of Proposers and proposed engineers, Subcontractors, Suppliers, and other individuals and entities to perform and furnish the Work in accordance with the Contract Documents.

RFP-19 REJECTION OF ALL PROPOSALS AND DISCREPANCIES; AWARD OF CONTRACT

19.01_____Rejection of All Proposals, Discrepancies

A. Owner reserves the right to reject any or all Proposals, including without limitation nonconforming, non-responsive, unbalanced, or conditional Proposals. Owner further reserves the right to reject the Proposal of any Proposer whom it finds, after reasonable inquiry and evaluation, to be non-responsible. Owner may also reject the Proposal of any Proposer if Owner believes that it would not be in the best interest of the Project to make an award to that Proposer. Owner also reserves the right to waive all informalities not involving price, time or changes in the Work and to negotiate contract terms with the Successful Proposer.

B. More than one Proposal for the same Work from an individual or entity under the same or different names will not be considered. Reasonable grounds for believing that any proposer has an interest in more than one Proposal for the Work may be cause for disqualification of that Proposer and the rejection of all Proposals in which that Proposer has an interest.

C. If the Contract is awarded, Owner will award the Contract to the Proposer whose Proposal is in the best interests of the Project.

19.02_____Award of Contract

A. If the contract is to be awarded, Owner will give Successful Proposer a Notice of Award within 60 days after the day of the Proposal opening.

RFP-20 CONTRACT SECURITY

20.01 Article 5 of the General Conditions, as may be modified by the Supplementary Conditions sets forth Design/Builder's requirements as to performance and payment Bonds and insurance. When the Successful Proposer delivers the executed Agreement to Owner, it must be accompanied by the required Bonds.

RFP-21 SIGNING OF AGREEMENT

21.01 When Owner gives a Notice of Award to the Successful Proposer, it will be accompanied by the required number of unsigned counterparts of the Agreement with the other Contract Documents which are identified in the Agreement as attached thereto. Within 15 days thereafter, Successful Proposer shall sign and deliver the required number of counterparts of the Agreement and attached documents to Owner. Within 15 days thereafter, Owner shall deliver one fully signed counterpart to Successful Proposer.

RFP-22 SALES AND USE TAXES

22.01 Owner is not exempt from KY State Sales and Use Taxes on materials and equipment to be incorporated in the Work. Said taxes shall be included in the Proposal. Refer to paragraph 6.10 of the Supplementary Conditions for additional information.

SECTION 00410
FORM OF PROPOSAL
PROPOSAL FORM

P-1 PROJECT IDENTIFICATION:

1.01 This is a Request for Proposal (RFP) for design/build services to perform work relating to sedimentation basin improvements for the Water Service Corporation of Kentucky's Middlesboro, Kentucky, water treatment plant (WTP.). The improvements will enable the Water Service Corporation of Kentucky to continue providing high-quality finished water to their 5,709 service connections system wide.

1.02 The objective of this Project is to remove the aging and failing tube settler units from the 2 sedimentation basins and replace them with 2 new parallel plate settler units to increase the sedimentation capacity of each basin. This will allow the WTP to operate effectively at its rated capacity of 3 million gallons per day (mgd). The Project will consist of design/build construction, training, and all documentation.

P-2 THIS PROPOSAL IS SUBMITTED TO:

Mr. James R. Leonard, Regional Manager
Water Service Corporation of Kentucky
102 Water Plant Road
Middlesboro, Kentucky 40965

P-3 PROPOSER'S OBLIGATIONS AND REPRESENTATIONS

3.01 The undersigned Proposer proposes and agrees, if this Proposal is accepted, to enter into an Agreement with Owner in the form included in the Contract Documents to perform all Work as specified or indicated in the Contract Documents for the Contract Price and within the Contract Times indicated in this Proposal and in accordance with the other terms and conditions of the Contract Documents.

3.02 The proposed improvements made to the sedimentation basins shall be sufficient to adequately settle the flocculated process water providing a sedimentation basin effluent turbidity less than or equal to the nephelometric turbidity units (NTU) listed in the Specifications at the rated plant capacity of 3 mgd. The maximum influent turbidity can be estimated at 3,000 NTU, possible during extreme rain events. Other modifications to the basins, such as demolition and piping modification will be necessary to retrofit the existing basins around the new plate settler equipment. Also included in this project are provisions to isolate the sedimentation basins. This can be achieved with the addition of valves, gates, or other means of isolation to the plant process.

3.03 Proposer accepts all of the terms and conditions of the Proposal documents, including without limitation those dealing with the disposition of the Proposal security. This Proposal will remain subject to acceptance for 60 days after the day of Proposal opening. Proposer will sign and deliver the required number of counterparts of the Agreement with any Bonds and other documents required by the Request for Proposal and Proposal Form within 15 days after the date of Owner's Notice of Award.

3.04 In submitting this Proposal, Proposer represents and agrees, as more fully set forth in the Agreement, that:

A. Proposer has examined and carefully studied the Proposal Documents and the following Addenda (receipt of all which is hereby acknowledged)

Addendum No.	Addendum Date
<u>1</u>	<u>12/16/14</u>
<u>2</u>	<u>12/18/14</u>
<u>3</u>	<u>12/19/14</u>
_____	_____

B. Proposer has visited the Site and become familiar with the general, local and Site conditions that may affect cost, progress, performance and furnishing of the Work.

C. Proposer is familiar with all applicable federal, state and local Laws and Regulations that may affect cost, progress, performance and furnishing of the Work.

D. Proposer has carefully studied all available reports of explorations and tests of subsurface conditions at or contiguous to the Site and all available drawings of physical conditions relating to existing surface or subsurface structures at or contiguous to the Site which have been identified or made available by Owner.

E. Proposer is aware of the general nature of the work to be performed by Owner and others at the Site that relates to Work for which this Proposal is submitted as indicated in the Contract Documents.

F. Proposer has correlated the information known to Proposer, information and observations obtained from visits to the Site, reports and drawings identified in the Contract Documents and all additional examinations, investigations, explorations, tests, studies and data with the Contract Documents.

G. Proposer has given Owner written notice of all conflicts, errors, ambiguities or discrepancies that Proposer has discovered in the Contract Documents and the written resolution thereof by Owner is acceptable to Proposer, and the Contract Documents are generally sufficient to indicate and convey understanding of all terms and conditions for performing and furnishing the Work for which this Proposal is submitted.

H. This Proposal is genuine and not made in the interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any agreement or rules of any group, association, organization or corporation; Proposer has not directly or indirectly induced or solicited any other Proposer to submit a false or sham Proposal; Proposer has not solicited or induced any individual or entity to refrain from submitting a Proposal; and Proposer has not sought by collusion to obtain for itself any advantage over any other Proposer or over Owner.

P-4 CONTRACT PRICE

4.01 Proposer will complete the Work in accordance with the Contract Documents for the following price(s):

LUMP SUM CONTRACT PRICE (INCLUDES ENGINEERING SERVICES)

1. Four hundred twenty five thousand dollars \$ 425,000⁰⁰
(Use Words) and zero cents. (Use Numbers)

P-5 CONTRACT TIMES

5.01 Proposer agrees that the Work will be substantially completed and ready for final payment in accordance with paragraphs 13.05 and 13.08 of the General Conditions on or before the dates or within the number of calendar days indicated in the Agreement.

5.02 Proposer accepts the provisions of the Agreement as to liquidated damages in the event of failure to complete the Work within the times specified in the Agreement.

P-6 EXHIBITS

6.01 The following documents are attached to and made a condition of this Proposal:

A. The individual or entity providing the Design Professional Services will be _____. See RFP 3.02.A for additional information required. Also state the engineering fee included in the lump sum price of 4.01.

B. A tabulation of Subcontractors, Suppliers and others required to be identified in this Proposal.

614-14-01 (2/14)

- C. Required Proposer's Qualification Statement with supporting **data**.
- D. Technical Exhibits are identified as follows:

Submittal information from selected plate settler manufacturer, including price.
Submittal information from second plate settler manufacturer, including price.

P-7 TERMINOLOGY

7.01 The terms used in this Proposal which are defined in the **General Conditions of the Contract Between Owner and Design/Builder ("General Conditions")** included as part of the **Contract Documents** have the meanings assigned to them in the **General Conditions**. **Terms defined in the Request for Proposal are used with the same meaning in this Proposal.**

P-8 SUBMISSION

SUBMITTED on

State Contractor License No. N/A (If Applicable).

State Certificate of Authority for Corporate Engineering Practice (If Applicable):

If Proposer is:

An Individual

By: _____ (SEAL)

(Individual's Name)

doing business

as

Business

address: _____

Phone No.: _____

Facsimile No.: _____

A Partnership

By: _____ (SEAL)

(Firm Name)

(general partner)

Business

address: _____

Phone No.: _____

Facsimile No.: _____

A Corporation

By: Codell Construction Company (SEAL)
(Corporation Name)

Kentucky
(state of incorporation)

By: *James C. Codell, IV* (SEAL)
(name of person authorized to sign)

James C. Codell, IV - President
(Title)

(Corporate Seal)
Attest *Frances [Signature]*
(Secretary)

Business address: 4475 Rockwell Road, P.O. Box 17 (40392)
Winchester, KY 40391

Phone No.: 859-744-2222

Facsimile No.: 859-744-2225

Date of Qualification to do business as a foreign (out-of-state) corporation in state where Project is located (if applicable): Established in 1908 and incorporated on 11/24/1917

A Joint Venture

By: _____ (SEAL)
(Name)

(Address)

By: _____ (SEAL)
(Name)

(Address)

Business address: _____

Phone No.: _____

Facsimile No.: _____

(Each joint venturer must sign. The manner of signing for each individual, partnership and corporation that is a party to the joint venture should be in the manner indicated above.)

SECTION 00420

PROPOSER'S QUALIFICATION STATEMENT
(TO BE ATTACHED TO THE BID)

1. On Schedule A, attached, list major engineered construction projects completed by this organization in the past five (5) years. (If joint venture list each participant's project separately.)
2. On Schedule B, attached, list current projects under construction by this organization. (If joint venture, list each participant's projects separately.)
3. Name of surety company and name, address, and telephone number of agent.

Energy Insurance Agency

Mr. Jeff McIntosh

3008 Atkinson Avenue, Lexington, KY 40509; 800/759-1549

4. Is your organization a member of a controlled group of corporations as defined in I.R.C. Sect. 1563? Yes No
 5. Furnish on Schedule C, attached, details of the construction experience of the principal individuals of your organization directly involved in construction operations.
 6. Has your organization ever failed to complete any construction contract awarded to it? Yes No
If yes, describe circumstances on attachment.
 7. Has a Corporate officer, partner, joint venture participant, or proprietor ever failed to complete a construction contract awarded to him or her in their own name or when acting as a principal of another organization? Yes No
 8. In the last five years, has your organization ever failed to substantially complete a project in a timely manner? Yes No
If yes, describe circumstances on attachment.
 9. Indicate general types of work performed with your own work force.
-
-

10. Furnish the following information with respect to an accredited institution familiar with your organization

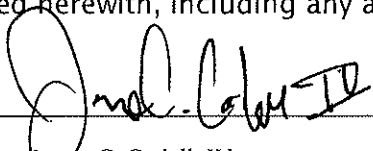
Name of Bank Traditional Bank

Address 875 Colby Road
Winchester, KY 40391

Account Manager Mr J. Hagan Codell

Telephone 859/745-7744

I hereby certify that the information submitted herewith, including any attachment is true to the best of my knowledge and belief.


By: James C. Codell, IV

Title: President

Dated: 12/23/14



February 20, 2014

Mr. Mark Rasche, P.E.
Supervisor, Engineering Section
Water Infrastructure Branch
Division of Water
200 Fair Oaks Lane, Fourth Floor
Frankfort, KY 40601

Re: Plans Review
Middlesboro Water Treatment Facility Improvements
Water Service Corporation of Kentucky
PWSID: KY0070282
Middlesboro, KY

Dear Mr. Rasche:

We have reviewed the plans and specifications being submitted by Bell Engineering for the above referenced project and have found them acceptable to the Water Service Corporation of Kentucky. The Water Service Corporation of Kentucky has the capacity to operate and maintain the facilities as designed. Please find an enclosed check for eight-hundred dollars for complete treatment plans and specifications review.

If you have any questions please do not hesitate to call.

Sincerely,

A handwritten signature in black ink, appearing to read "James Leonard", is written over a large, light-colored circular scribble.

James Leonard
Regional Manager
Utilities, Inc.
Water Service Corporation of Kentucky

C: Ron McMaine, PE, Bell Engineering

a Utilities, Inc. company Water Service Corp. of Kentucky

P.O. Box 818 • Middlesboro, KY 40965 • P: 606-248-2306 • F: 606-248-0180
102 Water Plant Road • Middlesboro, KY 40965 • www.uiwater.com

ADD-CHANGE FORM
New Project or Budget Change?

New Project

Requested by: James Leonard
Project Manager / Area Manager
Date: 12/10/2013

Project Name: Install Plate Settlers- KY

Company: 345 Water Serv Corp Kentucky

Business Unit: 345102 Middlesboro W

Project Owner: Bruce Haas

Project Manager: James Leonard

Start Date: 10/1/2014 Q4 2014

Estimated End Date: 5/30/2015 Q2 2015

BU Type: Water

Budget Owner / Carl Daniel 01

Region: Midwest 02

State: KY

Project Type: Other

Will project replace/retire any assets: Yes

Previous Budget: \$300,000

Change Request: \$50,500

Total Project Budget: \$350,500

Object Account(s) to which project will be closed:

 select from dropdown list
 select from dropdown list
 select from dropdown list
 select from dropdown list
 select from dropdown list

[Go to Reference List](#)
Description:

Scope of Work; Remove the following in eah basin: existing Tube Settlers and supports, one 3ft. Walkway, sludge suction piping, effluent piping and collection troughs, influent piping as necessary, Handrail as necessary. Provide and install the following in each basin: Influent valve, Effluent Valve, Collection trough at the end, supports, plate settlers with intergral effluent troughs, handrail, piping as necessary, operations assistance for optimizing the system.

BUDGET BREAKDOWN

Component:	Amount
Low Bid Elements	-
Engineering	35,000.00
Direct Purchase of Parts / Materials	217,000.00
Landscaping / Site Restoration	
Other Components (specify):	
Contractor	94,000.00
Bond	4,500.00
	350,500.00



CAPITAL PROJECT REVIEW CHECKLIST

- | | Yes | No |
|--|-------------------------------------|-------------------------------------|
| Does project meet the definition of a Capital Project? (> \$50k) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Does project meet the definition of a Capital Project? (Complete > 30 days) | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Has project been thoroughly investigated? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Has project been added to Cap Plan Budget Template for Regional Consideration? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| What is the proposed Initial Project Budget? | <u>\$300,000</u> | |
| What quarter does the project need to start? | <u>4th quarter2014</u> | |
| Will any CIAC be collected? How much? | <u>NO</u> | |
| Have any engineering evaluations been performed? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| If yes, is the engineering a separate project? | <input type="checkbox"/> | <input type="checkbox"/> |
| Have all alternatives been investigated? If so, what are they? Comment below | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Is the proposed project tied to a rate case? When? _____ | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| Have three bids been received? If not, why? List and provide amounts below | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| What are the repercussions if project is not approved? Comment below | | |
| Are there any permits required to start the project? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Is the Cap Ex add/change form complete? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Has Cap Ex add/change form been submitted to project owner/manager to discuss with the CPRT? | <input checked="" type="checkbox"/> | <input type="checkbox"/> |
| Other issue(s)? (use comments section below) | <input type="checkbox"/> | <input type="checkbox"/> |

Bid	Company	Amount	Selected
1			
2			
3			

Estimated Revenue Impact per Customer:

Number of Customers Impacted:

Comments:

Continue to not meet criteria on recommended settle water turbidity's.

JUSTIFICATION / ALTERNATIVES

Justification and Benefits:

The original water system, built in the late 1800's included a pristine lake (Fern Lake) as a source. With the water being pumped to a tank on top of the hill, treated minimally with chemicals, and flowing by gravity to the distribution system. In other words, there was no water treatment plant. The Sdeimentation Basins were part of the 2 MGD (date of design drawings 1964) and preceded the Safe Drinking Water Act, (SDWA). In 1987 (date on design drawings) tube settlers and accessories were added to the basins, part of an improvement plan which allowed a plant expansion to 3 MGD with minimal other changes. Since that time, two important events affecting the viability of this system have happened: revisions to the SDWA which more stringent limits, and a serious deterioration of Raw Water quality in Fern Lake. There are several problems with the existing sedimentation system. As a consequence of the raw water deterioration, the wtp is not able to meet the recommended average settle water turbidity level of <1 turbidity units when the raw water turbidity is >10 ntu's or <2 when the average raw water turbidity is >10 units. The tube settlers are in excess of 25 years old, which is beyond thier normal service life. The piping in the basins is approaching 50 years, which is it's life expected life. There are no valves in the system, which means that if there were problems in the influent piping that required a shutdown, the WTP would be unable to produce water. the flow velocity in the piping is such that the plant personnel have observed floc sher, undoubtedly contributing to the settle water turbidities indicated above. Infact, In most months with normal raw water turbidities, the effluent settle water turbidity is higher than the Raw Water Turbidity. Benefits to this project include the following: Long Service Life-The plate settlers and associated piping should be good for 50 years. Easier basin cleaning-Currently teh entire basin surface on the effluent side is covered with tube settlers. With Plate Settlers much less of hte basin with be covered, making cleaning easier.Higher quality Settled Water- With Plate Settlers, the WTP should be able to meet the recommended settle water quality easier. Side by side plant scale studies have proved this. Reduced Pre-Treatment Chemicals- Since settling is more efficient, pretreatment chemicals will most likely be reduced. Reducing backwash water usage- A lower settling basin effluent turbidity tends to lead to longer filter runs, with a reduced amount of backwash water used. Reduced Pumping Cost- Reduced backwash would also reduce the amount of raw water pumped. Reduce operations/maintenance cost- Plate settlers are basically self cleaning. Sinca they are made of stainless steel, they are also more durable than tube settlers which are make from fiberglass.Positive method for taking a bisin out of service- Influent and Effluent Valves would make it easier to take the basin our ot service, than the current method. Increased Reliability- The increased durability of the materials at hand, the improved method of taking a basin out of service, and the reduced amount of floc shearing piping would all work together to increase the reliability of the system. Reduced Sludge amounts- The reduction in chemical usage would reduce teh amount produced. Reduced water cost- Since the system purchases it raw water, reducing the amount of backwash water will reduce the amount purchased from Fern Lake Company.

Alternatives Considered:

Replacing the tubes with longer tubes. Some systems have replaced the conventional tube settlers with longer tubes and have seen more efficient settling. However, the effluent piping for the Middlesboro basins does not allow this without redoing all of the effluent piping. Unless the influent piping is also changed out with bigger piping, the floc shear problem would not be addressed. Replacing all of the piping would require the basin to be out of service for an extended period. This alternative is not recommended.Adding a third basin. This basin would be fitted with a plate settler and a sludge removal system. The sludge removal system is required for a new basin. This alternative is more costly than the other two aternatives and consequently not recommended. Replacing the existing tube settlers with plate settlers. This option, described elsewhere, is recommended.

Scope of Work

- Remove the following in each basin: existing tube settlers and supports, one 3' walkway, sludge suction piping, effluent piping and collection troughs, influent piping as necessary, handrail as necessary
- Provide and install the following in each basin: influent valve, effluent valve, collection trough at the effluent end, supports, plate settlers with integral effluent troughs, handrail, piping as necessary, operations assistance for optimizing the system

Justification and Benefits

The original water system, built in the late 1800's, included a pristine lake (Fern Lake) as a source, with the water being pumped to a tank on top of the hill, treated minimally with chemicals, and flowing by gravity to the system. In other words, there was no water treatment plant (wtp). The sedimentation basins were part of the 2 million gallons per day (mgd) wtp (date on design drawings 1964) and preceded the Safe Drinking Water Act (SDWA). In 1987 (date on design drawings) tube settlers and accessories were added to the basins, part of an improvement plan which allowed a plant expansion to 3 mgd with minimal other changes. Since that time, two important events affecting the viability of this system have happened: revisions to the SDWA with much more stringent limits, and a serious deterioration of raw water quality in Fern Lake.

There are several problems with the existing sedimentation system. As a consequence of the raw water deterioration, the wtp is not able to meet the recommended average settled water turbidity level of ≤ 1 turbidity unit when the raw water turbidity ≤ 10 turbidity units or ≤ 2 when the average raw water turbidity ≥ 10 turbidity units. The tube settlers are in excess of 25 years old, which is beyond their normal service life. The piping in the basins is approaching 50 years, which is its expected life. There are no valves in the system, which means that if there were problems in the influent piping that required a shutdown, the wtp would be unable to produce water. The flow velocity in the piping is such that the plant personnel have observed floc shear, undoubtedly contributing to the settled water turbidities indicated above. In fact, in most months with normal raw water turbidities, the effluent turbidity is higher than the raw water turbidity.

Benefits to this project include the following:

- Long service life—The plate settlers and associated piping should be good for 50 years.
- Easier basin cleaning—Currently the entire basin surface on the effluent side is covered with tube settlers. With plate settlers much less of the basin will be covered, making cleaning easier.
- Higher quality settled water—With plate settlers the wtp should be able to meet the recommended settled water quality easier. Side by side plant scale studies of tube settlers and plate settlers have indicated this. This was demonstrated at the Prestonsburg, Kentucky wtp.
- Reduced pre-treatment chemicals—Results from case studies have verified this. Since settling is more efficient, pre-treatment chemicals can be reduced.

- Reduced backwash water usage—A lower settling basin effluent turbidity tends to lead to longer filter runs, with a resultant reduced amount of backwash water used.
- Reduced pumping costs—Reduced backwash water needed would also reduce the amount of pumping needed.
- Reduced operations/maintenance cost—Plate settlers are basically self-cleaning. Since they are made of stainless steel, they are also more durable than tube settlers.
- Positive method for taking a basin out of service—Influent and effluent valves would make it easier to take the basin out of service than the current method.
- Increased reliability—The increased durability of the materials at hand, the improved method of taking a basin out of service, and the reduced amount of floc shearing piping would all work together to increase the reliability of the system.
- Reduced sludge amounts—The reduction in chemical usage would reduce the amount of sludge produced.
- Reduced water cost—Since the system purchases its raw water, reducing the amount of backwash water could reduce the raw water cost.

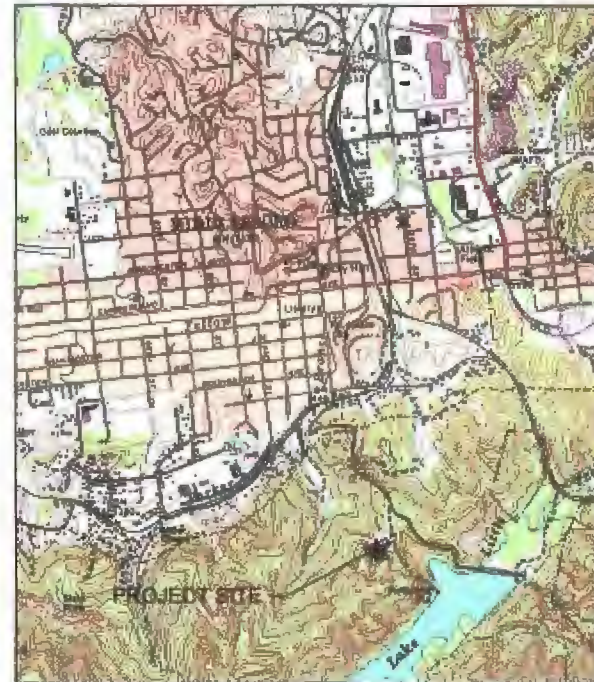
Alternatives Considered: The following alternatives were considered.

- Replacing the tubes with longer tubes. Some systems have replaced the conventional tube settlers with longer tubes and have seen more efficient settling. However, the effluent piping for the Middlesboro basins does not allow this without redoing all of the effluent piping. Unless the influent piping is also changed out with bigger piping, the floc shear problem would not be addressed. Replacing all of the piping would require the basin to be out of service for an extended period. This alternative is not recommended.
- Adding a third basin. This basin would be fitted with a plate settler and a sludge removal system. The sludge removal system is required for a new basin. This alternative is more costly than the other two alternatives and consequently not recommended.
- Replacing the existing tube settlers with plate settlers. This option, described elsewhere, is recommended.

MIDDLESBORO WATER TREATMENT FACILITY IMPROVEMENTS

WATER SERVICE CORPORATION OF KENTUCKY

MIDDLESBORO, KENTUCKY
2014



VICINITY MAP
SCALE 1" = 100'

CONTRACT NO.
614-14-01
2014

MIDDLESBORO WATER TREATMENT FACILITY
WATER SERVICE CORP. OF KY.
MIDDLESBORO, KENTUCKY

FACEMETER OF LICENSED PROFESSIONAL ENGINEER AND/OR LAND SURVEYOR SHALL BE AFFIXED TO THIS DOCUMENT. SHALL BE CONSIDERED LEGITIMATE ONLY IF SIGNED AND DATED BY THE REGISTERANT.

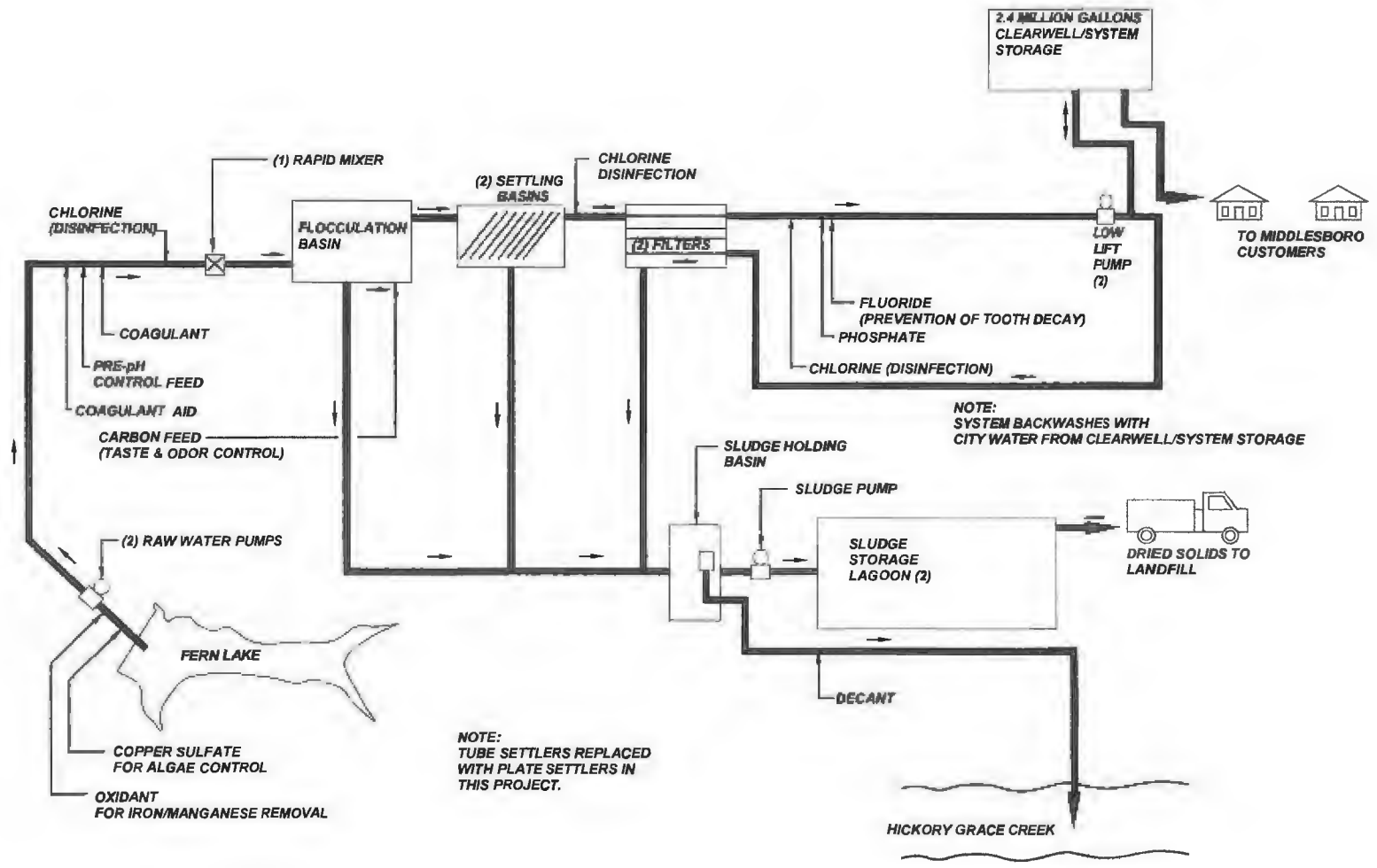
READ NOTE:

KENTUCKY STATUTES (KRS 207.4001 THROUGH 207.4117) REQUIRE THAT ALL EXCAVATIONS PLANNED, EXCAVATION OR DEMOLITION WORK SHALL NOTIFY ALL UTILITY COMPANIES IN THE AREA AND USE AN UNDERGROUND PROTECTION SERVICE SUCH AS GUP (1-800-750-8007 OR 211) AT LEAST TWO (2) WORKING DAYS BEFORE COMMENCING WORK TO ALERT UTILITY COMPANIES IN THE AREA WITH UNDERGROUND FACILITIES OF THE PLANNED EXCAVATION OR DEMOLITION ACTIVITIES.

- CLIENT REVIEW
- BELL (QA) REVIEW
- DIVISION OF WATER REVIEW
- HBC REVIEW
- BID DOCUMENTS
- RECORD DRAWINGS



2400 Fortune Drive, Suite 200
Lexington, Kentucky 40509
P: 859-276-5412 | F: 859-276-2911
www.belleng.com



DESIGNER	RCM	DATE	BY	REVISION
DRAWN	DMB			
CHECKED	MAL			
APPROVED	RCM			

GRAPHIC SCALE
SCALE: NOT TO SCALE

ALL RIGHTS RESERVED
THIS DOCUMENT IS THE PROPERTY OF BELL ENGINEERING AND SHALL NOT BE REPRODUCED IN WHOLE OR IN PART OR USED FOR CONSTRUCTION OF OTHER THAN THE PROJECT WITHOUT THE WRITTEN PERMISSION OF BELL ENGINEERING.



bell engineering
Lexington, KY (606) 278-5412
Hopkinsville, KY (572) 888-5488

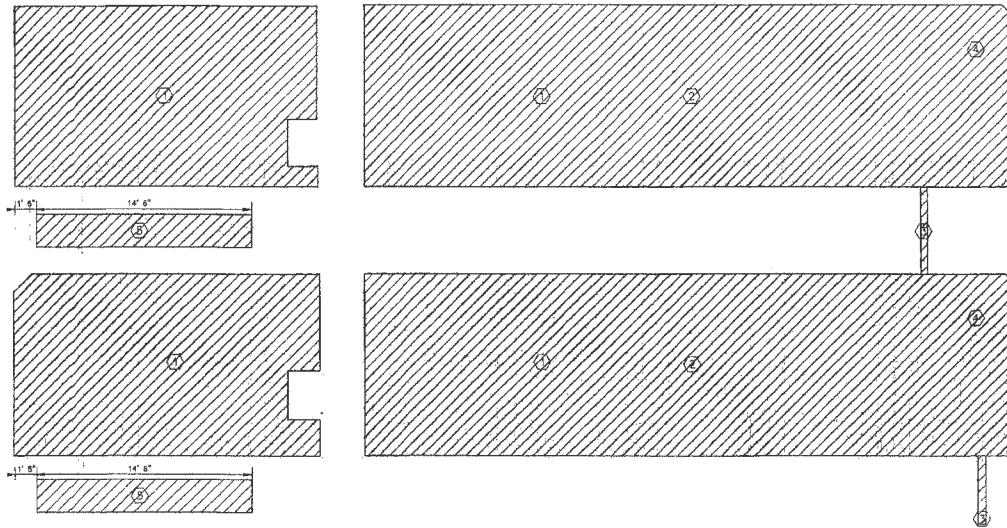
MIDDLESBORO WATER TREATMENT FACILITY IMPROVEMENTS
WATER SERVICE CORPORATION OF KENTUCKY
MIDDLESBORO, KENTUCKY

PLANT PROCESS SCHEMATIC

DIVISION	--
CONTRACT NO.	814-14-01
DATE	FEBRUARY, 2014
SHEET NO.	1 OF 4

WEST END

EAST END



AREAS OF DEMOLITION
SEE SCOPE OF WORK BELOW
FOR ITEMS TO BE REMOVED.

EAST END

WEST END

DEMOLITION PLAN

SCALE: 1/4" = 1'-0"

SCOPE OF WORK (PER EACH BASIN)

- ① REMOVE EXISTING TUBE SETTLERS AND SUPPORTS.
- ② REMOVE ONE 3' WALKWAY ON EAST END OF BASIN.
- ③ REMOVE SLUDGE SUCTION PIPING, CUT AND CAP FLUSH WITH WALL SEPARATING FLOCCULATION AND SEDIMENTATION BASINS.
- ④ REMOVE EFFLUENT PIPING AND COLLECTION TROUGHS TO EAST END WALL.
- ⑤ REMOVE 14' 8" SECTION OF INFLUENT PIPING AS NOTED AND ABANDON REMAINING INFLUENT PIPING IN PLACE.

DESIGNER	RCM	DATE	BY	REVISION
DRAWN	DWB			
CHECKED	MAL			
APPROVED	RCM			

GRAPHIC SCALE	
SCALE:	AS NOTED

ALL RIGHTS RESERVED
 THIS DOCUMENT IS THE PROPERTY OF BELL ENGINEERING AND SHALL NOT BE REPRODUCED IN WHOLE OR IN PART OR USED FOR DISTRIBUTION OR OTHER THAN THE SPECIFIC PROJECT WITHOUT THE WRITTEN PERMISSION OF BELL ENGINEERING



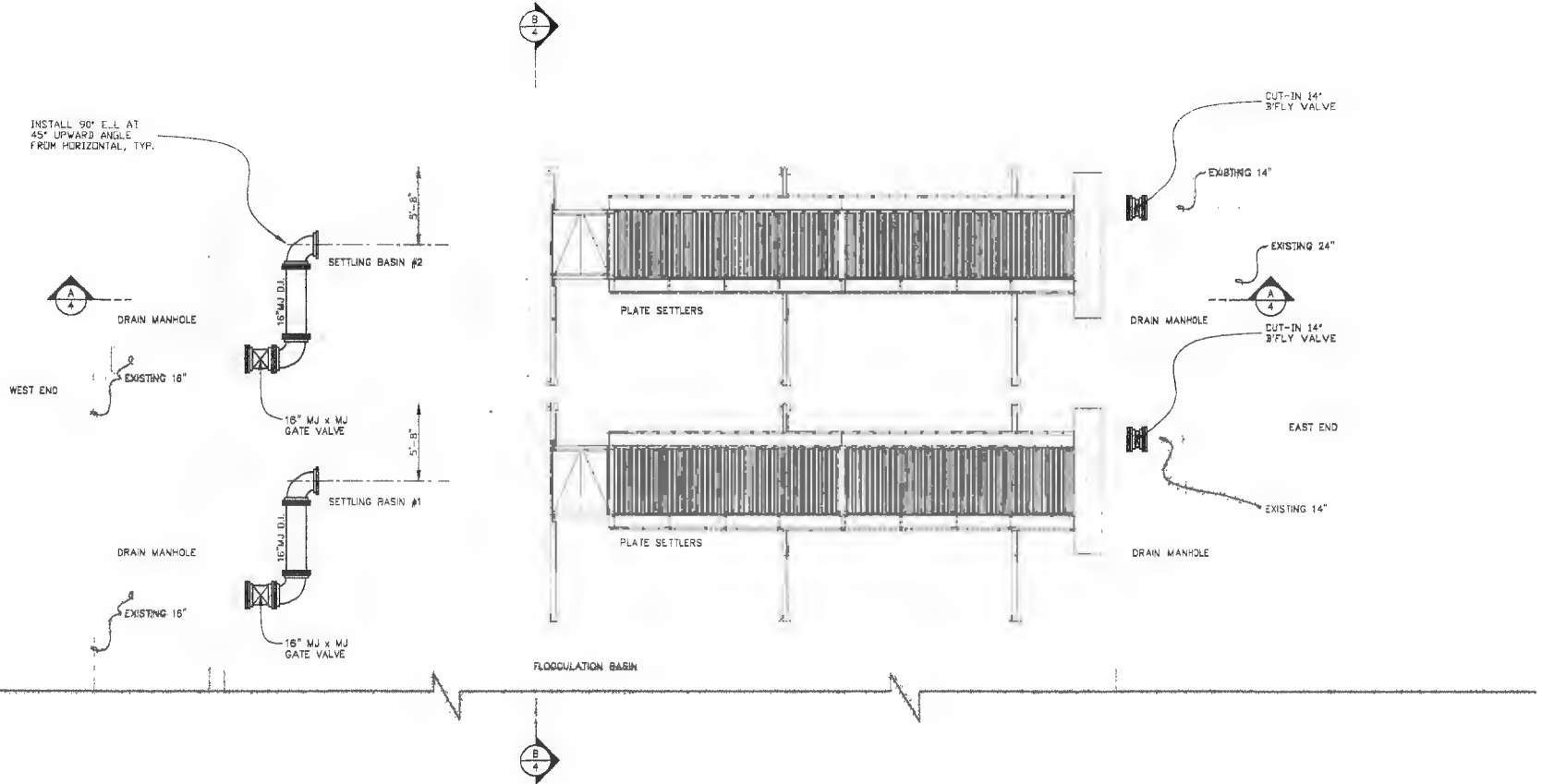
Lexington, KY (853) 278-5412
 Hopkinsville, KY (270) 898-5435

MIDDLESBORO WATER TREATMENT FACILITY
 IMPROVEMENTS
 WATER SERVICE CORPORATION OF KENTUCKY
 MIDDLESBORO, KENTUCKY

DEMOLITION PLAN

DIVISION	-
CONTRACT NO.	614-14-01
DATE	FEBRUARY, 2014
SHEET NO.	2 OF 4

INSTALL 90° E.L. AT
45° UPWARD ANGLE
FROM HORIZONTAL, TYP.



UPPER PLAN SETTLING BASIN
SCALE: 1/4" = 1'-0"

DESIGNER	RCM	DATE	BY	REVISION
DRAWN	DMB			
CHECKED	MAL			
APPROVED	RCM			

GRAPHIC SCALE	
SCALE:	AS NOTED

ALL RIGHTS RESERVED
THIS DOCUMENT IS THE PROPERTY OF BELL ENGINEERING AND SHALL NOT BE REPRODUCED IN WHOLE OR IN PART OR USED FOR CONSTRUCTION OF OTHER THAN THIS SPECIFIC PROJECT WITHOUT THE WRITTEN PERMISSION OF BELL ENGINEERING



Lexington, KY (606) 278-5412
Hopkinsville, KY (270) 888-5405

MIDDLESBORO WATER TREATMENT FACILITY
IMPROVEMENTS
WATER SERVICE CORPORATION OF KENTUCKY
MIDDLESBORO, KENTUCKY

PLATE SETTLERS PLAN

DIVISION	-
CONTRACT NO.	814-14-01
DATE	FEBRUARY, 2014
SHEET NO.	3 OF 4

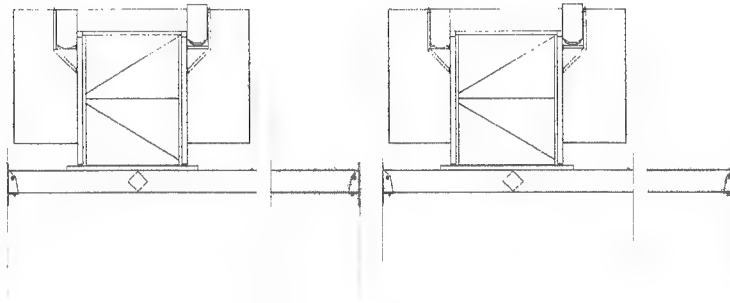
IMAGE SHOWS AS BUILT BASIN WITH PLATE SETTLERS INSTALLED. SOME OF THE BEAMS BELOW WALKED. PART OF THE DEVIATION DETAILED ON SHEET 12.



SECTION

A

SCALE: 1/4"=1'-0"



SECTION

B

SCALE: 3/8"=1'-0"

DESIGNER	RCM	DATE	BY	REVISION
DRAWN	DMB			
CHECKED	MAL			
APPROVED	RCM			

GRAPHIC SCALE	
SCALE:	AS NOTED

PROFESSIONAL ENGINEER
 THIS DOCUMENT IS THE PROPERTY OF BELL ENGINEERING AND SHALL NOT BE REPRODUCED OR USED IN ANY MANNER WITHOUT THE WRITTEN PERMISSION OF BELL ENGINEERING.



Lexington, KY (859) 278-9413
 Hopkinsville, KY (270) 888-0463

MIDDLESBORO WATER TREATMENT FACILITY
 IMPROVEMENTS
 WATER SERVICE CORPORATION OF KENTUCKY
 MIDDLESBORO, KENTUCKY

PLATE SETTLERS SECTIONS

DWSON	--
CONTRACT NO.	514-14-01
DATE	FEBRUARY, 2014
SHEET NO.	4 OF 4

CASE No. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Staff DR 2.13i

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

14. Refer to the Application, Exhibit 4, Workpaper I.

a. Provide calculations of the amounts shown in Column D and provide a detailed discussion of the nature of each amount, the reasons that each amount was reported in WSKY's test-year operations, and the reasons why each amount was removed from test-year operations.

b. Provide calculations for the amounts shown in Column E and provide a detailed discussion of the nature of each amount, the reasons that each amount was reported in WSKY's test-year operations, and the reasons why each amount was removed from test-year operations.

c. Provide the calculations of the amounts shown in Column F and explain why it is appropriate to include these amounts in WSKY's pro forma operations.

Response:

Please refer to the file provided in response to Staff DR 1.3 labeled "*Staff DR 1.3 – wp 1 Transportation Exp*" that was used to generate the amounts shown on workpaper I in Exhibit 4.

a. The amounts shown in Column D are WSC transportation expenses that were included in test year transportation expense amounts. These amounts were allocated to WSKY during the test year for the vehicle that was recorded to WSC's transportation plant account. Please reference Exhibit 4, workpaper p, line 15, for the vehicle that generated these expenses. The vehicle was removed from WSKY's pro forma transportation plant

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

balance and WSKY removed any expenses that were associated with the operation of the vehicle for rate-making purposes.

- b. The amounts shown in Column E are other non-Kentucky transportation expenses that were included in test year transportation expense amounts. These amounts were removed because either they were inadvertently miscoded to WSKY or allocated to Kentucky from the "VP-Midwest Cost Center" during the test year. Since there are no vehicles listed on workpaper p that were associated with the expenses, WSKY removed these expenses from test year transportation expense amounts for rate-making purposes. WSKY re-classed the amount of \$772.85 to the appropriate state cost center on 10/31/15 since the expense was inadvertently miscoded to WSKY. This amount is no longer on WSKY's books.
- c. The amounts shown in Column F are allocated transportation expenses associated with the operation of Bruce Haas' vehicle during the test year. Bruce's vehicle was a pro forma transportation plant addition and was included on workpaper p, line 21. In order to remain consistent, WSKY included the allocated amount of transportation expenses associated with the operation of Bruce's vehicle.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

15. Refer to the Application, Exhibit 4, Schedule 8, Line 17, "Operating Exp. Charged to Plant" in the amount of \$159,698.

- a. Provide a detail of the plant items included in this amount.
- b. Explain why each item included in this amount was originally expensed rather than capitalized.

Response:

- a. Please see the attached file labeled "*Staff DR 2.15 – Capitalized Time*" for detail of the plant items included in this amount.
- b. "Operating Exp. Charged to Plant" is specifically capitalized time which is internal labor costs directly related to a capital expenditure or a capital project. The "cost" of salaries and benefits associated with the time an employee works on a capital item is allocated to that item and becomes part of its overall cost basis. Since salaries and benefits are expensed through operating expenses it is necessary to credit operating expenses for each hour of time which must be capitalized. The file referenced in "Staff DR 2.15a" shows the capitalized time that was recorded to plant.

Witness: Brian Halloran

Staff DR 2.15

Capitalized Time

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

16. Refer to the Halloran Testimony, page 9, Lines 1-2.
- a. Show the calculation of the \$4,449 decrease to the test-year amount.
 - b. Explain why the test-year "capitalized time of employees" is anticipated to decrease in pro forma operations.

Response:

Please refer to the tab labeled "*wp-b2 Captime*" located in the file that was provided in response to "Staff DR 1.3" labeled "*Staff DR 1.3 – wp b Salary*".

- a. The decrease of \$4,449 to the test-year amount of capitalized time is calculated by two employee categories, Operations and Regional Management, and is described below:
 - 1) Operations' capitalized time is calculated by using test-year capitalized time amounts booked by each operational employee and multiplied by the employee's individual allocation percentage factor. The allocation percentage factor is dependent upon the employee's location. The total amount of capitalized time for Operations is equal to \$128,787.
 - 2) Regional Management's capitalized time is calculated by the amount of hours that the employee is budgeted to work on the current rate case. The employee's hours are then multiplied by the appropriate capitalized time rate for each employee. Once the total amount of capitalized time has been established for each employee, the total is reduced by one-third (1/3) because the eventual rate case asset will

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

amortize over a 3 year period. The total amount of capitalized time for Regional Management is equal to \$26,462.

3) Once the totals from items 1 and 2 above have been calculated, items 1 and 2 are combined to get a "Total Capitalized Time Adjustment" of \$155,249. This "Total Capitalized Time Adjustment" is then compared to the test-year capitalized time amount, or \$159,698. The resulting comparison creates a \$4,449 decrease to the test-year amount.

- b. Test-year capitalized time of employees is anticipated to decrease in pro forma operations since pro forma capitalized time has been normalized. Capitalized time in the test-year was abnormally high due to capital project work which had been completed by WSKY operational employees, which amounted to approximately \$25,641 in the test-year.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

17. Refer to the Application, Exhibit 4, Workpaper n.
- a. Provide vendor invoices that support the "2013 Rate Case Appeal Costs" in the amount of \$23,078.
- b. State whether WSKY employees expended any time or whether WSKY expended any other resources during the test-year to address the 2013 rate case appeal. If so, quantify those costs and explain how they were allocated to WSKY and its subsidiaries during the accounting process.
- c. Provide vendor invoices that support the "2014 Show Cause Costs" in the amount of \$10,610.
- d. State whether WSKY employees expended any time or whether WSKY expended any other resources during the test year to address the 2014 show cause proceeding. If yes, quantify those costs and explain how they were allocated to WSKY and its subsidiaries during the accounting process.

Response:

- a. Please see the attached file labeled "*Staff DR 2.17a – 2013 Rate Case Appeal Costs*" for invoices that support the amount.
- b. No other costs were associated with the 2013 Rate Case Appeal. Although employees expended time during the test year, it occurred during the normal course of business and was not tracked separately. No additional costs were booked to WSKY as a result of employees' time as it relates to this matter

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- c. Please see the attached file labeled "*Staff DR 2.17c – 2014 Show Cause Costs*" for invoices that support the amount.
- d. No other costs were associated with the 2014 Show Cause. Although employees expended time during the test year, it occurred during the normal course of business and was not tracked separately. No additional costs were booked to WSKY as a result of employees' time as it relates to this matter.

Witness: Brian Halloran

Staff DR 2.17a

2013 Rate Case

Appeal Costs



STURGILL, TURNER, BARKER & MOLONEY, PLLC

333 West Vine Street, Suite 1400

Lexington, Kentucky 40507

Telephone: (859) 255-8581

Telefax: (859) 231-0851

Employer I.D. No. 61-0576615

www.sturgillturner.com

STATEMENT OF SERVICES

301.3599

SL ✓
DH ✓

[Handwritten signature]

John Stover, General Counsel
Utilities, Inc.
2335 Sanders Rd
Northbrook, IL 60062

Batch _____ RECEIVED
Doc 634123 SEP 12 2014

Statement Date: 09/10/2014
Account No: 64592.0005 M
Statement No: 87149

2013 Rate Case Appeal

345100-6070

			Hours	
07/24/2014	MTO	Review final order, communicate with UI staff, and outline arguments for possible appeal.	3.80	
07/25/2014	JCF	Researched administrative law with a focus on		
	MTO	Communicate (with client) - draft options and recommendations for WSCK to take in light of final order in rate case.	0.30	
	BHB	Review merit of potential Constitutional defenses and arguments on appeal of rate case order on Phoenix expenses.	1.20	
07/28/2014	JCF	WSCK: researched up search on Follow	3.10	N/C
	MTO	Draft anticipated budget and timeline for possible appeal of rate case order from PSC.	0.30	N/C
07/29/2014	MTO	Appeal - Teleconference with client regarding appeal of PSC decision.	1.00	
	MTO	WSCK Appeal - Draft outline of arguments to present on appeal and potential petition for rehearing including advantages and disadvantages for both.	1.90	
	JCF	WSCK:	4.80	N/C
07/30/2014	JCF	WSCK. Drafted a memo	2.90	N/C
	JCF	Read the order from PSC and 2 sample complaints in order to prepare to draft the complaint	8.00	N/C

2013 Rate Case Appeal

			Hours	
	MTO	WSCK Appeal - Communicate (in firm) with law clerk regarding drafting of complaint for appeal of rate case order.	0.30	
	MTO	WSCK Appeal - Continued drafting outline and legal research of issues that could be raised on appeal.	1.20	
	MTO	Communicate (other external) with WSCK Staff and PSC Staff regarding Excel files to support PSC decision	0.20	
07/31/2014	JCF	started drafting the complaint and acquiring and updating the law for the complaint	3.30	N/C
	MTO	Review tariffs prepared by R. Guttormsen and communicate suggested revisions.	0.20	
08/01/2014	MTO	Communicate (with client) regarding PSC response to request for underlying Excel spreadsheets from PSC decision.	0.10	
	JCF	WSCK: Drafted and revised WSCK complaint against the PSC and examined past complaints filed by WSCK	5.10	N/C
08/04/2014	MEM	Revised a complaint.	0.20	N/C
	JCF	WSCK: Revised complaint	0.30	N/C
08/05/2014	MTO	Draft/revise complaint for rate case appeal	3.00	
08/06/2014	MTO	Draft/revise complaint for appealing the rate case.	1.90	
	JCF	Looked up KRS	0.40	N/C
08/21/2014	MTO	Draft/revise Complaint for appeal of rate case and communication of same to client	1.30	
		For Current Services Rendered	16.40	3,690.00
		Total Non-Billable Hours	28.40	

Recapitulation

<u>Timekeeper</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Bryan H. Beauman	1.20	\$225.00	\$270.00
M. Todd Osterloh	15.20	225.00	3,420.00

Costs

08/22/2014	35 Document Reproduction	7.00
08/22/2014	84 Document Reproduction	16.80
	E101 (653) Document Reproduction	23.80

Utilities, Inc.

Page. 3
09/10/2014
Account No. 64592-0005M
Invoice No. 87149

2013 Rate Case Appeal

08/21/2014	(509) Court fees (1042.030) Franklin Circuit Court Clerk - filing fee	176.00
	(509) Filing/Processing Fees	176.00
08/26/2014	(561) Subpoena fees (1180.021) Franklin County Sheriff - service of summons	160.00
08/26/2014	(561) Subpoena fees (1180.181) Hickman County Sheriff - service of summons	80.00
	(561) Service of Process Fee	240.00
08/22/2014	Travel - (8.039) James Lee (runner) travel to/from Franklin Circuit Court	32.48
	Travel - Mileage	32.48
	Total Costs Thru 08/31/2014	472.28
	Total Current Work	4,162.28
	Balance Due	<u>\$4,162.28</u>

\$4,162.28

OK
DU

To ensure proper credit to your account
Please write Account 64592.0005 on your check
Please remit amount due by 10/10/2014
Thank you



STURGILL, TURNER, BARKER & MOLONEY, PLLC

333 West Vine Street, Suite 1400

Lexington, Kentucky 40507

Telephone: (859) 255-8581

Telefax: (859) 231-0851

Employer I.D. No. 61-0576615

www.sturgillturner.com

STATEMENT OF SERVICES

SL ✓
DN ✓

John Stover, General Counsel
Utilities, Inc.
2335 Sanders Rd
Northbrook, IL 60062

Statement Date: 10/07/2014
Account No: 64592.0005 M
Statement No: 87613

2013 Rate Case Appeal

345100-6070

Batch _____

Doc 645201

			Hours	
09/12/2014	MTO	Review Answer to Complaint of Hickman County Fiscal Court	0.20	
09/15/2014	MTO	Review Answer to Complaint of the Attorney General	0.20	
09/22/2014	MTO	Review the Answer of the Public Service Commission.	0.30	
		For Current Services Rendered	0.70	157.50

Recapitulation

Timekeeper	Hours	Hourly Rate	Total
M. Todd Osterloh	0.70	\$225.00	\$157.50

Costs

08/26/2014	258 Document Reproduction	51.60
08/26/2014	4 Document Reproduction	0.80
08/27/2014	16 Document Reproduction	3.20
08/29/2014	2 Document Reproduction	0.40
09/02/2014	4 Document Reproduction	0.80
09/11/2014	3 Document Reproduction	0.60
09/17/2014	8 Document Reproduction	1.60
09/18/2014	14 Document Reproduction	2.80
	E101 (653) Document Reproduction	61.80

Total Costs Thru 09/30/2014 61.80

Total Current Work 219.30

Previous Balance \$4,162.28

Balance Due \$4,381.58

OK
SOS

To ensure proper credit to your account
Please write Account 64592.0005 on your check
Please remit amount due by 11/06/2014
Thank you



STURGILL, TURNER, BARKER & MOLONEY, PLLC

333 West Vine Street, Suite 1400

Lexington, Kentucky 40507

Telephone: (859) 255-8581

Telefax: (859) 231-0851

Employer I.D. No. 61-0576615

www.sturgillturner.com

STATEMENT OF SERVICES

3056599

SL ✓

John Stover, General Counsel
Utilities, Inc.
2335 Sanders Rd
Northbrook, IL 60062

Statement Date: 11/10/2014
Account No: 64592.0005 M
Statement No: 88005

Batch _____

2013 Rate Case Appeal - 2014139

Doc 648599

		Hours	
10/03/2014	MTO Draft email to PSC Staff regarding designated record preparation and briefing schedule.	0.20	
10/13/2014	MTO Draft proposed agreed procedural schedule.	0.50	
	MTO Communicate (other external) with opposing counsel regarding proposed briefing schedule	0.20	
	MTO Communicate (other external) - respond to AG's objection to agreed order that does not have specific dates.	0.20	
10/23/2014	MTO Draft/revise motion and proposed order for procedural schedule.	0.40	
	MTO Communicate (other external) with opposing counsel regarding motion for procedural schedule	0.20	
10/30/2014	MTO Review response of PSC to WSCK motion for procedural schedule.	0.20	
	For Current Services Rendered	1.90	427.50

Recapitulation

<u>Timekeeper</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
M. Todd Osterloh	1.90	\$225.00	\$427.50

Costs

10/23/2014	32 Document Reproduction	6.40
	E101 (653) Document Reproduction	6.40
	Total Costs Thru 10/31/2014	6.40
	Total Current Work	433.90
	Previous Balance	\$4,381.58
10/14/2014	Thank you for your payment.	-4,162.28

Utilities, Inc.

Page. 2

11/10/2014

Account No. 64592-0005M

Invoice No. 88005

2013 Rate Case Appeal

Balance Due

\$653.20

To ensure proper credit to your account
Please write Account 64592.0005 on your check
Please remit amount due by 12/10/2014
Thank you

SLK



STURGILL, TURNER, BARKER & MOLONEY, PLLC

333 West Vine Street, Suite 1400

Lexington, Kentucky 40507

Telephone: (859) 255-8581

Telefax: (859) 231-0851

Employer I.D. No. 61-0576615

www.sturgillturner.com

STATEMENT OF SERVICES

DEC 11 2014

John Stover, General Counsel
Utilities, Inc.
2335 Sanders Rd
Northbrook, IL 60062

Statement Date: 12/08/2014
Account No: 64592.0005 M
Statement No: 88526

Batch 197519

Doc 652962

2013 Rate Case Appeal

Bill Code 2014139 - OK *sts*

		Hours	
11/03/2014	MTO Appear for/attend hearing to set briefing schedule at Franklin Circuit Court.	1.20	
	MTO Plan and prepare for court hearing to set briefing schedule.	0.30	
	MTO Communicate (with client) regarding briefing deadlines set by Court.	0.10	
11/18/2014	MTO Draft - outlining issues for brief on appeal of PSC final order in rate case.	1.40	
11/19/2014	MTO Research issues related to rate case appeal, including to	0.80	
11/20/2014	MTO Continue drafting brief on rate case appeal.	3.80	
11/24/2014	MTO Draft section of brief on need for and benefit of Project Phoenix.	5.00	
11/25/2014	MTO Continue drafting brief for appeal of rate case (arguments on	5.80	
	For Current Services Rendered	18.40	4,140.00

Recapitulation

<u>Timekeeper</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
M. Todd Osterloh	18.40	\$225.00	\$4,140.00

Costs

11/04/2014	2 Document Reproduction	0.40
11/04/2014	9 Document Reproduction	1.80
11/10/2014	22 Document Reproduction	4.40
	E101 (653) Document Reproduction	6.60
	Total Costs Thru 11/30/2014	6.60

Utilities, Inc.

Page. 2

12/08/2014

Account No. 64592-0005M

Invoice No. 88526

2013 Rate Case Appeal
Bill Code 2014139

	Total Current Work	01280 4,146.60
	Previous Balance	\$653.20
11/25/2014	Thank you for your payment.	-219.30
	Balance Due	<u>\$4,580.50</u>

To ensure proper credit to your account
Please write Account 64592.0005 on your check
Please remit amount due by 01/07/2015
Thank you



STURGILL, TURNER, BARKER & MOLONEY, PLLC

333 West Vine Street, Suite 1400
Lexington, Kentucky 40507
Telephone: (859) 255-8581
Telefax: (859) 231-0851
Employer I.D. No. 61-0576615
www.sturgillturner.com
STATEMENT OF SERVICES

SL ✓

John Stover, General Counsel
Utilities, Inc.
2335 Sanders Rd
Northbrook, IL 60062

RECEIVED

JAN 15 2015

Statement Date: 01/09/2015
Account No: 64592.0005 M
Statement No: 88946

Batch 201357

Doc 664076

345

2013 Rate Case Appeal
Bill Code 2014139

Table with columns: Date, Description, Hours, Total. Rows include dates from 12/02/2014 to 12/22/2014 with descriptions like 'MTO Continue drafting rate case appeal brief' and 'MLM Draft/revise -- prepare filing for PSC'. Total hours: 34.80, Total amount: 7,298.00.

Recapitulation

Table with columns: Timekeeper, Hours, Hourly Rate, Total. Rows for M. Todd Osterloh and Mary L. Myers.

Costs

Table with columns: Date, Description, Amount. Rows include document reproduction costs and travel expenses for Micah Jenkins.

Utilities, Inc.

Page. 2

01/09/2015

Account No. 64592-0005M

Invoice No. 88946

2013 Rate Case Appeal
Bill Code 2014139

	Total Costs Thru 12/31/2014	<u>307.24</u>
	Total Current Work	7,605.24
	Previous Balance	\$4,580.50
12/18/2014	Thank you for your payment.	-433.90
01/05/2015	Thank you for your payment.	<u>-4,146.60</u>
	Total Payments	-4,580.50
	Balance Due	<u>\$7,605.24</u>

OK
STW

To ensure proper credit to your account
Please write Account 64592.0005 on your check
Please remit amount due by 02/08/2015
Thank you



3056599 ✓
STURGILL, TURNER, BARKER & MOLONEY, PLLC

333 West Vine Street, Suite 1400

Lexington, Kentucky 40507

Telephone: (859) 255-8581

Telefax: (859) 231-0851

Employer I.D. No. 61-0576615

www.sturgillturner.com

STATEMENT OF SERVICES

SLK
DWK

RECEIVED

MAR 09 2015

John Stover, General Counsel
Utilities, Inc.
2335 Sanders Rd
Northbrook, IL 60062

Statement Date: 03/05/2015

Account No: 64592.0005 M

Statement No: 89763

2013 Rate Case Appeal

Bill Code 2014139, 2906

Batch 205160

Doc 675417

		Hours	
02/06/2015	MTO Review Response brief filed by the PSC.	0.70	
	MTO Review Response brief filed by the Attorney General, County, and City.	0.40	
02/11/2015	MTO Draft/revise Reply brief for rate case appeal.	7.50	
02/12/2015	MTO Draft - continued drafting Reply brief in rate case appeal.	6.80	
02/13/2015	MTO Draft/revise - continue drafting Reply in rate case appeal.	5.80	
02/16/2015	MTO Draft/revise Reply brief for rate case appeal.	1.70	
02/18/2015	MTO Draft/revise - continue drafting and revising brief based on comments from client.	3.80	
02/19/2015	MTO Draft/revise - additional drafting and revisions to Reply for rate case appeal.	0.80	
02/20/2015	MTO Finalize Reply brief for filing; research local rules for submission of case for judgment.	0.30	
	BHB Communicate (in firm) Strategy conference with MTO on reply brief	0.50	
02/24/2015	MTO Draft/revise Form 280 for final submission of case to judge (starting 90-day clock for resolution of case).	0.20	
	For Current Services Rendered	28.50	6,412.50

Recapitulation

<u>Timekeeper</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Bryan H. Beauman	0.50	\$225.00	\$112.50
M. Todd Osterloh	28.00	225.00	6,300.00

Costs

02/06/2015	171 Document Reproduction	34.20
02/20/2015	318 Document Reproduction	63.60

Utilities, Inc.

Page. 2

03/05/2015

Account No. 64592-0005M

Invoice No. 89763

2013 Rate Case Appeal
Bill Code 2014139

	E101 (653) Document Reproduction	97.80
	Total Costs Thru 02/28/2015	97.80
	Total Current Work	6,510.30 <i>OK</i>
	Previous Balance	\$7,605.24 <i>DU</i>
02/24/2015	Thank you for your payment.	-7,605.24
	Balance Due	<u>\$6,510.30</u>

To ensure proper credit to your account
Please write Account 64592.0005 on your check
Please remit amount due by 04/04/2015
Thank you

Staff DR 2.17c

2014 Show Cause

Costs



STURGILL, TURNER, BARKER & MOLONEY, PLLC

333 West Vine Street, Suite 1400

Lexington, Kentucky 40507

Telephone: (859) 255-8581

Telefax: (859) 231-0851

Employer I.D. No. 61-0576615

www.sturgillturner.com

STATEMENT OF SERVICES

SL ✓
DN ✓

John Stover, General Counsel
Utilities, Inc.
2335 Sanders Rd
Northbrook, IL 60062

10/10/2014
SEP 12 2014

Statement Date: 09/10/2014
Account No: 64592.0006 M
Statement No: 87150

Batch

Doc. 636409

Show Cause Case

345100-6070

Date	Activity	Hours	Total
08/07/2014	MTO WSCK - Review PSC "show cause" order and advise clients regarding options.	0.70	
08/14/2014	MTO WSCK Show Cause - Review AG's motion to intervene and advise client.	0.10	
08/26/2014	MTO Communicate (other external) with Haas, Lubertozzi, and Neyzelman regarding response to PSC order	0.20	
	MTO Revise response to Commission order and finalize response for filing.	0.40	
	MTO WSCK Show cause - Begin drafting response to show cause order.	0.80	
	MTO WSCK Show cause - Continued drafting response to show cause order.	1.00	
08/28/2014	MTO Communicate (with client) with UI Staff regarding informal conference - possible dates and whether WSCK staff will attend with counsel.	0.10	
	For Current Services Rendered	3.30	742.50

Recapitulation

Timekeeper	Hours	Hourly Rate	Total
M. Todd Osterloh	3.30	\$225.00	\$742.50

Total Current Work 742.50

Balance Due

\$742.50

OK
DU

To ensure proper credit to your account
Please write Account 64592.0006 on your check
Please remit amount due by 10/10/2014
Thank you



STURGILL, TURNER, BARKER & MOLONEY, PLLC

333 West Vine Street, Suite 1400

Lexington, Kentucky 40507

Telephone: (859) 255-8581

Telefax: (859) 231-0851

Employer I.D. No. 61-0576615

www.sturgillturner.com

STATEMENT OF SERVICES

SL ✓

John Stover, General Counsel
Utilities, Inc.
2335 Sanders Rd
Northbrook, IL 60062

Statement Date: 11/10/2014

Account No: 64592.0006 M

Statement No: 88006

Batch _____

Show Cause Case 10.395100.6025
WCK - misc legal expense

Doc 648598

		Hours	
10/02/2014	MTO Plan and prepare for informal conference with PSC Staff by having teleconference with Lubertozzi, Haas, and Leonard.	0.30	
	MTO Plan and prepare for informal conference with PSC Staff by reviewing previous submission to PSC, email chain and relevant documents, PSC Orders, and prepare an opening statement.	0.80	
	MTO Appear for/attend informal conference at PSC Offices	1.00	
10/03/2014	MTO Communicate (with client) with client regarding evidentiary hearing	0.10	
	JCF Researched	2.10	N/C
	JCF Researched	1.30	N/C
	JCF Drafted a memorandum	0.50	N/C
	MEM Researched Public Works Commission orders and case law	1.50	N/C
10/09/2014	MTO Review minutes from October 2 informal conference prepared by PSC Staff.	0.20	
10/13/2014	MTO Draft response to PSC Staff's informal conference memorandum.	0.50	
	MTO Review changes to proposed procedural schedule by PSC Staff and communicate reasoning for more flexible schedule.	0.20	
10/21/2014	MTO Review PSC order regarding hearing and advise clients about the same.	0.30	
	MTO Conduct additional research in preparation of the hearing.	0.70	

Show Cause Case

			Hours	
10/23/2014	MTO	Plan and prepare for evidentiary hearing by outline legal arguments that need to be made and evidence to support those arguments.	1.70	
	MTO	Research PSC decisions	0.30	
10/24/2014	MTO	Communicate (with client) conference call with Lubertozzi, Haas, and Leonard in preparation of evidentiary hearing.	0.50	
	MTO	Draft affidavit for evidentiary hearing and prepare exhibits thereto.	0.70	
	MTO	Communicate (other external) with attorney J. Wuetcher, with whom I had previous communications when he was a PSC Staffer and who will be an item of discussion in my affidavit.	0.30	
	MTO	Additional drafting of arguments to be presented in show cause case.	1.30	
	MTO	Research other whether other utilities	1.00	
	MTO	Continue drafting questions to be asked at evidentiary hearing.	0.70	
10/27/2014	MTO	Draft witness list for evidentiary hearing.	0.40	
	MTO	Revise affidavit for entry into record.	0.50	
	MTO	Continued preparation for evidentiary hearing, including outlining and drafting questions to be asked at hearing.	3.00	
	MTO	Communicate (other external) with Agreement Dutton regarding AG's subpoena of WSCK witnesses and communicate the same to client.	0.30	
10/28/2014	MTO	Plan and prepare for personal testimony, as I have been subpoenaed to testify as witness. (No charge)	4.00	N/C
10/29/2014	MTO	Review AG's request for subpoenas and consideration of how to respond.	0.60	
	MTO	Communicate (with client) with Steve Lubertozzi regarding AG's motion for subpoena	0.30	
	MTO	Draft/revise outline for questions to ask at hearing, in light of AG's motion for subpoena.	0.40	

Utilities, Inc.

11/10/2014

Account No. 64592-0006M

Invoice No. 88006

Show Cause Case

BHB Plan and prepare ---Initial preparation for hearing and subpoena of MTO to hearing.	Hours	
	0.80	
For Current Services Rendered	16.90	3,802.50
Total Non-Billable Hours	9.40	

Recapitulation

<u>Timekeeper</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Bryan H. Beauman	0.80	\$225.00	\$180.00
M. Todd Osterloh	16.10	225.00	3,622.50

Total Current Work

OTD 3,802.50

Previous Balance

\$1,080.40

10/20/2014

Thank you for your payment.

-742.50

Balance Due

\$4,140.40

To ensure proper credit to your account
Please write Account 64592.0006 on your check
Please remit amount due by 12/10/2014
Thank you



STURGILL, TURNER, BARKER & MOLONEY, PLLC

333 West Vine Street, Suite 1400

Lexington, Kentucky 40507

Telephone: (859) 255-8581

Telefax: (859) 231-0851

Employer I.D. No. 61-0576615

www.sturgillturner.com

STATEMENT OF SERVICES

3056599

SL ✓

DEC 14 2014

John Stover, General Counsel
Utilities, Inc.
2335 Sanders Rd
Northbrook, IL 60062

Statement Date: 12/08/2014

Account No: 64592.0006 M

Statement No: 88527

Batch 197519

Doc 65296A

345100.6025

Show Cause Case

WSEKY - misc. Legal Exp.

			Hours	
11/03/2014	MTO	Begin drafting legal brief on issues in case, to be filed with the PSC.	3.90	
11/04/2014	MTO	Plan and prepare for evidentiary hearing by reviewing hearing procedural and planned substance with S. Lubertozzi.	0.80	
	MTO	Plan and prepare for evidentiary hearing by reviewing hearing procedural and planned substance with attorney B. Beauman.	1.00	
	MTO	Continued drafting of brief for utility.	0.30	
	BHB	Review pertinent issues to be raised at hearing; anticipate AG and PSC's tactics and preparation for response.	1.90	
11/05/2014	MTO	Plan and prepare for tomorrow's evidentiary hearing, including discussions with S. Lubertozzi, attorney B. Beauman, counsel for PSC Staff, and preparation of documents and outline of re-direct.	4.00	
	MTO	Plan and prepare for hearing, specifically on potential responses that I will give as a subpoenaed witness. (no charge).	3.00	N/C
	BHB	Review notice from PSC about additional witness and impact on strategy.	0.20	
11/06/2014	MTO	Appear for/attend evidentiary hearing and preparation at PSC offices.	4.20	
	BHB	Appear for/attend - Travel to Frankfort.	0.70	
	BHB	Appear for/attend hearing before the PSC on show cause notice and confer with clients.	4.20	
	BHB	Appear for/attend - Return travel to office.	0.70	
11/17/2014	MTO	Continue drafting post-hearing brief.	2.80	

Utilities, Inc.

12/08/2014

Account No. 64592-0006M

Invoice No. 88527

Show Cause Case

		Hours	
11/26/2014	MTO Draft/revise post-hearing brief in show cause case.	0.50	
	For Current Services Rendered	25.20	5,670.00
	Total Non-Billable Hours	3.00	

Recapitulation

<u>Timekeeper</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
Bryan H. Beauman	7.70	\$225.00	\$1,732.50
M. Todd Osterloh	17.50	225.00	3,937.50

Costs

11/12/2014	13 Document Reproduction	2.60
11/19/2014	3 Document Reproduction	0.60
11/20/2014	1 Document Reproduction	0.20
11/26/2014	98 Document Reproduction	19.60
	E101 (653) Document Reproduction	23.00
11/06/2014	Travel - BHB travel 57 miles travel to/from Frankfort	31.92
11/26/2014	Travel - (8.045) Zane Cordingly travel 70 miles travel to/from Public Service Comm	39.20
	Travel - Mileage	71.12
	Total Costs Thru 11/30/2014	94.12
	Total Current Work	5,764.12
	Previous Balance	\$4,140.40
11/25/2014	Thank you for your payment.	-337.90
	Balance Due	<u>\$9,566.62</u>

To ensure proper credit to your account
Please write Account 64592.0006 on your check
Please remit amount due by 01/07/2015
Thank you



STURGILL, TURNER, BARKER & MOLONEY, PLLC

333 West Vine Street, Suite 1400

Lexington, Kentucky 40507

Telephone: (859) 255-8581

Telefax: (859) 231-0851

Employer I.D. No. 61-0576615

www.sturgillturner.com

STATEMENT OF SERVICES

3056599

SL ✓
DNL ✓

John Stover, General Counsel
Utilities, Inc.
2335 Sanders Rd
Northbrook, IL 60062

Statement Date: 03/05/2015

Account No: 64592.0006 M

Statement No: 89764

Batch 205160

Doc 675415

Show Cause Case

345100.6025

		Hours	
12/01/2014	MTO Review post-hearing brief of the AG's office and advise client regarding the same.	0.50	
02/02/2015	MTO Review final order of the PSC, in which it found that the utility did not willfully violate the PSC order.	0.30	
	MTO Communicate (with client) - send/review emails to client regarding PSC final order.	0.40	
	For Current Services Rendered	1.20	270.00

Recapitulation

<u>Timekeeper</u>	<u>Hours</u>	<u>Hourly Rate</u>	<u>Total</u>
M. Todd Osterloh	1.20	\$225.00	\$270.00

Costs

12/04/2014	17 Document Reproduction	3.40
02/11/2015	76 Document Reproduction	15.20
02/11/2015	4 Document Reproduction	0.80
	E101 (653) Document Reproduction	19.40
12/11/2014	Outside printing (1190.002) Kentucky State Treasurer - copy of DVD of 11/6/14 hearing transcript	11.87
	(529) Copies - Out of Office	11.87
	Total Costs Thru 02/28/2015	31.27
	Total Current Work	301.27
	Previous Balance	\$9,566.62
12/18/2014	Thank you for your payment.	-3,802.50
01/05/2015	Thank you for your payment.	-5,764.12
	Total Payments	-9,566.62
	Balance Due	<u>\$301.27</u>

OK
DU

Utilities, Inc.

Page. 2

03/05/2015

Account No. 64592-0006M

Invoice No. 89764

Show Cause Case

To ensure proper credit to your account
Please write Account 64592.0006 on your check
Please remit amount due by 04/04/2015
Thank you

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

18. Refer to the Application, Exhibit 4, Workpaper r.
- a. State the reason that WSKY pays Clinton a check-collection fee.
 - b. Explain why the rate increased from \$1 per check to \$2 per check.
 - c. State the amount of the current check-collection fee paid by WSKY.

Response:

- a. The reason that WSKY pays Clinton a check-collection fee is because customers include an additional \$2 for remittance of check payments, which should be reimbursed to the City of Clinton.
- b. The Mayor of the City of Clinton, Mayor Phyllis Campbell, has informed WSKY that the check collection fee has gone up from \$1 to \$2, effective June 1, 2015, therefore WSKY must reimburse the City of Clinton \$2 for check collection.
- c. Effective June 1, 2015, WSKY pays the City of Clinton a check-collection fee of \$2 per check.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

19. Refer to the Application, Exhibit 4, Workpaper m. For each item removed from test-year operations, provide the following:

- a. A detailed description;
- b. An explanation for its removal from the test year; and
- c. An explanation for why it was reported by WSKY.

Response:

- a. All allocated business expense reports costs from the WSC cost center were removed. These costs are categorized in the following general ledger accounts and total \$1,525:

Account Description
HEALTH INS CLAIMS
OTHER EMP BENEFITS
LICENSE FEES
MEMBERSHIPS
TRAINING EXPENSE
OTHER MISC EXPENSE
CLEANING SUPPLIES
HOLIDAY
EVENTS/PICNICS
OFFICE SUPPLY STORES
SHIPPING CHARGES
OTHER OFFICE EXPENSES
OFFICE TELECOM
OFFICE MAINTENANCE
TRAVEL LODGING
TRAVEL AIRFARE
TRAVEL
TRANSPORTATION
TRAVEL MEALS
TRAVEL ENTERTAINMENT

CASE No. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

TRAVEL OTHER
FUEL
AUTO LICENSES

Certain allocated business expense reports costs from other cost centers were removed. These costs are categorized in the following general ledger accounts and total \$2,246:

Account Description
LICENSE FEES
HOLIDAY
EVENTS/PICNICS
OTHER OFFICE EXPENSES
OFFICE TELECOM
TRAVEL AIRFARE
TRAVEL
TRANSPORTATION
TRAVEL MEALS
TRAVEL OTHER

- b. In Case No. 2008-00563 the Commission discussed allocated expenses, with some discussion focused on costs originating from business expense reports, so in Case No. 2014-00065 based on the discuss in Case No. 2008-00563 WSCK eliminated those types of expense, which were ultimately not included for ratemaking purposed and not included in the Commission's final order or customer's rates. In Case 2015-00382 WSCK eliminated similar types of expenses in order to reduce contested issue and reduce rate case expense.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

WSCK believes that these types of cost are reasonable, but WSCK has not included these costs for ratemaking purposes.

- c. WSC's costs are allocated to WSCK on a monthly basis and these costs include business expense reports.

Witness: Steve Lubertozi

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

20. Refer to the Application, Exhibit 4, Schedule B, Page 1 of 2. Pension and Other Benefits for test-year and pro forma operations are stated at \$158,342 and \$204,117. Provide a list of employees who have benefits included in these amounts and state the amount of each benefit included the amounts for each employee.

Response:

Please refer to the tab labeled "*Wp-b Salary*" in the file that was provided in response to "Staff DR 1.3" labeled "*Staff DR 1.3 – wp b Salary*". Located in Column I, lines 37-41 on this tab is a summary of the pro forma benefits by employee group that produces the stated pro forma amount of \$204,117. A listing of Operations employees who have benefits included in this amount are listed on the tab "*Wp-b Salary*". A listing of Customer Service Personnel who have benefits included in this amount are listed on the tab "*wp-b4 office salaries*".

For a listing of WSC and Regional Management employees who have benefits included in this amount, please refer to the file labeled "*Staff DR 2.20 – WSC and Regional Management Benefits*".

WSKY objects to itemizing individual employees' benefits on the grounds that such disclosure would violate the Health Insurance Portability and Accountability Act privacy protections and other federal and state laws. WSKY, through WSC, has a self-funded health insurance plan with a third-party administrator. Its employees' health benefits are paid, in part,

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

by WSC, and each individual employees' total benefit is impacted by various factors related to the employees' medical treatment. By disclosing an individual employees' itemized benefits for retirement, medical, or others, WSKY would violate privacy laws.

Witness: Brian Halloran

Staff DR 2.20

*WSC and Regional
Management Benefits*

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

21. Refer to the Application, Exhibit 4, Schedule B, Page 1 of 2, Line 35. Provide the calculation of test-year depreciation expense in the amount of \$335,723.

Response: Please refer to the attached file labeled "*Staff DR 2.21 – Depreciation Schedule*" for the Company's response.

Witness: Brian Halloran

Staff DR 2.21

Depreciation Schedule

(See attached Excel file)

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

22. Refer to the Application, Exhibit 4, Workpapers f, o, and p; the Halloran Testimony, page 12; and the Application, Exhibit 12. On Page 12, Mr. Halloran states that the "depreciation rates proposed by the Company are consistent with the National Association of Regulatory Utility Commissioners ("NARUC") Study." The requested rates are listed on Exhibit 12.

a. Confirm that WSKY has historically applied a 2 percent composite depreciation rate to each of its utility plant account group's original cost to accrue depreciation for accounting and ratemaking purposes.

b. State whether WSKY has ever requested that the Commission allow it to adjust the 2 percent composite depreciation rate.

c. Explain why WSKY requests to adjust the 2 percent composite depreciation rate in this proceeding.

d. Provide all analyses and studies that demonstrate that the reserve for depreciation that has accumulated using the 2 percent composite depreciation rate is insufficient and that an adjustment to this rate is, therefore, appropriate.

e. Confirm that none of the depreciation rates proposed by WSKY contain a component of salvage value or cost of removal and that each rate can be converted to a useful service life stated in years by dividing each rate into the number 1. For example, the 1.60 percent rate requested for Account 1125, Trans. & distr. Mains, can be converted to a 62.5 (1 I 1.60), year useful life.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

f. If none of the depreciation rates requested by WSKY contain a component of salvage value or cost of removal, explain how the depreciation rates requested for the accounts listed below are consistent with the NARUC Study.

Account ID	Account Description	WSKY Requested Rate	Converted to Years
1095	Power Generation Equipment	10.0%	10
1150	Backflow Prevention Device	10.0%	10
1555	Transportation Equipment	25.0%	4
1580	Mainframe Computer	25.0%	4
1585	Mini Computers	20.0%	5
1590	Computer System Cost	12.5%	8
1595	Mirco System Cost	33.0%	3

Response:

- a. The Company has historically used the 2% composite depreciation rate for ratemaking purposes. However, some individual assets may use a different rate for accounting. Please refer to the attached depreciation schedule provided in response to Staff DR 2.21 for a listing of assets with a life that differs from the 2% rate.
- b. Yes, please see the response to Staff DR 2.22.c below.
- c. WSCK believed that it should base its depreciation rates off of the NARUC Study, where applicable, based on prior Commission precedent. In Case No. 2013-00237, Commission Staff issued Information requests suggesting that the appropriate depreciation rates to be used by WSCK

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

were those found in the NARUC study. The Commission has previously required or found reasonable the use of the depreciation rates in that NARUC Study. See, e.g., Black Mountain Util. Dist., Case No. 2015-00088 (Nov. 9, 2015); Symposonia Water Dist., Case No. 2012-00517 (Ky. PSC Sept. 3, 2013); Southern Water and Sewer Dist., Case No. 2012-00309 (Ky. PSC July 12, 2013).

In Graves County Water District, Case No. 2012-00278 at 3 (Ky. PSC Sept. 5, 2012), the Commission adopted the portion of the Commission Staff report that supported using the NARUC Study to assign certain assets depreciable lives. The Commission Staff stated:

Change to Depreciable Lives. Generally, the Commission requires a "large" utility to perform a depreciation study to determine the appropriate depreciable lives to be assigned to each plant account group. Detailed property records specific to historic plant additions, plant retirements, and salvage practices are required to complete a depreciation study. Generally, "small" water utilities, such as Graves District, do not maintain property records with enough detail to properly complete a formal study. Even if adequate records were maintained, "small" utilities do not have the financial resources to fund a formal study. Therefore, to evaluate the reasonableness of the depreciation practices of small utilities, the Commission has historically relied upon the report published in 1979 by NARUC entitled Depreciation Practices for Small Water Utilities ("NARUC Study").

Graves District referred to the NARUC study to determine the appropriate depreciable whole-life to be assigned to each asset group except for the AMI project. Graves District selected lives for each group that are at, or near, the mid-point of the recommended

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

ranges. The middle of the ranges is representative of the depreciation practices of an "average" small water utility. Graves District requested that the Commission approve the lives selected using the NARUC study.

The NARUC study is not applicable to the AMI components. The NARUC study was prepared long before this infrastructure was designed and developed. Relying on information obtain from the manufacturer of the AMI components, Graves District requested that a 20-year depreciable life be assigned to these assets.

Staff agrees with the lives assigned by Graves District and has made the necessary adjustment to test-year expenses to account for these lives.

Commission Staff Report, Graves County Water District, Case No. 2012-00278 at 3 (Ky. PSC Aug. 8, 2012).

- d. Please see the response to Staff DR 2.22.c above.
- e. Confirmed. None of the depreciation rates proposed by WSKY contain a component of salvage value or cost of removal.
- f. The accounts listed below were not included in the NARUC Study, so the Company applied an internal rate used for each account. Please note that the depreciation proposed for "1555 – Transportation Equipment" is 20%, or 5 years.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

23. Refer to the Application, Exhibit 4, Workpaper f and to the Halloran Testimony, page 13.

a. Column D of Workpaper f is labeled as the "06/30/2015 Pro Forma Amount." Confirm that the date shown in Column D's label, 06/30/2015, is inaccurate and that it should have been labeled as 12/31/2015 to coincide with the Halloran Testimony.

b. Provide and discuss the calculation of each pro forma amount listed in Workpaper f, Column D.

c. In his testimony, Mr. Halloran states that WSKY is "proposing to update ... rate base to December 31, 2015," which is six months beyond the end of the test year.

1) Provide a citation to the statute or regulation that authorizes WSKY to adjust rate base for changes that occur beyond the end of the historic test year proposed in this proceeding.

2) State whether WSKY is aware that the Commission has denied adjustments to historic test-year operations to account for post-test-year capital additions, finding that these adjustments violate the "matching principle" long recognized by the Commission.

Response:

a. Column D in Workpaper f is representative of incremental plant additions from 7/1/15 through 12/31/15 and should be labeled as "Pro Forma additions through 12/31/2015". However, the total for "Computers, net of Project Phoenix" is strictly the total gross amount of Computers, net of Project Phoenix at

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

6/30/2015 and does not include any additions from 7/1/15 through 12/31/15.

- b. Please refer to the workpaper provided in response to Staff DR 1.3, labeled "*Staff DR 1.3 – wp c Plant in Service*", tab, "GL Capital" cells L6:R6 is the source of the \$172,624 plant additions shown in Column D Workpaper f. The Gross Plant in Service amount of \$172,624 is comprised of July through August 2015 actual general ledger capital additions and the September through December 2015 amounts are forecasted amounts based on historical trends and spending.

The Pro Forma Vehicle amount of \$141,851 includes amounts from workpaper-p-Vehicles and is representative of known and measurable vehicle additions through 12/31/2015. However, the proposed change to the Company's Gross plant balance for vehicles is net of retirements and is \$50,989, which is also shown on workpaper-p-Vehicles.

The balance \$224,000 for "Computers net of Project Phoenix" is found in workpaper-o-Computers and represents the Company's Gross plant balance for computers, net of Project Phoenix at 6/30/2015.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

The adjustment to Advances in Aid of Construction in the amount of \$37,443 is a proposed adjustment to the Company's Gross balance, as it was discovered the source entry for this balance was net of Accumulated Amortization. Please refer to workpaper-q-AIAC.

- c. 1) Mr. Halloran's testimony would be more accurate if the individual components of rate base were defined in the statement in question, as not all rate base components are updated for known and measurable changes. The known and measurable changes to rate base are related to GL Plant additions and Transportation additions; both of which are known and measurable.

GL Plant additions in the amount of \$172,624 are based on capital spending through the end of 12/31/15, which is only one month after the Company's filing date. The Company had recognized \$160,580 in additional plant spending from 7/1/2015-11/30/2015 and considers this a known and measurable adjustment. The Company has also accrued a depreciation reserve for these additions and has reflected the appropriate amount of depreciation expense on Schedule B, the Company does not believe there are any other costs which it has not taken into consideration which would be impacted as a result of these plant additions.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Transportation additions in the amount of \$116,000 are based on vehicle spending through the end of 12/31/15, which is only one month after the Company's filing date. The Company had recognized \$114,286 in additional vehicle spending from 7/1/2015-11/30/2015 and considers this a known and measurable adjustment. The Company has also accrued a depreciation reserve for these additions and has reflected the appropriate amount of depreciation expense on Schedule B, the Company does not believe there are any other costs which it has not taken into consideration which would be impacted as a result of these plant additions.

2) At the time of filing, the Company was not aware the Commission has denied adjustments to historic test year operations on the basis that the Commission believes it would be in violation of the "matching principle". Please be advised, since the aforementioned investments in plant have already been recognized and corresponding expenses appropriately updated, the Company does not believe it is in violation of the Commission's interpretation of the "matching principle". The Company has proposed other known and measurable changes outside of rate base in this

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

proceeding, including, but not limited to, reductions in chemical expense for estimated future savings.

Considering the investments to plant were made by the Company prior to filing and considering the associated expenses were updated in its filing, the Company believes it should recover these known and measurable changes. The Company also believes that, due to the large cost, filing another rate case to recoup investments which have already been recognized is not in the best interest of its customers.

The Company would also like to note, that in its July 09, 2015 meeting with the Commission Staff and Attorney General's office, it was suggested by both the Commission Staff and the Attorney General Representative that the Company not file this rate case utilizing a future test year as the Company would not be able to comply with the excessive amount of regulatory requirements and data requests from the Commission Staff and Attorney General. The Company believes it has proposed an alternative, which is to include known and measurable plant adjustments with matching expenses, in an effort to avoid filing another rate case in the near-term.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

24. Refer to the Application, Exhibit 4, Workpaper p.
- a. Identify each vehicle that is listed on Line Nos. 1-3, Line Nos. 5- 16; and Line 21 that is currently in service.
 - b. For each vehicle that is still in service state: the names of its primary driver(s); how the vehicle is used to carry out WSKY's daily operations; and the miles driven during the test year (state the approximate mileage if the actual mileage is unknown).
 - c. Depreciation expense accrued during the test year resulted in full depreciation of each vehicle listed on Line Nos. 9-11 as of December 31, 2015. Explain why WSKY did not propose to remove depreciation accrued on these vehicles from test-year operations.
 - d. For each vehicle listed on Line Nos. 17- 20.
 - 1) State its actual, or anticipated, in service date.
 - 2) State why it is needed and how it will be used in WSKY's daily operations.

Response:

- a. See the attached labeled "*Staff DR 2.24 – Vehicles*" for the Company's response.
- b. See the attached labeled "*Staff DR 2.24 – Vehicles*" for the Company's response.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

c. To remain consistent and update test year depreciation expense for vehicles, the Company used annualized depreciation for all vehicles that had any net book value as of 6/30/2015. Since the vehicles listed on Line Nos. 9-11 will continue to be in service, are not being replaced by the vehicles listed on Line Nos. 17-20 and have a book value as of June 30, 2015, the Company has accrued depreciation expense. The Company began recovering its investment in these vehicles via Case No. 2013-00237, if the Company was no longer allowed recovery of these vehicles at the conclusion of this case, the Company would only recover roughly two-fifths of its investment.

d. 1) See the table below for the vehicles listed on Line Nos. 17-20.

Line No.	Description	In Service Date
17	KY-1 Vehicle Replacement	11/9/2015
18	KY-2 Vehicle Replacement	11/18/2015
19	KY-3 Vehicle Replacement	11/18/2015
20	KY-4 Vehicle Replacement	12/9/2015

2) These vehicle additions are needed because they're replacing vehicles that were beyond their useful life. These vehicles will be used exclusively by Kentucky employees during field maintenance, leak repairs, service installations, flushing, investigating service complaints, monitoring facilities, system

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

inspections, responding to after-hours emergency calls, collecting distribution samples, performing water tests, coordination of work with contractors, responding to field activities, and reading water meters.

Witnesses: Bruce Haas, Brian Halloran

Staff DR 2.24

Vehicles

Response to Staff DR 2.24a and 2.24b

Line No.	Asset Number	Asset Description	Vin Number	Vehicle Number	Driver Name	Miles Driven in Test Year	Comment
1	102590	03 CHEV C15	1GCEC14X93Z48581	0332	Colby Wilson	5,414	Used for everyday operation functions in the field
2	102637	03 FORD F150 PICKUP	1FDXF46F13EA82338	0383	John Turner / Ronnie Rushing	207	Used for hauling stone to storage facility and haul off spoilage from leak excavations
3	102697	04 CHEV KODIAK 7500	1GBK7C104F516803	0462	Mike Partin / Jacob Zumbrum	380	Used for hauling stone to storage facility and haul off spoilage from leak excavations
5	163067	08 CHV COLORADO 4X2	1GCCS19E988112238	0804	No longer in service	14,046	No longer in service
6	163068	08 CHV SILVERADO 15	2GCEK19C881114654	0817	Ronnie Rushing	7,947	Used for everyday operation functions in the field
7	1003733	BREDEMANN CHEVROLET	1GCCS39E888195575	0875	No longer in service	10,964	No longer in service
8	1003734	BREDEMANN CHEVROLET	1GCEK19C38Z281608	0873	Gary Mills	12,793	Used for everyday operation functions in the field
9	1005436	2011 CHEVROLET K1500 EXT CAB	1GCRKSE36BZ338419	1129	James Leonard	7,028	Travel from various WSKC facilities to oversee operational activities
10	1005444	2011 CHEVROLET SILVERADO	1GRKPE07BZ150480	1137	Jacob Zumbrum	13,870	Used for everyday operation functions in the field
11	1005689	2011 TOYOTA PRIUS	JTDKN3DU0B5359332	1165	Pool Vehicle	15,068	Used for distance traveling
12	1007046	CHEVY SILVERADO	1GCVPEH4EZ196941	1439	John Turner	5,768	Used for everyday operation functions in the field
13	1007051	CHEVY SILVERADO	1GCVKPEH9EZ197566	1444	Mike Partin	9,000	Used for everyday operation functions in the field
14	2003092	KUBOTA RTV 900 (4X4)	N/A	N/A	N/A	N/A	Used only at Middlesboro WTP; Use for travel from WTP to Pump Station
15	102829	06 TOYOTA HIGHLANDER HYBRID	N/A	N/A	N/A	N/A	WSC vehicle that is no longer allocated to KY
16	102758	06 CHEV C15 4X4	1GCEK14T16Z124065	0616	Stephen Vaughn	6,573	Used for everyday operation functions in the field
21	1007004	2014 CHEVY EQUINOX - HAAS VEHICLE	2GNFLFEK6E6150134	1436	Bruce Haas	55,030	Travel from various WSKC facilities, as well as other Midwest Region facilities, to oversee operation activities

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

25. Refer to the Application, Exhibit 4, Workpaper o. Six separate computer accounts are listed. For each account, provide the following:

- a. A description of all computer hardware and software included in the account;
- b. The location of the computer hardware identified in response to 25.a;
- c. A description of the functions performed by the computer hardware and software identified in response to 25.a; and
- d. A description of how the computer hardware and software identified in response to 25.a. benefits WSKY's customers.

Response: Below is a listing of the six separate computer accounts that are listed on Workpaper o. Items A through D are answered per account.

1) 102.1580 – Mainframe Computers

- a. This account includes all costs related to the “Mainframe Computers” that are used primarily for bulk data processing, hosting the internal document server, and other similar functions for WSC and its affiliates.
- b. Northbrook, IL
- c. See the response to 25.1.a
- d. The computer hardware and software identified in response 25.a benefits WSKY's customers because office, operational, and customer service personnel are able to operate and perform at a more efficient and

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

effective rate in order to provide safe and reliable water service for customers.

2) 102.1585 – Mini Computers

a. This account is used to record purchases of computer hardware used by WSC employees. Some computer hardware items include, but are not limited to, laptops, monitors, keyboards, and docking stations. Prior to 2008, all computer hardware was booked to the various states where it was used. After 2008, any purchase of computer hardware for use by WSC employees was recorded in this account.

b. The location of the computer hardware varies. Every WSC employee is assigned various equipment upon employment based on their job descriptions. Operators and Field Technicians are assigned a Getac Rugged laptop, a wireless hotspot device (MiFi device), and a cellphone. Office employees are assigned a Lenovo laptop, docking station, monitor, and wireless keyboard and mouse.

c. See response to 25.2.a.

d. The computer hardware and software identified in response 25.a benefits WSKY's customers because office, operational, and customer service personnel are able to operate and perform at a more efficient and effective rate in order to provide safe and reliable water service for customers.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

3) 860.1585 – Mini Computers

a. Prior to 2008, all computer hardware that was purchased for use by WSKY employees were booked to this account. After 2008, any purchase of computer hardware for use by WSKY employees was recorded to the WSC Mini Computers account, as mentioned in number 2 above. This state account has been inactive since 2008 and there is no net book value as of 6/30/15.

b. Middlesboro and Clinton, KY

c. See response to 25.3.a

d. The computer hardware and software identified in response 25.a benefits WSKY's customers because office, operational, and customer service personnel are able to operate and perform at a more efficient and effective rate in order to provide safe and reliable water service for customers.

4) 102.1590 – Computer System Costs

a. This account is used to record the purchase of any computer systems that are used by WSC or affiliates for its day-to-day operations. Some of the computer systems used by WSC or affiliates include, but are not limited to, Microsoft Office applications, Oracle databases, and ShoreTel communications.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

b. All of the computer systems that are in this account are accessible through the employee's laptop.

c. See response to 25.4.a

d. The computer hardware and software identified in response 25.a benefits WSKY's customers because office, operational, and customer service personnel are able to operate and perform at a more efficient and effective rate in order to provide safe and reliable water service for customers.

5) 102.1595 – Micro Systems Costs

a. This account is no longer used by the Company and there is no book value in the account.

b. See response to 25.5.a

c. See response to 25.5.a

d. The computer hardware and software identified in response 25.a benefits WSKY's customers because office, operational, and customer service personnel are able to operate and perform at a more efficient and effective rate in order to provide safe and reliable water service for customers.

6) 860.1595 – Micro Systems Costs

a. This account is no longer used by the Company and there is no book value in the account.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

b. See response to 25.6.a.

c. See response to 25.6.a.

d. The computer hardware and software identified in response 25.a benefits WSKY's customers because office, operational, and customer service personnel are able to operate and perform at a more efficient and effective rate in order to provide safe and reliable water service for customers.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

26. Refer to the Application, Exhibit 4, Workpaper e. Provide copies of the tax assessment statements that support the test-year expense for Utility/Commission Tax, Real Estate Tax, Personal Property Tax, and Property/Other General Tax in the amounts of \$7,990, \$56,190, \$15,051, and \$5,505, respectively.

Response: Please refer to the attached file labeled "*Staff DR 2.26 – Tax Assessment Statements*" for the Company's response.

Witness: Brian Halloran

Staff DR 2.26

*Tax Assessment
Statements*

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
FRANKFORT, KY 40619

NOTICE DATE 08/21/2014	PERIOD 01/01/2014-12/31/2014	CASE 611421099035	TAX PUBLIC SERVICE COMPANY
NOTICE # 107381299	RETURN VAL# 000006000	TAXPAYER-ID 611421099	TAXPAYER NAME WATER SERVICE CORP OF KENTUCKY

FOR QUESTIONS REGARDING THIS NOTICE, PLEASE CONTACT:

ROBERT 3569
DEPARTMENT OF REVENUE
STATION NUMBER 32
501 HIGH STREET
FRANKFORT KY 40601

TEL: (502) 564-8175
FAX: (502) 564-8192
OFFICE HOURS: 8:00 A.M. TO 5:00 P.M. EASTERN TIME

EXPLANATION OF NOTICE

THE PUBLIC SERVICE COMPANY RETURN WAS RECEIVED AND THE PROPERTY TAX DUE HAS BEEN CALCULATED. LOCAL PROPERTY TAXES WILL BE BILLED SEPARATELY BY LOCAL JURISDICTIONS. KRS 136.180(2)

Batch _____		TAX LIABILITY 14,720.13
TAX LIABILITY	Doc <u>624585</u>	TOTAL LIABILITY 14,720.13
TOTAL LIABILITY		BALANCE DUE 14,720.13
TOTAL DUE:	TOTAL AMOUNT OF TAX 14,720.13	TOT 14,720.13

<<<< EXPLANATION OF NOTICE CONTINUED ON NEXT PAGE >>>>

3008953

345109.7555

J. Sanders 8/24/14

DETACH VOUCHER AND RETURN WITH PAYMENT. MAKE CHECK PAYABLE TO KENTUCKY STATE TREASURER.

NOTICE OF TAX DUE

00001472013

VALIDATING NUMBER

CASE NUMBER

000006000

611421099035

#BWNCSLW
#148KK 3229 685862 8#

* TOTAL DUE AS OF: *
* 10/05/2014 *

\$14,720.13

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

ENTER AMOUNT PAID:



10A5009911

KENTUCKY DEPARTMENT OF REVENUE
FRANKFORT, KY 40619

99999 611421099 7 035 107381299 0 00001472013 20141231 9

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 10/05/2014, 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 10/05/2014 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: 08/21/2014 TAX YEAR: 2014 (For Year Ending December 31, 2013)

PROPERTY CLASS	TAX RATE Per \$100	ASSESSED VALUE	STATE TAX DUE
Subject to State and Local Tax			
Real Estate	0.122	\$3,544,388.00	\$4,324.15
**Tangible Personal Property	0.45	\$2,250,194.00	\$10,125.87
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	\$180,072.00	\$270.11
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		\$5,974,654.00	\$14,720.13

** Excludes Motor Vehicles \$206,847.00

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.

SYSTEM WIDE PROPERTY

**COMPANY
 BOOK VALUES**

Operating Hard Assets In Service

Operated Plant in Service	3,598,760
Asset Retirement Obligations	0
Other	0
Property Under Capital Lease	0
Water/Sewer Plant Purchased or Sold	0
Water/Sewer Plant Leased to Others	0
Property Held for Future Use	0
Completed Construction Not Classified	0
CWIP Real	0
CWIP Personal	0
CWIP Manf. Mach.	0
Plant Acquisition Adjustment	0
Other Water/Sewer Plant Adjustment	0
Pipeline-Transmission/Distribution	3,935,137
Furniture & Fixtures/ Computers	223,557
PP Equipment	55,175
Meters/ Regulators	1,278,769
NonUtility Property	0
Temporary Facilities	0
Contribution in Aid of Construction	0
AFUDC	0
Other: Operating Property Not on Books	0
IRB Proptry (real/tangible: taxable & nontaxable portions)	0
Other Misc. Assets, NET	1,020,421
Computer Software	0
Operating Leased Property-Real @ Mkt.	0
Operating Leased Property-Tangible @ Mkt.	0
Operating Leased Property-Motor Vehicle @ Mkt.	0
Operating Leased Property-Railroad Cars @ Mkt.	0

Total Company Operating Hard Assets - GROSS **\$ 10,111,819**

LESS: Accumulated Depreciation & Amortization	
Accumulated Depreciation & Amort.	4,267,987
Misc. Physical Property Amortization	0
IRB Proptry (real/tangible: taxable & nontaxable portions), Acc. Dep.	0

Total Depreciation **\$ 4,267,987**

Total Company Operating Hard Assets - NET **\$ 5,843,832**

Operating Intangible Assets In Service

Cash Working Capital (see calculation page)	0
(301) Organization	164,394
(302) Franchises and Consents	0
Derivative Instrument Assets NET	0
Allowance Inventory NET	0
Permits, Contracts, Copyrights, Licenses, Trademarks, Patents	0
Customer Base, Intellectual Property, other intangible assets	662,992
Goodwill	0

Total Company Operating Intangible Assets - GROSS **\$ 827,386**

Less: Accumulated Depreciation & Amortization	
Organizational Cost Amortization	8,327
Goodwill Amortization	0
Other Intangible Amortization	481,390

Total Depreciation **\$ 489,717**

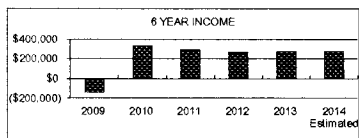
Total Company Operating Intangible Assets - NET **\$ 337,669**

VALUE AS INDICATED BY COST APPROACH **\$ 6,181,501**

2014 Estimated Pretax Operating Income	275,000
Effective Tax rate	<u>40.00%</u>
Estimated Net Operating Income	165,000
Plus: Depreciation and Amortization Expense	286,790
Plus: Op Lease Rentals After Income Tax	<u>0</u>
Operating Cash Flow from Operations after Taxes	461,790
Capitalization Rate	<u>8.98%</u>
Capitalized Value	5,142,428

UNIT VALUE AS INDICATED BY INCOME APPROACH 5,142,428

NORMALIZED PRETAX INCOME: (EBIT)	AMOUNT	% CHANGE
2009	(\$138,156)	
2010	\$330,928	339.53%
2011	\$294,946	-10.87%
2012	\$266,947	-9.49%
2013	\$272,735	2.17%
2014 Estimated	\$ 275,000	0.83% <i>Projected</i>



Estimated Pretax Earnings 275,000

NORMALIZED NOI AFTER INCOME ADJUSTMENTS

5 YEARS EARNINGS RECORD YEAR ENDING DECEMBER 31,	REPORTED NOI BEFORE TAX	PLUS ONE-TIME CHARGES BEFORE TAX	PLUS/MINUS MISC OPER INC BEFORE TAX	NORMALIZED PRETAX NOI	% INC(DEC)
2008 Net Operating Income, before taxes & interest:	(450,398)	0	0	(450,398)	
2009 Net Operating Income, before taxes & interest:	(138,156)	0	0	(138,156)	69.3300%
2010 Net Operating Income, before taxes & interest:	330,928	0	0	330,928	339.5300%
2011 Net Operating Income, before taxes & interest:	294,946	0	0	294,946	-10.8700%
2012 Net Operating Income, before taxes & interest:	266,947	0	0	266,947	-9.4900%
2013 Net Operating Income, before taxes & interest:	272,735	0	0	272,735	2.1700%
3 Year Average	<u>278,209</u>	<u>0</u>	<u>0</u>	<u>278,209</u>	<u>-6.0633%</u>
5 Year Average	<u>205,480</u>	<u>0</u>	<u>0</u>	<u>205,480</u>	<u>78.1340%</u>

CAPITALIZATION RATE

	AMT Outstdg	Capital Structure %	COST / Rate	COMPOSITE Weighted Cost
Long Term Debt	0	0.00%	2.85%	0.00%
Short-Term Debt	0	0.00%	2.85%	0.00%
Preferred Stock Equity	0	0.00%	0.00%	0.00%
Common Stock Equity	4,653,283	100.00%	8.98%	8.98%
Deferred Taxes	0	0.00%	0.00%	0.00%
TOTAL CAPITALIZATION	4,653,283	100.00%		8.98%
				8.98%

EMBEDDED COST OF LONG TERM DEBT		INT RATE	ANNUAL INT	EMBEDDED RATE OF INT
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
0	0	0.00%	0	0.00%
Totals	0		0	

Debt Rate before Income Taxes 0.00%
 Effective Tax Rate: 40.00%
 Debt Rate after Income Taxes 0.00%

EMBEDDED COST OF SHORT TERM DEBT		INT RATE	ANNUAL INT	EMBEDDED RATE OF INT
0	0	0.0000%	0	0.00%
0	0	0.0000%	0	0.00%
0	0	0.0000%	0	0.00%
0	0	0.0000%	0	0.00%
0	0	0.0000%	0	0.00%
0	0	0.0000%	0	0.00%
0	0	0.0000%	0	0.00%
0	0	0.0000%	0	0.00%
0	0	0.0000%	0	0.00%
Totals	0		0	

Debt Rate before Income Taxes 0.00%
 Effective Tax Rate: 40.00%
 Debt Rate after Income Taxes 0.00%

MARKET COST OF DEBT	
Prime Rate (Prime Rate from the "Federal Reserve Board")+1.5%	4.75%
Effective Tax Rate:	40.00%
Debt Rate after Income Taxes	2.85%

EMBEDDED COST OF PREFERRED STOCK		EMBEDDED RATE
AMT OUTSTDG	RATE	EMBEDDED RATE
0	0.00%	0 0.00%
0	0.00%	0 0.00%
0	0.00%	0 0.00%
0	0.00%	0 0.00%
0	0.00%	0 0.00%
0	0.00%	0 0.00%
0		0 0.00%

COMMON STOCK EQUITY	
Common Stock:	1,000
Premium on Capital Stock:	0
Other Pd-in Capital:	5,067,438
Capital Stock Expense:	0
Retained Earnings:	(415,155)
TOTAL	4,653,283

61A255 (1-06)
 Commonwealth of Kentucky
 DEPARTMENT OF REVENUE

PUBLIC SERVICE COMPANY
 PROPERTY TAX STATEMENT
 For County, School or Special Taxes
 Assessment for Year 2014 Taxes

BILL NO: 94
 GNC NO: 006000
 DATE 10/27/2014
 TYPE: W

Return Tax Payment to Sheriff
 BRUCE BENNETT
 BELL COUNTY
 PO BOX 448
 PINEVILLE KY 40977
 County Clerk ROB LINCKS
 Telephone 606-337-6143

Taxpayer Name: WATER SERVICE CORP OF KENTUCKY
 ATTN:
 Address: 2335 SANDERS RD
 NORTHBROOK IL 60062 6108

Name of District County/School/Spcls	Assessed Value Real Estate	Real Estate Rate Per \$100 Value	Multi- plier	Tax Due Real Estate	Assessed Value Tangible	Tangible Rate Per \$100 Value	Multi- plier	Tax Due Tangible	Total Real and Tangible Tax Due
REAL ESTATE CNTY	3,083,618.00	0.1130		3,484.49		0.1490			3,484.49
REAL ESTATE HLTH	3,083,618.00	0.0550		1,695.99		0.0550			1,695.99
REAL ESTATE LIB	3,083,618.00	0.0860		2,651.91		0.0102			2,651.91
REAL ESTATE SWAS	3,083,618.00	0.0340		1,048.43					1,048.43
COUNTY SCHOOL SCHL	1,634,318.00	0.5640		9,217.55		0.5640			9,217.55
SCHOOL MIDDLES SCH1	1,449,300.00	0.5080		7,362.44		0.5080			7,362.44
TANGIBLE CNTY		0.1130			1,890,163.00	0.1490		2,816.34	2,816.34
TANGIBLE HLTH		0.0550			1,890,163.00	0.0550		1,039.59	1,039.59
TANGIBLE LIB		0.0860			1,890,163.00	0.0102		192.61	192.61
COUNTY SCHOOL SCHL		0.5640			680,459.00	0.5640		3,837.79	3,837.79
SCHOOL MIDDLEB SCH1		0.5080			1,209,704.00	0.5080		6,145.30	6,145.30

Batch

Doc 643319

*ok to pay to
 James Andreyko
 11-4-14*

3008929

345102.7555

Signed 
 County Clerk

Total Due: 39,492.44

COMMONWEALTH OF KENTUCKY
 DEPARTMENT OF REVENUE
 OFFICE OF PROPERTY VALUATION
 PUBLIC SERVICE SECTION
 Station 32 4th FL, 601 HIGH STREET
 FRANKFORT, KY 40601-2103
 Phone (502) 564-8175 Fax (502) 564-8192

CERTIFICATION OF PROPERTY ASSESSMENT
 TAX YEAR 2014

13

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

GNC: 008000
 TYPE CO: W
 TAX TYPE: 035
 TAX ID:
 PRINT DATE: 10/17/2014

The Department of Revenue certifies this assessment to the County Clerk in accordance with KRS136.180. This assessment is subject to all tax levies as explained below.

Original Certification Date: 10/17/2014			
TAXING JURISDICTION	REAL ESTATE	TANGIBLE PERSONAL	TOTAL ASSESSMENT
BELL COUNTY			
GENERAL	3,083,618.00	1,890,183.00	4,973,781.00
SCHOOL			
BELL COUNTY GENERAL	1,634,318.00	680,459.00	2,314,777.00
MIDDLESBORO INDEPENDENT GENERAL	1,449,300.00	1,209,704.00	2,659,004.00
CITY			
MIDDLESBORO	1,449,300.00	1,209,704.00	2,659,004.00

CERTIFICATE OF DELINQUENCY

Taxpayer _____ Total State Tax _____ Total Taxes..... _____
 Name of Purchaser _____ R/Estate Asmt _____ 10% Penalty..... _____
 Street Address _____ Tax Year _____ Sheriff's Fee..... _____
 Post Office _____ Date of Sale _____ Advertising Costs..... _____
 City _____ State _____ Zip Code _____ Other Costs..... _____
Total of Tax Sale..... _____


Date _____ Sheriff _____

Resold to: Name _____
 Address _____
 Date _____
County Clerk Signature

Redeemed By: Name _____
 Address _____
 Total of Tax Sale..... _____

Name _____
 Address _____
 Date _____
County Clerk Signature

12% Int. from Date of Sale _____
 TOTAL..... _____
 Date _____
County Clerk Signature

Signed  _____
County Clerk

Payment Received By _____
Sheriff Signature

Date _____ 20____ By _____

Total Tax.....	\$ 39,492.44
Penalty (10% of total tax if not paid within 30 days).....	\$ _____
Fee (10% sheriff's add-on).....	\$ _____
Interest (the tax interest rate per KRS 131.183 per annum if not paid within 30 days).....	\$ _____
Total Tax, Penalty and Interest.....	\$ _____

PAYMENT INSTRUCTIONS

This statement for public service company property taxes is due and payable 30 days after notice (KRS 136.050(2)). No discount is allowed for early payment. If not paid within 30 days, a 10 percent penalty plus a 10 percent sheriff's add-on fee (KRS 134.430(3)) of total tax and interest at the tax interest rate per KRS 131.183 per annum applies. Make payment to sheriff of county named on statement.

NOTE: The multiplier applies to both real and tangible property for intrastate railroads, designated (RRI) on the certification, and to tangible property only for airlines (A, AF, AK) and interstate railroads (RR). The multiplier applies only to these type companies. Please refer to the certification for more information.



**PUBLIC SERVICE COMPANY
 PROPERTY TAX STATEMENT**

For County, School or Special Taxes
 Assessment for 2014 Taxes

Bill No. 11-7-2014
 GNC No. 006000 Type Co 035
 Date Nov. 7, 2014

Make Payment To: Mark Green, Sheriff
 Return Tax Payment To:
Hickman County Sheriff
110 E Clay St., Suite B
Clinton, KY 42031
 Telephone Number Jim Berry, Clerk 270-653-2131

Name _____
 Name Water Service Corp Of Kentucky
 Address 2335 Sanders road
 Address _____
 City, State, ZIP Code Northbrook, IL 60062-6108

Name of District County/School/Special	Assessed Value Real Estate	Real Estate Rate Per \$100 Value	Multi- plier See Re- verse	Tax Due Real Estate	Assessed Value Tangible	Tangible Rate Per \$100 Value	Multi- plier See Re- verse	Tax Due Tangible	Total Real and Tangible Tax Due
County	460,770	15.200		700.37	360,031	11.400		410.44	1,110.81
School	460,770	55.400		2,552.67	360,031	55.400		1,994.57	4,547.24
Health	460,770	3.200		147.45	360,031	3.200		115.21	262.66
DCEE	460,770	5.400		248.82	360,031	5.920		213.14	461.96
Conservation RE	460,770	1.300		59.90					59.90
Obion Creek Watershed		5.060							
Clinton Fire	460,770	10.000		460.77	360,031	10.000		360.03	820.80
Columbus Fire		10.000				10.000			
				Batch					
				Doc	645038				
								3008990	
								345103.7545	
Important : See Reverse									7,263.37

[Handwritten signatures and initials]

HOW TO RENEW YOUR MOTOR VEHICLE REGISTRATION

We are always happy to renew your vehicle registration on a walk-in basis. As a further convenience, you may desire to renew your registration and/or pay your vehicle personal property tax by mail. Send your current registration certificate, proof of insurance, and payment to your County Clerk's address listed on the front of this card. Add \$2.00 for postage and handling. We will return to you, by mail, your renewal plate and/or decal and a new registration certificate. You may be able to renew at mvl.ky.gov.

Batch _____
Doc 646185

RECEIVED
NOV 24 2014

If the registration has expired, we cannot renew it by mail. The following additional charges will be applied to all delinquent accounts: \$2.00 lien filing fee; 3% penalty first 30 days; 10% penalty after 30 days; 15% per annum interest (computed daily).

Kentucky Revised Statute 131.110 states in part that:
"(1) The assessment shall be due and payable if not protested in writing to the department within forty-five (45) days from the date of notice."

Kentucky Revised Statute 134.810 states in part that:
"(1) ...Ad valorem taxes shall be due and payable on or before the earlier of the last day of the month in which registration renewal is required by law for a motor vehicle renewed or the last day of the month in which a vehicle is transferred."
"(2) ...Ad valorem taxes due on motor vehicles shall become delinquent following the earlier of the end of the month in which registration renewal is required by law or the last day of the second calendar month following the month in which a vehicle was transferred."
"(4) When a motor vehicle has been transferred before registration renewal or before taxes due have been paid, the owner pursuant to KRS 186.010 (7)(a) and (c) on January 1 of any year shall be liable for the taxes on the motor vehicle..."
"(7) ...When any ad valorem tax on a motor vehicle becomes delinquent, the state and each county, city, urban-county government or other taxing district shall have a lien on all motor vehicles owned or acquired by the person who owned the motor vehicle at the time the tax liability arose..."

Form# 62A007

ROB LINCKS, BELL CO CLERK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration and Proof of Insurance with Payment to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

MOTOR VEHICLE TAX AND/OR REGISTRATION RENEWAL NOTICE

Assessed & Administered by Department of Revenue
Questions about your assessment should be directed to your local Property Valuation Administrator

COUNTY OF RESIDENCE: BELL		
VEHICLE VALUE AS OF Jan. 1, 2014:		\$28,436.00
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	127.96
COUNTY	0.1490	42.37
LIBRARY	0.0454	12.91
HEALTH	0.0550	15.64
MIDDLESBR IND	0.5600	158.24
C-MIDDLESBOR	0.2320	65.97
TAX DUE		\$424.09
REGISTRATION FEE		\$21.00
TOTAL DUE		\$445.09
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD		\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT & PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK OR MONEY ORDER ONLY.

08 632138	SILVADO	14	CHEV
PLATE	MODEL	YR	MAKE
1GCVKPEH9EZ197566 999			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 12-31-14
Registration fee presumes renewal through: 12-31-15

Notification date: 11-15-14

TO MAKE A VOLUNTARY DONATION TO CHILD CARE ASSISTANCE ACCOUNT, ADD \$ _____ TO TOTAL.
TO DONATE TO THE KY VETERANS TRUST FD, ADD \$ _____ TO TOTAL.

1283 P3
446003

WATER SERVICE CORP OF KY
102 WATERPLANT ROAD
MIDDLESBORO, KY 40965



1444

RECEIVED

NOV 24 2014

Batch _____

Doc 646214

JAMES BERRY, HICKMAN CO CLERK
110 E CLAY ST
CLINTON, KY 42031

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

Department of the Commonwealth of Kentucky
Department of Transportation, Bureau of Motor Vehicle Services
Kentucky Department of Transportation

COUNTY OF RESIDENCE: HICKMAN		\$28,436.00
VEHICLE VALUE AS OF Jan. 1, 2014:		
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	127.96
COUNTY	0.1140	32.42
CO SCHOOL	0.5470	155.54
HEALTH	0.0320	9.10
EXT SERVICE	0.0332	9.44
FD-CLINTON	0.1000	28.44
C-CLINTON	0.2640	75.07

TAX DUE	\$437.97
REGISTRATION FEE	\$21.00
TOTAL DUE	\$458.97
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD	\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

<u>08 513144</u>	<u>1500</u>	<u>14</u>	<u>CHEV</u>
PLATE	MODEL	YR	MAKE
<u>1GCVKPEH4EZ196941 999</u>			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 12-31-14
Registration fee presumes renewal through: 12-31-15

Notification date: 11-15-14

**TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$_____ TO TOTAL.
TO DONATE TO THE KY VETERANS
TRUST FD, ADD \$_____ TO TOTAL.**

WATER SERVICE CORP OF KY
100 E JACKSON ST
CLINTON, KY 42031-1419



T187 P2

304237

1439



RECEIVED

FEB 25 2015

Batch _____

Doc 666458

RECEIVED

FEB 25 2015

JAMES BERRY, HICKMAN CO CLERK
110 E CLAY ST
CLINTON, KY 42031

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

*Assessed & Mailed by: Department of Revenue
Questions about your assessment should be directed to
your local Property Valuation Administrator*

COUNTY OF RESIDENCE: HICKMAN		\$2,725.00
VEHICLE VALUE AS OF Jan. 1, 2015:		
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	12.26
COUNTY	0.1140	3.11
CO SCHOOL	0.5470	14.91
HEALTH	0.0320	0.87
EXT SERVICE	0.0332	0.90
FD-CLINTON	0.1000	2.73
C-CLINTON	0.2640	7.19

TAX DUE	\$41.97
REGISTRATION FEE	\$21.00
TOTAL DUE	\$62.97
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD	\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

08 138687	CC20903	00	CHEV
PLATE	MODEL	YR	MAKE
1GBGC24R2YF403629 999			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15

TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$____ TO TOTAL.
TO DONATE TO THE KY VETERANS
TRUST FD, ADD \$____ TO TOTAL.

WATER SERVICE CORP OF KY
PO BOX 178
CLINTON, KY 42031-0178



0069



T74 P4
94134

RECEIVED
FEB 25 2015

Batch _____
Doc 666459

JAMES BERRY, HICKMAN CO CLERK
110 E CLAY ST
CLINTON, KY 42031

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

Division of Motor Vehicle Registration
Department of Transportation
1000 Commonwealth Center
Frankfort, KY 40601

COUNTY OF RESIDENCE: HICKMAN		\$5,225.00
VEHICLE VALUE AS OF Jan. 1, 2015:		
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	23.51
COUNTY	0.1140	5.96
CO SCHOOL	0.5470	28.58
HEALTH	0.0320	1.67
EXT SERVICE	0.0332	1.73
FD-CLINTON	0.1000	5.23
C-CLINTON	0.2640	13.79

TAX DUE	\$80.47
REGISTRATION FEE	\$59.50
TOTAL DUE	\$139.97
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD	\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

<u>08 181196</u>	<u>F450</u>	<u>03</u>	<u>FORD</u>
PLATE	MODEL	YR	MAKE
<u>1FDXF46F13EA82338 999</u>			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: REGULAR REGIS.

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15

TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$____ TO TOTAL.
TO DONATE TO THE KY VETERANS
TRUST FD, ADD \$____ TO TOTAL.

WSCK
PO BOX 178
CLINTON, KY 42031-0178



0383



774 P4
93961

RECEIVED
FEB 25 2015

Batch _____

Doc 666460

JAMES BERRY, HICKMAN CO CLERK
110 E CLAY ST
CLINTON, KY 42031

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

As authorized by the Department of Revenue
and the Department of Transportation, this notice is
being provided to you by the County Clerk.

COUNTY OF RESIDENCE: HICKMAN		\$14,600.00
VEHICLE VALUE AS OF Jan. 1, 2015:		
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	65.70
COUNTY	0.1140	16.64
CO SCHOOL	0.5470	79.86
HEALTH	0.0320	4.67
EXT SERVICE	0.0332	4.85
FD-CLINTON	0.1000	14.60
C-CLINTON	0.2640	38.54

TAX DUE	\$224.86
REGISTRATION FEE	\$21.00
TOTAL DUE	\$245.86
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD	\$2.00

0817

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

<u>08 383814</u>	<u>CK10753</u>	<u>08</u>	<u>CHEV</u>
PLATE	MODEL	YR	MAKE
<u>2GCEK19C881114654 999</u>			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15

TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$____ TO TOTAL.
TO DONATE TO THE KY VETERANS
TRUST FD, ADD \$____ TO TOTAL.

WATER SERVICE CORPORATION
PO BOX 178
CLINTON, KY 42031-0178



775 P1
94648

RECEIVED

FEB 25 2015

Batch _____

Doc 666461

DEBBIE GAMBREL/BELL CO CLK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

*Assessed & Mailed by Department of Revenue
Questions about your assessment should be directed to
your local Property Valuation Administrator*

COUNTY OF RESIDENCE: BELL \$4,725.00
VEHICLE VALUE AS OF Jan. 1, 2015:

TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	21.26
COUNTY	0.1490	7.04
LIBRARY	0.0454	2.15
HEALTH	0.0550	2.60
MIDDLSBR IND	0.5600	26.46
C-MIDDLESBOR	0.2320	10.96

TAX DUE \$70.47
 REGISTRATION FEE \$21.00
TOTAL DUE \$91.47
 POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD \$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT & PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK OR MONEY ORDER ONLY.

08 138686	CK15753	00	CHEV
PLATE	MODEL	YR	MAKE
2GCEK19V6Y1263114 999			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15
TO MAKE A VOLUNTARY DONATION TO CHILD CARE ASSISTANCE ACCOUNT, ADD \$_____ TO TOTAL.
TO DONATE TO THE KY VETERANS TRUST FD, ADD \$_____ TO TOTAL.

WATER SERVICE CORP OF KY
P O BOX 818
MIDDLESBORO, KY 40965-0818



T186 P1
325057

0070

RECEIVED

FEB 25 2015

Batch _____

Doc 666462

DEBBIE GAMBREL/BELL CO CLK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

Assessed & Mailed by Department of Revenue
Questions about your assessment should be directed to
your local Property Valuation Administrator

COUNTY OF RESIDENCE: BELL \$4,500.00
VEHICLE VALUE AS OF Jan. 1, 2015:

TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	20.25
COUNTY	0.1490	6.71
LIBRARY	0.0454	2.04
HEALTH	0.0550	2.48
MIDDLSBR IND	0.5600	25.20
C-MIDDLESBOR	0.2320	10.44

TAX DUE \$67.12
 REGISTRATION FEE \$21.00
TOTAL DUE \$88.12
 POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD \$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT & PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK OR MONEY ORDER ONLY.

08 124630	CREWCAB	00	FORD
PLATE	MODEL	YR	MAKE
1FDWW32S2YEE36951 999			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15

TO MAKE A VOLUNTARY DONATION TO CHILD CARE ASSISTANCE ACCOUNT, ADD \$_____ TO TOTAL.
TO DONATE TO THE KY VETERANS TRUST FD, ADD \$_____ TO TOTAL.

WATER SERVICE CORP OF KY
P O BOX 818
MIDDLESBORO, KY 40965-0818



T186 P1
324462

0071

RECEIVED

FEB 25 2015

Batch _____

Doc 666463

DEBBIE GAMBREL/BELL CO CLK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

Prepared & Mailed by Department of Revenue
Questions about your assessment should be referred to the
County's Property Valuation Administrator

COUNTY OF RESIDENCE: BELL		\$4,275.00
VEHICLE VALUE AS OF Jan. 1, 2015:		
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	19.24
COUNTY	0.1490	6.37
LIBRARY	0.0454	1.94
HEALTH	0.0550	2.35
MIDDLSBR IND	0.5600	23.94
C-MIDDLESBOR	0.2320	9.92

TAX DUE	\$63.76
REGISTRATION FEE	\$21.00
TOTAL DUE	\$84.76
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD	\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

08 124633	CC15903	03	CHEV
PLATE	MODEL	YR	MAKE
1GCEC14X93Z248581 999			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15

**TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$_____ TO TOTAL
TO DONATE TO THE KY VETERANS
TRUST FD, ADD \$_____ TO TOTAL.**

WATER SERVICE CORP OF KENTUCKY
P O BOX 818
MIDDLESBORO, KY 40965-0818



T186 P1
324642

0332



RECEIVED

FEB 25 2015

Batch _____

Doc 666464

DEBBIE GAMBREL/BELL CO CLK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

Issued & Mailed by Department of Revenue
Questions about your assessment should be directed
to your local Property Valuation Administrator

COUNTY OF RESIDENCE: BELL		\$7,300.00
VEHICLE VALUE AS OF Jan. 1, 2015:		
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	32.85
COUNTY	0.1490	10.88
LIBRARY	0.0454	3.31
HEALTH	0.0550	4.02
MIDDLSBR IND	0.5600	40.88
C-MIDDLESBOR	0.2320	16.94

TAX DUE	\$108.88
REGISTRATION FEE	\$141.50
TOTAL DUE	\$250.38
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD	\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

<u>08 188176</u>	<u>CC7C042</u>	<u>04</u>	<u>CHEV</u>
PLATE	MODEL	YR	MAKE
<u>1GBK7C1C04F516803 999</u>			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15

TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$_____ TO TOTAL.
TO DONATE TO THE KY VETERANS
TRUST FD, ADD \$_____ TO TOTAL.

WATER SERVICE CORP OF KY
P O BOX 818
MIDDLESBORO, KY 40965-0818



0462

T186 P1

324612



RECEIVED

FEB 25 2015

DT052A1 MBCH0033 REGIS INQUIRY BY PLATE, TITLE, VIN, NAME, DECAL NEXT SCREEN
 CLERK KH PLATE 08 390793 TITLE 072410070032 VIN 1GCCS19E988112238 999
 OWNER-1 WATER SERVICE CORP OF KENTUCKY COUNTY BELL DECAL N031232
 TRANSITION TO-- TITLE INQ CHAIN OF OWNERSHIP
 OWNER-1 DL# OWNER-2 DL#
 REGISTRATION CO BELL CTL# 10103069 TITLE STATUS ACTIVE
 REG CODE 00 REGULAR REGIS REG STATUS ACTIVE
 REG ACTION TYPE R RENEWAL DECAL ONLY EXP DATE 03/31/15 REG DATE 02/26/14
 REG ACTION DATE 02/26/14 RMKS
 EXEMPT TYPE/CITY TITLE BRAND
 VEHICLE STATUS ON ACTIVE DB VEH TYPE T MAKE CHEV MODEL COLORAD
 MODEL# CYL 05 YR MODEL 08 STYLE PK COLOR WHI GROSS WT 010
 ODOMETER 10 MOTOR # NO OF LIENS 0
 FEES/TAXES-----REG---CLERK 6.00 STATE 15.00
 TITLE-CLERK .00 STATE .00
 USAGE-VALUE 18112.50 TAX 1086.75 U-TAX EXCP 90
 CURR NADA 11575.00 TAX 694.50 ADVAL TAX DUE 123.05
 ADDRESS 1221 E CUMBERLAND AV CITY MIDDLESBORO STATE KY ZIP 409650000
 OWNER-1 BIRTH MO 3 OWNER-1 SSN 611-42-1099
 OWNER-2 SSN
 LEASEE COUNTY OF RESIDENCE
 ADDRESS CITY STATE ZIP
 M190-PRESS PFKEY 8 FOR NEXT PAGE

DT052A1

0804

Taxes 123.05
 Reg 2100

 Total 144.05

Batch _____
 Doc 666465

RECEIVED

FEB 25 2015

DT052A1 MBCH0033 REGIS INQUIRY BY PLATE, TITLE, VIN, NAME, DECAL NEXT SCREEN
 CLERK KH PLATE 08 448697 TITLE 083220070020 VIN 1GCEK19C38Z281608 999
 OWNER-1 WATER SERVICE CORP OF KY COUNTY BELL DECAL N031230
 TRANSITION TO-- TITLE INQ CHAIN OF OWNERSHIP
 OWNER-1 DL# OWNER-2 DL#
 REGISTRATION CO BELL CTL# 10103067 TITLE STATUS ACTIVE
 REG CODE 00 REGULAR REGIS REG STATUS ACTIVE
 REG ACTION TYPE R RENEWAL DECAL ONLY EXP DATE 03/31/15 REG DATE 02/26/14
 REG ACTION DATE 02/26/14 RMKS
 EXEMPT TYPE/CITY TITLE BRAND
 VEHICLE STATUS ON ACTIVE DB VEH TYPE T MAKE CHEV MODEL SILVERA
 MODEL# EK19 CYL 08 YR MODEL 08 STYLE PK COLOR WHI GROSS WT 010
 ODOMETER 1026 MOTOR # NO OF LIENS 0
 FEES/TAXES----REG---CLERK 6.00 STATE 15.00
 TITLE-CLERK .00 STATE .00
 USAGE-VALUE 28584.00 TAX 1715.04 U-TAX EXCP 90
 CURR NADA 18375.00 TAX 1102.50 ADVAL TAX DUE 217.74
 ADDRESS 1221 E CUMBERLAND AV CITY MIDDLESBORO STATE KY ZIP 409650000
 OWNER-1 BIRTH MO 3 OWNER-1 SSN 611-42-1099
 OWNER-2 SSN
 LEASEE COUNTY OF RESIDENCE
 ADDRESS CITY STATE ZIP
 M190-PRESS PFKEY 8 FOR NEXT PAGE

DT052A1

Taxes 217.74
 Ref 2100
 Total 23874

0873

Batch _____

Doc 666466

RECEIVED

FEB 25 2015

DT052A1 MBCH0033 REGIS INQUIRY BY PLATE, TITLE, VIN, NAME, DECAL NEXT SCREEN
 CLERK KH PLATE 08 448696 TITLE 083220070019 VIN 1GCCS39E888195575 999
 OWNER-1 WATER SERVICE CORP OF KY COUNTY BELL DECAL N031231
 TRANSITION TO-- TITLE INQ CHAIN OF OWNERSHIP
 OWNER-1 DL# OWNER-2 DL#
 REGISTRATION CO BELL CTL# 10103068 TITLE STATUS ACTIVE
 REG CODE 00 REGULAR REGIS REG STATUS ACTIVE
 REG ACTION TYPE R RENEWAL DECAL ONLY EXP DATE 03/31/15 REG DATE 02/26/14
 REG ACTION DATE 02/26/14 RMKS
 EXEMPT TYPE/CITY TITLE BRAND
 VEHICLE STATUS ON ACTIVE DB VEH TYPE T MAKE CHEV MODEL COLORAD
 MODEL# CS39 CYL 05 YR MODEL 08 STYLE PK COLOR WHI GROSS WT 010
 ODOMETER 775 MOTOR # NO OF LIENS 0
 FEES/TAXES----REG---CLERK 6.00 STATE 15.00
 TITLE-CLERK .00 STATE .00
 USAGE-VALUE 19840.50 TAX 1190.43 U-TAX EXCP 90
 CURR NADA 11575.00 TAX 694.50 ADVAL TAX DUE 123.05
 ADDRESS 1221 E CUMBERLAND AV CITY MIDDLESBORO STATE KY ZIP 409650000
 OWNER-1 BIRTH MO 3 OWNER-1 SSN 611-42-1099
 OWNER-2 SSN
 LEASEE COUNTY OF RESIDENCE
 ADDRESS CITY STATE ZIP
 M190-PRESS PFKEY 8 FOR NEXT PAGE

DT052A1

0875

Total 144.05
 Reg- 21.00
 Taxes 123.05

Batch _____

Doc 666467

RECEIVED

FEB 25 2015

Batch _____

Doc 666468

DEBBIE GAMBREL/BELL CO CLK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

Processed & Mailed by Department of Revenue
Questions about your assessment should be directed
to your local Property Valuation Administrator

COUNTY OF RESIDENCE: BELL \$1,475.00
VEHICLE VALUE AS OF Jan. 1, 2015:

TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	6.64
COUNTY	0.1490	2.20
LIBRARY	0.0454	0.67
HEALTH	0.0550	0.81
MIDDLSBR IND	0.5600	8.26
C-MIDDLESBOR	0.2320	3.42

TAX DUE	\$22.00
REGISTRATION FEE	\$21.00
TOTAL DUE	\$43.00
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD	\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

08 305BTZ	BLAZER	99	CHEV
PLATE	MODEL	YR	MAKE
1GNDT13W7XK164964 999			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15

TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$ ____ TO TOTAL.
TO DONATE TO THE KY VETERANS
TRUST FD, ADD \$ ____ TO TOTAL.

WATER SERVICE CORP OF KY
P O BOX 818
MIDDLESBORO, KY 40965-0818

T186 P1
324710

9942



RECEIVED

FEB 25 2015

Batch _____

Doc 666469

DEBBIE GAMBREL/BELL CO CLK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

Assessed & Mailed by Department of Revenue
Questions about your assessment should be directed to
your local Property Valuation Administrator

COUNTY OF RESIDENCE: BELL		\$9,025.00
VEHICLE VALUE AS OF Jan. 1, 2015:		
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	40.61
COUNTY	0.1490	13.45
LIBRARY	0.0454	4.10
HEALTH	0.0550	4.96
MIDDLSBR IND	0.5600	50.54
C-MIDDLESBOR	0.2320	20.94

TAX DUE	\$134.60
REGISTRATION FEE	\$21.00
TOTAL DUE	\$155.60
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD	\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

08 517542	1500	06	CHEV
PLATE	MODEL	YR	MAKE
1GCEK14T16Z124065 999			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: **03-31-15**
Registration fee presumes renewal through: **03-31-16**

Notification date: U2-15-15

TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$____ TO TOTAL.
TO DONATE TO THE KY VETERANS
TRUST FUND, ADD \$____ TO TOTAL.

WATER SERVICE CORP OF KY
P O BOX 818
MIDDLESBORO, KY 40965-0818



0616



T186 P1
324648

RECEIVED

FEB 25 2015

Batch _____

Doc 666470

DEBBIE GAMBREL/BELL CO CLK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

Assessed & Mailed by Department of Revenue
Questions about your assessment should be directed to
your local Property Evaluation Administrator

COUNTY OF RESIDENCE: BELL \$21,550.00
VEHICLE VALUE AS OF Jan. 1, 2015:

TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	96.98
COUNTY	0.1490	32.11
LIBRARY	0.0454	9.78
HEALTH	0.0550	11.85
MIDDLSBR IND	0.5600	120.68
C-MIDDLESBOR	0.2320	50.00

TAX DUE \$321.40
 REGISTRATION FEE \$21.00
TOTAL DUE \$342.40
 POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD \$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT & PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK OR MONEY ORDER ONLY.

08 517558	SILVERA	11	CHEV
PLATE	MODEL	YR	MAKE
1GCRKSE36BZ338419 999			
VIN#			

Property tax must be paid even if registration is not renewed.
 Registration fee must be paid upon renewal.
 Registration type: **REGULAR REGIS.**
 Current registration expires: 03-31-15
 Registration fee presumes renewal through: 03-31-16
 Notification date: 02-15-15

TO MAKE A VOLUNTARY DONATION TO CHILD CARE ASSISTANCE ACCOUNT, ADD \$ ____ TO TOTAL.
 TO DONATE TO THE KY VETERANS TRUST FD, ADD \$ ____ TO TOTAL.

T186 P1
324676

1129

WATER SERVICE CORP
P O BOX 818
MIDDLESBORO, KY 40965-0818



RECEIVED

FEB 25 2015

Batch _____

Doc 666471

DEBBIE GAMBREL/BELL CO CLK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

*Assessed & Mailed by Department of Revenue
Questions about your assessment should be directed to
your local Property Valuation Administrator*

COUNTY OF RESIDENCE: BELL		
VEHICLE VALUE AS OF Jan. 1, 2015:		\$17,075.00
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	76.84
COUNTY	0.1490	25.44
LIBRARY	0.0454	7.75
HEALTH	0.0550	9.39
MIDDLSBR IND	0.5600	95.62
C-MIDDLESBOR	0.2320	39.61

TAX DUE	\$254.65
REGISTRATION FEE	\$21.00
TOTAL DUE	
POSTAGE & HANDLING FEE	\$275.65
FOR MAIL-IN RENEWAL, ADD	
	\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

<u>08 517561</u>	<u>SILVERA</u>	<u>11</u>	<u>CHEV</u>
PLATE	MODEL	YR	MAKE
<u>1GCRKPE07BZ150480 999</u>			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15
TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$ ____ TO TOTAL.
TO DONATE TO THE KY VETERANS
TRUST FD, ADD \$ ____ TO TOTAL.

WATER SERVICE CORP OF KY
P O BOX 818
MIDDLESBORO, KY 40965-0818



T186 P1
324675

1137



RECEIVED

FEB 25 2015

Batch _____

Doc 666472

DEBBIE GAMBREL/BELL CO CLK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

Issued & Mailed by Department of Revenue
Disputes about your assessment should be directed to
the local Property Valuation Administrator

COUNTY OF RESIDENCE: BELL		\$13,775.00
VEHICLE VALUE AS OF Jan. 1, 2015:		
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	61.99
COUNTY	0.1490	20.52
LIBRARY	0.0454	6.25
HEALTH	0.0550	7.58
MIDDLSBR IND	0.5600	77.14
C-MIDDLESBOR	0.2320	31.96

TAX DUE	\$205.44
REGISTRATION FEE	\$21.00
TOTAL DUE	\$226.44
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD	\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

08 731MWA	PRIUS	11	TOYT
PLATE	MODEL	YR	MAKE
JTDKN3DU0B5359332 999			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: IN GOD WE TRUST -REG

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15
TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$ _____ TO TOTAL.
TO DONATE TO THE KY VETERANS
TRUST FD, ADD \$ _____ TO TOTAL.

WATER SERVICE CORPORATION
PO BOX 818
MIDDLESBORO, KY 40965-0818



T165 P4
324266

1165

RECEIVED

FEB 25 2015

Batch _____

Doc 666473

DEBBIE GAMBREL/BELL CO CLK
P O BOX 157
PINEVILLE, KY 40977

Present your Original Registration
and Proof of Insurance with Payment
to the County Clerk.

PRESORTED
FIRST CLASS MAIL
U.S. POSTAGE PAID
COMMONWEALTH
OF KENTUCKY
FINANCE CABINET

**MOTOR VEHICLE TAX AND/OR
REGISTRATION RENEWAL NOTICE**

Processed & Mailed by Department of Revenue
Questions about your assessment should be directed to
your local Property Valuation Administrator

COUNTY OF RESIDENCE: BELL		\$1,531.00
VEHICLE VALUE AS OF Jan. 1, 2015:		
TAX JURISDICTION	RATE	\$ TAX DUE
STATE	0.4500	6.89
COUNTY	0.1490	2.28
LIBRARY	0.0454	0.70
HEALTH	0.0550	0.84
MIDDLSBR IND	0.5600	8.57
C-MIDDLESBOR	0.2320	3.55

TAX DUE	\$22.83
REGISTRATION FEE	\$27.00
TOTAL DUE	\$49.83
POSTAGE & HANDLING FEE FOR MAIL-IN RENEWAL, ADD	\$2.00

TO RENEW & PAY BY MAIL, ADD \$2.00 FOR HANDLING TO
THE TOTAL. SEND THIS, YOUR REGISTRATION RECEIPT
& PROOF OF INSURANCE CARD TO THE CO. CLERK. CHECK
OR MONEY ORDER ONLY.

<u>08 002806</u>	<u>CARRYON</u>	<u>07</u>	<u>CARR</u>
PLATE	MODEL	YR	MAKE
<u>4YMUE18287G262877 999</u>			
VIN#			

Property tax must be paid even if registration is not renewed.
Registration fee must be paid upon renewal.
Registration type: **REGULAR REGIS.**

Current registration expires: 03-31-15
Registration fee presumes renewal through: 03-31-16

Notification date: 02-15-15
**TO MAKE A VOLUNTARY DONATION TO CHILD CARE
ASSISTANCE ACCOUNT, ADD \$_____ TO TOTAL.**
**TO DONATE TO THE KY VETERANS
TRUST FD, ADD \$_____ TO TOTAL.**

WATER SERVICE CORP OF KY
P O BOX 818
MIDDLESBORO, KY 40965-0818



Utility
Trailer



T186 P2
325219

EFT

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
FRANKFORT, KY 40619

NOTICE DATE
06/25/2014

PERIOD
07/01/2014-06/30/2015

CASE
006000800033

TAX
PUBLIC SERVICE COMMISSION
ASSESSMENT

NOTICE #
107320152

RETURN DUE
07/31/2014

TAXPAYER-ID
006000800

TAXPAYER NAME
WATER SERVICE CORP OF KY

EXPLANATION OF NOTICE

ANNUAL PUBLIC SERVICE COMMISSION ASSESSMENT FOR THE ABOVE PERIOD.

MESSAGES: PENALTIES PROVIDED PER KRS 278.990(3) INCLUDE \$1,000, PLUS \$25 PER DAY FOR EACH DAY THE ASSESSMENT REMAINS UNPAID. KRS 131.440(1)(A) IMPOSES A COST OF COLLECTION FEE FOR TWENTY-FIVE PERCENT (25%) ON ALL ASSESSMENTS WHICH ARE OR BECOME DUE AND OWING TO THE DEPARTMENT. IF THE AMOUNT DUE IS NOT PAID BY JULY 31, 2004, THESE PENALTIES AND FEES MAY BE ADDED TO THIS ASSESSMENT AND REFERRED FOR ENFORCED COLLECTION ACTION.

QUESTIONS CONCERNING THIS ASSESSMENT MAY BE DIRECTED TO THE PUBLIC SERVICE COMMISSION, 211 SOWER BOULEVARD, PO BOX 615, FRANKFORT, KENTUCKY 40602, TELEPHONE NUMBER (502) 564-3940. KRS 278.130 PROVIDES FOR THE ANNUAL ASSESSMENT OF PUBLIC SERVICE COMPANIES.

GROSS INTRASTATE RECEIPTS

2,053,237.00

TAX LIABILITY

TAX LIABILITY
4,007.92

TOTAL LIABILITY

TOTAL LIABILITY
4,007.92

<<<< EXPLANATION OF NOTICE CONTINUED ON NEXT PAGE >>>>

300 8953
345102.7570

C. Ferguson
6-30-14

DETACH VOUCHER AND RETURN WITH PAYMENT. MAKE CHECK PAYABLE TO KENTUCKY STATE TREASURER.

NOTICE OF TAX DUE

CASE NUMBER

00000400792

Batch _____

006000800033

#BWNCSLW
#146/L 1804 775234 1#

Doc 618479

* TOTAL DUE AS OF: *
* 07/09/2014 *

\$4,007.92

WATER SERVICE CORP OF KY
* JUSTIN KERSEY
SR STAFF ACCOUNTANT
2335 SNADERS ROAD
NORTHBROOK IL 60062

ENTER AMOUNT PAID:

10A5009911

KENTUCKY DEPARTMENT OF REVENUE
FRANKFORT, KY 40619

99999 006000800 0 033 107320152 5 00000400792 20150630 0

EXPLANATION OF NOTICE, CONTINUED
 TAXPAYER ID: 00600800
 NOTICE NUMBER: 107320152

PAGE 2

TOTAL DUE AS OF: 07/09/2014	TOTAL AMOUNT OF	BALANCE DUE
	TAX 4,007.92	
	TOT 4,007.92	4,007.92

PLEASE RETURN THE NOTICE OF TAX DUE STUB WITH PAYMENT TO:
 DEPARTMENT OF REVENUE, FRANKFORT, KENTUCKY 40619.

TO PAY BY PHONE, PLEASE CALL (502) 564-4921, EXT. 5357. CARDS
 ACCEPTED ARE VISA, MASTERCARD, DISCOVER OR AMEX. 2.75%
 CONVENIENCE FEE FOR CREDIT CARD PAYMENT OR \$1.00 CONVENIENCE
 FEE FOR DEBIT CARD PAYMENT. NO CHARGE FOR ELECTRONIC CHECKS.

**IMPORTANT REMINDER: INCLUDE YOUR TAXPAYER IDENTIFICATION
 NUMBER, TYPE OF TAX, AND TAX PERIOD ON ANY PAYMENT OR
 LETTER SENT TO THE DEPARTMENT OF REVENUE. THIS ENABLES THE
 DEPARTMENT OF REVENUE TO CORRECTLY CREDIT YOUR ACCOUNT FOR
 THE TAX PERIOD AND TYPE TAX FOR WHICH YOU INTENDED.**

REPLY TO: JUDY 0207
 DEPARTMENT OF REVENUE
 STATION NUMBER 62
 501 HIGH STREET
 P O BOX 181
 FRANKFORT KY 40602

TEL: (502) 564-9280
 FAX: (502) 564-3393
 OFFICE HOURS: 8:00 A.M. TO 5:00 P.M. EASTERN TIME

NOTICE REQUIREMENT FOR INTERNET POSTING

IF YOUR TAX LIABILITY REMAINS UNPAID FOR MORE THAN 90 DAYS
 AFTER THE DATE OF THIS ORIGINAL NOTICE, THE DEPARTMENT OF
 REVENUE MAY POST YOUR NAME AND THIS LIABILITY FOR PUBLIC
 INSPECTION, INCLUDING POSTINGS IN YOUR LOCAL NEWSPAPER AND/OR
 ON THE INTERNET. HOWEVER, IF YOU NOTIFY THE DEPARTMENT IN
 WRITING DURING THIS PERIOD OF ANY OF THE FOLLOWING, THE
 DEPARTMENT MUST EXCLUDE YOUR NAME FROM ANY PUBLIC POSTING:

1. YOU HAVE AN APPEAL PENDING OR INTEND TO FILE AN APPEAL
 PURSUANT TO KRS 131.110 ET SEQ. WITH RESPECT TO THIS
 LIABILITY;
2. YOU ARE CURRENTLY PAYING THIS TAX LIABILITY THROUGH A
 VALID PAY AGREEMENT;
3. THE DEPARTMENT IS REVIEWING OR ADJUSTING THIS TAX LIABILITY;
4. YOU ARE IN BANKRUPTCY AND THE AUTOMATIC STAY IS STILL IN
 EFFECT.

ADDITIONALLY, A TAXPAYER'S NAME WILL BE EXCLUDED OR REMOVED
 FROM ANY PUBLIC POSTING IN THE EVENT THE DEPARTMENT IS
 NOTIFIED IN WRITING THAT THE TAXPAYER IS DECEASED.

PLEASE PROVIDE WRITTEN BASIS FOR EXCLUSION TO THE **DIVISION
 OF COLLECTIONS, P.O. BOX 491, FRANKFORT, KY 40602**, OR E-MAIL
 IT TO KRC.WEBRESPONSENOTICEOFTAXDUE@KY.GOV.

NOTICE OF INTENT TO OFFSET

IF ANY PORTION OF YOUR LIABILITY REMAINS UNPAID AFTER 60 DAYS
 FROM THE DATE OF THIS NOTICE, THE DEPARTMENT MAY SUBMIT YOUR
 DEBT TO THE TREASURY OFFSET PROGRAM (TOP). ONCE YOUR DEBT IS
 SUBMITTED TO TOP FOR OFFSET, THE UNITED STATES DEPARTMENT OF
 TREASURY MAY REDUCE OR WITHHOLD ANY OF YOUR ELIGIBLE FEDERAL
 TAX REFUNDS OR VENDOR PAYMENTS BY THE AMOUNT OF YOUR DEBT.

<http://kentucky.gov>KY Agencies (<http://www.kentucky.gov/Portal/OrgList.aspx>) | KY Services (<http://www.kentucky.gov/Portal/OnlineServices.aspx>)


Kentucky
Department of
Revenue

(<http://revenue.ky.gov/NR/exeres/26792ABD-DF1E-4631-88C6-B6170D8983C3.htm>)

[Home \(/EPAY/\)](#) [Security \(/EPAY/Home/Security\)](#) [Contact \(mailto:KRC.webresponse@ky.gov\)](mailto:KRC.webresponse@ky.gov)

DOR Electronic Payment **Payment**

Demographics
Taxpayer Information
Payment Complete

Payment Schedule Confirmation

Your payment has been scheduled! You will receive an email when the payment is processed. Please print a copy of this receipt for your records.

Payment Details

Payment ID: 1361894
Payment Date: 7/3/2014

Account Holder Details

Avelina Friedman
2335 Sanders Road
Northbrook, IL 60062

Payment Method	Description	Payment Amount
ACH	KY Dept of Revenue Tax Bill	4007.92

Kentucky Department of Revenue

501 High Street
Frankfort, KY 40601
[\(502\) 564-4581 \(tel:5025644581\)](tel:5025644581)

[Make Another Payment \(/EPAY/?Length=4\)](/EPAY/?Length=4)

[Privacy \(http://kentucky.gov/policy/privacy.htm\)](http://kentucky.gov/policy/privacy.htm) | [Security \(http://kentucky.gov/policy/security.htm\)](http://kentucky.gov/policy/security.htm) | [Disclaimer \(http://kentucky.gov/policy/disclaimer.htm\)](http://kentucky.gov/policy/disclaimer.htm) | [Accessibility Statement \(http://kentucky.gov/policy/accessibility.htm\)](http://kentucky.gov/policy/accessibility.htm)



Copyright © 2013 - 2014 Commonwealth of Kentucky. (<http://ky.gov/kystandards/statements/copyright.html>)
All rights reserved.

(<http://kentucky.gov/about/Pages/unbridledspirit.aspx>)

COMMONWEALTH OF KENTUCKY
DEPARTMENT OF REVENUE
FRANKFORT, KY 40619

NOTICE DATE 06/18/2015	PERIOD 07/01/2015-06/30/2016	CASE 006000800033	TAX PUBLIC SERVICE COMMISSION ASSESSMENT
NOTICE # 107782914	RETURN DUE 07/31/2015	TAXPAYER-ID 006000800	TAXPAYER NAME WATER SERVICE CORP OF KY

EXPLANATION OF NOTICE

ANNUAL PUBLIC SERVICE COMMISSION ASSESSMENT FOR THE ABOVE PERIOD.

MESSAGES: PENALTIES PROVIDED PER KRS 278.990(3) INCLUDE \$1,000, PLUS \$25 PER DAY FOR EACH DAY THE ASSESSMENT REMAINS UNPAID. KRS 131.440(1)(A) IMPOSES A COST OF COLLECTION FEE FOR TWENTY-FIVE PERCENT (25%) ON ALL ASSESSMENTS WHICH ARE OR BECOME DUE AND OWING TO THE DEPARTMENT. IF THE AMOUNT DUE IS NOT PAID BY JULY 31, 2004, THESE PENALTIES AND FEES MAY BE ADDED TO THIS ASSESSMENT AND REFERRED FOR ENFORCED COLLECTION ACTION.

QUESTIONS CONCERNING THIS ASSESSMENT MAY BE DIRECTED TO THE PUBLIC SERVICE COMMISSION, 211 SOWER BOULEVARD, PO BOX 615, FRANKFORT, KENTUCKY 40602, TELEPHONE NUMBER (502) 564-3940. KRS 278.130 PROVIDES FOR THE ANNUAL ASSESSMENT OF PUBLIC SERVICE COMPANIES.

Batch _____

Doc 693594

GROSS INTRASTATE RECEIPTS

2,015,861.00

TAX LIABILITY

TAX LIABILITY
3,832.15

TOTAL LIABILITY

TOTAL LIABILITY
3,832.15

<<<< EXPLANATION OF NOTICE CONTINUED ON NEXT PAGE >>>>

D Hong
6-23-15

DETACH VOUCHER AND RETURN WITH PAYMENT. MAKE CHECK PAYABLE TO KENTUCKY STATE TREASURER.

NOTICE OF TAX DUE

3008953

00000383215

860100.7570
345102

CASE NUMBER

006000800033

#BWNCSLW
#156HN 0645 469685 5#

* TOTAL DUE AS OF: *
* 07/02/2015 *

\$3,832.15

WATER SERVICE CORP OF KY
* JUSTIN KERSEY
FP & A MANAGER

2335 SNADERS ROAD
NORTHBROOK IL 60062

ENTER AMOUNT PAID:



10A5009911

KENTUCKY DEPARTMENT OF REVENUE
FRANKFORT, KY 40619

99999 006000800 0 033 107782914 9 00000383215 20160630 1

EXPLANATION OF NOTICE, CONTINUED
 TAXPAYER ID: 006000800
 NOTICE NUMBER: 107782914

PAGE 2

TOTAL DUE AS OF: 07/02/2015	TOTAL AMOUNT OF TAX 3,832.15 TOT	BALANCE DUE 3,832.15
-----------------------------	--	-------------------------

PLEASE RETURN THE NOTICE OF TAX DUE STUB WITH PAYMENT TO:
 DEPARTMENT OF REVENUE, FRANKFORT, KENTUCKY 40619.

TO PAY BY PHONE, PLEASE CALL (502) 564-4921, EXT. 5357. CARDS
 ACCEPTED ARE VISA, MASTERCARD, DISCOVER OR AMEX. 2.75%
 CONVENIENCE FEE FOR CREDIT CARD PAYMENT OR \$1.00 CONVENIENCE
 FEE FOR DEBIT CARD PAYMENT. NO CHARGE FOR ELECTRONIC CHECKS.

IMPORTANT REMINDER: INCLUDE YOUR **TAXPAYER IDENTIFICATION
 NUMBER, TYPE OF TAX, AND TAX PERIOD** ON ANY PAYMENT OR
 LETTER SENT TO THE DEPARTMENT OF REVENUE. THIS ENABLES THE
 DEPARTMENT OF REVENUE TO CORRECTLY CREDIT YOUR ACCOUNT FOR
 THE TAX PERIOD AND TYPE TAX FOR WHICH YOU INTENDED.

**REPLY TO: JUDY 0207
 DEPARTMENT OF REVENUE
 STATION NUMBER 62
 501 HIGH STREET
 P O BOX 181
 FRANKFORT KY 40602**

**TEL: (502) 564-9280
 FAX: (502) 564-3393
 OFFICE HOURS: 8:00 A.M. TO 5:00 P.M. EASTERN TIME**

NOTICE REQUIREMENT FOR INTERNET POSTING

IF YOUR TAX LIABILITY REMAINS UNPAID FOR MORE THAN 90 DAYS
 AFTER THE DATE OF THIS ORIGINAL NOTICE, THE DEPARTMENT OF
 REVENUE MAY POST YOUR NAME AND THIS LIABILITY FOR PUBLIC
 INSPECTION, INCLUDING POSTINGS IN YOUR LOCAL NEWSPAPER AND/OR
 ON THE INTERNET. HOWEVER, IF YOU NOTIFY THE DEPARTMENT IN
 WRITING DURING THIS PERIOD OF ANY OF THE FOLLOWING, THE
 DEPARTMENT MUST EXCLUDE YOUR NAME FROM ANY PUBLIC POSTING:

1. YOU HAVE AN APPEAL PENDING OR INTEND TO FILE AN APPEAL
 PURSUANT TO KRS 131.110 ET SEQ. WITH RESPECT TO THIS
 LIABILITY;
2. YOU ARE CURRENTLY PAYING THIS TAX LIABILITY THROUGH A
 VALID PAY AGREEMENT;
3. THE DEPARTMENT IS REVIEWING OR ADJUSTING THIS TAX LIABILITY;
4. YOU ARE IN BANKRUPTCY AND THE AUTOMATIC STAY IS STILL IN
 EFFECT.

ADDITIONALLY, A TAXPAYER'S NAME WILL BE EXCLUDED OR REMOVED
 FROM ANY PUBLIC POSTING IN THE EVENT THE DEPARTMENT IS
 NOTIFIED IN WRITING THAT THE TAXPAYER IS DECEASED.

PLEASE PROVIDE WRITTEN BASIS FOR EXCLUSION TO THE **DIVISION
 OF COLLECTIONS, P.O. BOX 491, FRANKFORT, KY 40602**, OR E-MAIL
 IT TO KRC.WEBRESPONSENOTICEOFTAXDUE@KY.GOV.

NOTICE OF INTENT TO OFFSET

IF ANY PORTION OF YOUR LIABILITY REMAINS UNPAID AFTER 60 DAYS
 FROM THE DATE OF THIS NOTICE, THE DEPARTMENT MAY SUBMIT YOUR
 DEBT TO THE TREASURY OFFSET PROGRAM (TOP). ONCE YOUR DEBT IS
 SUBMITTED TO TOP FOR OFFSET, THE UNITED STATES DEPARTMENT OF
 TREASURY MAY REDUCE OR WITHHOLD ANY OF YOUR ELIGIBLE FEDERAL
 TAX REFUNDS OR VENDOR PAYMENTS BY THE AMOUNT OF YOUR DEBT.

Response to Staff DR 2.26

Account No.	Account Name	Cost Description	Direct	Allocated	Total	Comment
7545	Personal Property Tax	General Tax Accrual JE		8	8	Allocated from WSC
7545	Personal Property Tax	Invoices	10,208		10,208	See the attached files labeled "Staff DR 2.26 - Personal Property Tax Invoices"
7545	Personal Property Tax	Personal Property Tax Adjustment	4,835		4,835	Journal Entry to true-up 2014 Personal Property Taxes
7545 Total			15,043	8	15,051	
7550	Property/Other General Tax	General Tax Accrual JE	5,280	225	5,505	Journal Entry to record property/other general taxes for the year
7550 Total			5,280	225	5,505	
7555	Real Estate Tax	Cook County Property Tax Bill		1,929	1,929	Allocated from WSC
7555	Real Estate Tax	Invoices	54,213		54,213	See the attached files labeled "Staff DR 2.26 - Real Estate Tax Invoices"
7555	Real Estate Tax	Real Estate Tax Accrual 2014		48	48	Allocated from WSC - Journal Entry to true-up 2014 Personal Property Taxes
7555 Total			54,213	1,977	56,190	
7570	Utility/Commission Tax	Invoices	7,840		7,840	See the attached files labeled "Staff DR 2.26 - Utility Tax Invoices"
7570	Utility/Commission Tax	Utility Tax Adjustment 2014	150		150	Journal Entry to true-up 2014 Utility/Commission Taxes
7570 Total			7,990		7,990	
		Total	82,526	2,210	84,736	

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

27. Refer to the Application, Exhibit 4, Schedule B, Line 38, "Expense Reduction Related to Clinton Sewer Operations" in the amount of \$154,344.

a. Using an income statement account format, provide a detailed listing of each expense included in this amount and show how the amount of each expense account was determined.

b. Provide the service contract between WSKY and the city of Clinton.

c. State the number of customers served by the city of Clinton's sewer system.

d. Provide the names of all employees of Water Service Corporation, its subsidiaries and affiliates, that are located in or outside of Kentucky that provided services to the city of Clinton during the test year pursuant to the service contract.

e. State whether each employee that provided service to the city of Clinton used direct time reporting to assign their actual work time to the contracted operations.

1) If direct time reporting was used during the test year, provide a copy of each employee's time sheet for the second pay period of March, 2015.

2) If direct time reporting was not used during the test year, explain how WSKY ensures that time is accurately reported to contracted operations.

f. Identify all assets of UI, and its subsidiaries, that are used to provide contracted services to the city of Clinton.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

g. State the name of the entity that records the revenue derived from the Clinton Contract.

h. State the amount of the revenue derived from the Clinton Contract during the test year.

Response:

- a. Please see the attached file labeled "*Staff DR 2.27a – Clinton Sewer Expense*" for the Company's response.
- b. Please see the attached file labeled "*Staff DR 2.27.b – Clinton Contract*" for the Company's response.
- c. Approximately 600 customers are served by the city of Clinton's sewer system.
- d. Please refer to the response provided in "Staff DR 2.27.a" for support. A listing of employees that provided services to the city of Clinton during the test year pursuant to the service contract are listed below:

James Leonard, John Turner, Billy Nelms Jr., and Ronald G. Rushing

- e. No direct time reporting was used during the test year; however all time recorded and charged to contracted operations is reviewed and approved by the employee's direct supervisor.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- f. Below are a listing of some, but not limited to, WSKY assets that are used in the Clinton Sewer Contract Operations:
- Vehicles, Computers, Project Phoenix, Cell Phones, Cellular MiFi, Various Tools, Office Printer, Office Phone, Office Fax, Office Internet, Backhoe, Air Compressor, Generator, Concrete Saw, and Trash Pumps.
- g. Utilities, Inc.
- h. Please refer to the response provided in "Staff DR 2.27.a" for support. The total amount of revenue derived from the Clinton Contract during the test year is \$32,217.

Witness: Brian Halloran

Staff DR 2.27a

Clinton Sewer Expense

Staff DR 2.27b

Clinton Contract

ADDENDUM TO WASTEWATER PRIVATIZATION CONTRACT
INCLUDING SERVICE AGREEMENT

This ADDENDUM TO WASTEWATER PRIVATIZATION CONTRACT INCLUDING SERVICE AGREEMENT, made and entered into this 26th day of February 2002 by and between the CITY OF CLINTON, KENTUCKY (the "City"), and AQUA/KWS, Inc., a Kentucky corporation, formerly Aqua Corporation ("Aqua").

WITNESSETH:

WHEREAS, the parties have previously entered into a certain Wastewater Privatization Contract Including Service Agreement dated June 1, 1987 (the "Agreement"), which was amended on February 15, 1991 to extend the term of the Agreement to February 28, 1996, and amended on March 3, 1994 to extend to the term of the Agreement to March 3, 1999, and amended on February 3, 1997 to extend the term of the Agreement to March 3, 2002, and it is now the desire of the parties to amend Article VII, paragraph 1, of the Agreement for the purpose of extending the term of the Agreement to March 3, 2022 and to make other modifications to the Agreement as stated hereafter;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and contained in the Agreement, the City and Aqua agree as follows:

1. Article VII, Section 1, Paragraph 1 of the Agreement is hereby supplemented and amended to the effect that the term of the Agreement shall be extended to March 3, 2022;
2. Article VII, Section 1, Paragraph 1 of the Agreement is hereby amended as follows:
 - (a) Delete - starting at line 6 "Upon completion of the term.....from private operation to municipal operation," ending at line 12.
 - (b) Add - "Upon completion of the term of this Agreement (either by expiration of the term or by early termination) AQUA shall be paid it's cost (labor, overhead, and expenses) plus 15% profit in providing for the demobilization of operation and transition of records, personnel and facilities from private operation to municipal operation."

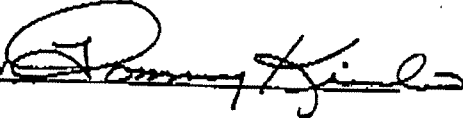
①



- 3. Article VII, Section 9 - This is supplemented as follows: "It is agreed by the parties hereto that Aqua shall not advance capital to the City unless requested by the City as the City anticipates being able to acquire any capital necessary".
- 4. Article VII, Section 9 (d) is deleted in its entirety.
- 5. Article VII, Section 12 - This section is supplemented as follows: "It is agreed by the parties hereto that prior to charging the City for equipment owned by Aqua and used on the City's behalf, the parties shall agree on a rate of charge."
- 6. All other provisions of the Agreement are reaffirmed.

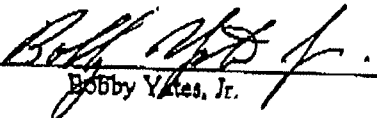
IN TESTIMONY WHEREOF, the City and Aqua have caused this Addendum to be executed each by its proper and duly authorized officer as of the year and date first above written.

CITY OF CLINTON, KENTUCKY


By 

Title Mayor

AQUA/KWS, INC/ U.S. UTILITIES

By 
Bobby Yates, Jr.

Title Manager

By 
J. David Whitehouse

Title Ex. Vice President

**ADDENDUM TO WASTEWATER PRIVATIZATION CONTRACT
INCLUDING SERVICE AGREEMENT**

This ADDENDUM TO WASTEWATER PRIVATIZATION CONTRACT INCLUDING SERVICE AGREEMENT, made and entered into this 3 day of Feb, 1997 by and between the CITY OF CLINTON, KENTUCKY (the "CITY"), and AQUA/KWS, INC., a Kentucky corporation, formerly Aqua Corporation ("Aqua"),

WITNESSETH:

WHEREAS, the parties have previously entered into a certain Wastewater Privatization Contract Including Service Agreement dated June 1, 1987 (the "Agreement"), which was amended on February 15, 1991 to extend the term of the Agreement to February 28, 1996, and amended on March 3, 1994 to extend the term of the Agreement to March 3, 1999, and it is now the desire of the parties to amend Article VII, paragraph 1, of the Agreement for the purpose of extending the term of the Agreement to March 3, 2002;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and contained in the Agreement, the City and Aqua agree as follows:

Section 1. Paragraph 1 of Article VII of the Agreement is hereby supplemented and amended to the effect that the term of the Agreement shall be extended to March 3, 2002; provided, however, that the City may terminate the Agreement on March 3, 2000, and any time thereafter on reasonable notice to Aqua.

Section 2. All other provisions of the Agreement are reaffirmed.

IN TESTIMONY WHEREOF, the City and Aqua have caused this Addendum to be executed each by its proper and duly authorized officer as of the year and date first above written.

CITY OF CLINTON, KENTUCKY

By Jackie Caraway
Jackie Caraway
Title Mayor

AQUA/KWS, INC.

By Bobby Yates, Jr.
Bobby Yates, Jr.
Title Manager

By J. David Whitehouse
J. David Whitehouse
Title President

③

**ADDENDUM TO WASTEWATER PRIVATIZATION CONTRACT
INCLUDING SERVICE AGREEMENT**

This ADDENDUM TO WASTEWATER PRIVATIZATION CONTRACT INCLUDING SERVICE AGREEMENT, made and entered into this 26th day of February 2002 by and between the CITY OF CLINTON, KENTRUCKY (the "City"), and AQUA/KWS, Inc., a Kentucky corporation, formerly Aqua Corporation ("Aqua").

WITNESSETH:

WHEREAS, the parties have previously entered into a certain Wastewater Privatization Contract Including Service Agreement dated June 1, 1987 (the "Agreement"), which was amended on February 15, 1991 to extend the term of the Agreement to February 28, 1996, and amended on March 3, 1994 to extend to the term of the Agreement to March 3, 1999, and amended on February 3, 1997 to extend the term of the Agreement to March 3, 2002, and it is now the desire of the parties to amend Article VII, paragraph 1, of the Agreement for the purpose of extending the term of the Agreement to March 3, 2022 and to make other modifications to the Agreement as stated hereafter,

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained and contained in the Agreement, the City and Aqua agree as follows:

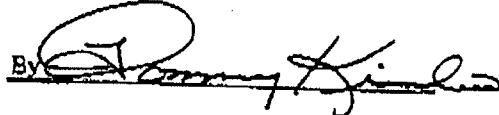
1. Article VII, Section 1, Paragraph 1 of the Agreement is hereby supplemented and amended to the effect that the term of the Agreement shall be extended to March 3, 2022;
2. Article VII, Section 1, Paragraph 1 of the Agreement is hereby amended as follows:
 - (a) Delete - starting at line 6 "Upon completion of the term.....from private operation to municipal operation," ending at line 12.
 - (b) Add - "Upon completion of the term of this Agreement (either by expiration of the term or by early termination) AQUA shall be paid it's cost (labor, overhead, and expenses) plus 15% profit in providing for the demobilization of operation and transition of records, personnel and facilities from private operation to municipal operation."

(4)

- 3. Article VII, Section 9 - This is supplemented as follows: "It is agreed by the parties hereto that Aqua shall not advance capital to the City unless requested by the City as the City anticipates being able to acquire any capital necessary".
- 4. Article VII, Section 9 (d) is deleted in its entirety.
- 5. Article VII, Section 12 - This section is supplemented as follows: "It is agreed by the parties hereto that prior to charging the City for equipment owned by Aqua and used on the City's behalf, the parties shall agree on a rate of charge."
- 6. All other provisions of the Agreement are reaffirmed.

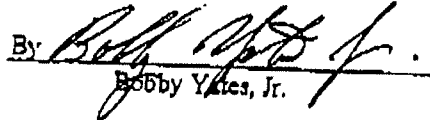
IN TESTIMONY WHEREOF, the City and Aqua have caused this Addendum to be executed each by its proper and duly authorized officer as of the year and date first above written.

CITY OF CLINTON, KENTUCKY

By 

Title Mayor

AQUA/KWS, INC./ U.S. UTILITIES

By 
Bobby Yates, Jr.

Title Manager

By 
J. David Whitehouse

Title Ex. Vice President



Ms. Sue Ellen Morris
Attorney At Law
217 East Clay Street
Clinton, Kentucky 42031

April 22, 2002

Subject: Addendum To Wastewater Privatization Contract

Dear Ms. Morris,

Enclosed please find a fully executed original of the subject document for the City's files. Review by our people took a little longer than I anticipated.

We look forward to a successful relation with the City and appreciate your involvement in the process.

Please advise the Council of our commitment to operate their wastewater system in the most efficient manner possible and we appreciate the confidence they have shown in us by extending the contract terms for twenty years.

Please do not hesitate to call on me if you feel like the company is not addressing the concerns that you or the Council might have.

Best Regards

A handwritten signature in black ink, appearing to read 'David Whitehouse', written over a horizontal line.

D. David Whitehouse, Ex. V.P.

C: Hon. Tommy Kimbro, Mayor, w/encl.
Bobby Yates, Manager, w/encl. ✓
Will Detweiler, Pres. & CEO, w/encl.



Mr Roberts - see
* on page 6

WASTEWATER PRIVATIZATION CONTRACT
INCLUDING SERVICE AGREEMENT

THIS WASTEWATER PRIVATIZATION CONTRACT INCLUDING SERVICE AGREEMENT, made and entered into this 1st day of JUNE, 1987, as authorized by Kentucky Revised Statutes Chapter 107, Section 700, et seq, by and between the CITY OF CLINTON, Hickman County, Kentucky, a municipal corporation (sometimes hereinafter referred to as the "CITY"), and AQUA CORPORATION, a Kentucky corporation, having a registered office in Lexington, Kentucky and its general offices at 354 Waller Avenue, Lexington, Kentucky 40504 (sometimes hereinafter referred to as "AQUA"),

W I T N E S S E T H:

WHEREAS, it is understood and affirmed by the parties to the within agreement that CITY is a Kentucky municipal corporation of the Fifth Class governed under the mayor-city council form of government pursuant to KRS Chapter 83A; that CITY has full power and authority in law to contract as herein provided and enters into this Wastewater Privatization Contract Including Service Agreement pursuant to authorization of an ordinance duly adopted by its City Council and approved by its Mayor at a regular meeting held on the 1st day of JUNE, 1987, published as provided by KRS Chapter 83A and recorded in the official ordinance book and now in full force and effect; that CITY owns and operates its aged municipal wastewater sewage system which has limited physical capability; that

(7)

said sewer system (the "System") fails to meet the standards of the Environmental Protection Agency (an agency of the United States government commonly referred to as the EPA) and the system is in need of replacements, rehabilitations, reinforcements, and construction to comport with modern day technology for the health and welfare of the public; that funding of the aforementioned project for the improvement of the System (the "Project") is necessary and required and a revenue bond issue (which may be anticipated by the issuance of revenue bond anticipation notes) is the preferred financing mechanism; and

WHEREAS, it is mutually understood and affirmed that CITY does not have personnel possessing the necessary expertise and skill to perform the aforesaid construction or to process and market the required revenue bond issue; that private management of the System would provide desirable expertise and avoid political pressure at any time and thus be in the public interest; that AQUA is recognized as a capable and reliable firm with personnel having wide experience in sewage system design, associated contractual projects, and revenue bond issue procedures and operational management; and

WHEREAS, it is affirmed that under the "Kentucky Privatization Act of 1986", KRS Chapter 107, Section 700, et seq, CITY is authorized (a) to contract for the heretofore generally described construction to its existing sewer system; (b) to contract for the placement of revenue bonds issued under the provisions of KRS 103.200 et seq., or to sell revenue bonds as provided in KRS Chapter 58; and (c) to enter into a service agreement; that

a notice of the within Privatization Contract was duly published pursuant to KRS Chapter 424; that a public hearing was held, all in compliance with KRS 107.730, and that an ordinance authorizing the within Privatization Contract has been enacted and duly recorded as aforesaid;

NOW THEREFORE, CITY and AQUA mutually agree to the following covenants:

ARTICLE I - RECONSTRUCTION OF SEWER PLANT

AQUA agrees to repair, rehabilitate, reinforce, replace and construct the existing sewer system of the CITY to the full extent necessary for compliance with EPA standards and to provide such capacity as required to meet the present and now reasonably foreseen future needs as mutually estimated and forecasted; AQUA may employ or contract with other parties for any portion of the necessary construction; provided, however, that AQUA will not be liable in any manner whatsoever in event of the inability of the System to meet the volumetric requirements of the CITY for any specific number of years.

ARTICLE II - CITY TO ISSUE REVENUE BONDS

CITY agrees to issue revenue bonds (which may be anticipated by the issuance of revenue bond anticipation notes) in sufficient principal amount to pay AQUA in full for its construction work and to deliver the revenue bonds to AQUA for placement. It is anticipated that the total bond issue including any bond discount and other costs associated with the issuance will not exceed \$1,000,000.00.

(9)

ARTICLE III - SALE OF REVENUE BONDS

AQUA agrees to place or sell CITY'S sewer revenue bonds for financing the reconstruction project by providing the required fiscal agent and as described herein as a part of this Privatization Contract; provided, nevertheless, that such sale or placement of bonds may be postponed by CITY, which shall be permitted to finance the Project upon a temporary basis by the issuance of notes in anticipation of the issuance of revenue bonds, as authorized by statute.

ARTICLE IV - BILLING AND PAYMENT

AQUA shall be paid for completion of the project either by negotiated lump sum contract for the total project improvements prior to construction of the project or, upon completion of the Project by submittal of a standard or customary invoice setting forth the cost of materials used, labor performed, the cost of sublet contracts, supervision, general overheads, negotiated profit, and all other appropriate and customarily charged costs. Upon negotiation of the lump sum contract or acceptance of the aforesaid invoice the CITY (subject to the provisions of Article III hereof) shall deliver to AQUA revenue bonds issued according to law in a principal amount fully sufficient to cover the negotiated lump sum contract or the entire invoice of AQUA and all costs attendant to the bond issue itself.

ARTICLE V - BOND COUNSEL; FISCAL AGENT

A qualified bond counsel and qualified fiscal agent shall be employed in the placement and/or sale of the revenue bonds. The revenue bonds shall be placed at reasonable interest rates under market conditions and circumstances at the time of placement. The cost of bond counsel services and fiscal agent services and their

respective expenses shall also be paid for from the proceeds of the bond issue which shall be in sufficient principal amount to cover not only the aforementioned AQUA invoice but also to pay for the services of bond counsel and fiscal agent together with their expenses and other costs attendant to the bond issue itself; provided, however, that limitations under federal statutes for payment of such costs from the proceeds of the revenue bonds shall be observed and any excess costs shall be paid as agreed upon between the CITY and AQUA under a separate agreement.

ARTICLE VI - ARBITRATION

In the event of any disagreement between the parties to this contract which cannot be resolved between themselves, the parties may mutually agree to binding arbitration which shall be accomplished by petitioning the Chief Justice of the Supreme Court of Kentucky to designate a panel of three members of the Court of Appeals of Kentucky or three other persons who shall serve as arbitrators. In event the Court does not consent to perform these services, each of the parties shall select one arbitrator and those two arbitrators shall select a third arbitrator, which three persons shall then comprise a final board for binding arbitration. This form of binding arbitration shall apply also to the Service Agreement, a part of the within Wastewater Privatization Contract which is set forth in subsequent Article VII hereof. The cost and expenses of any arbitration, other than the costs and expenses of personnel of the parties themselves, shall be shared equally by the parties hereto.



ARTICLE VII - SERVICE AGREEMENT

In addition to the foregoing agreements, CITY hereby employs AQUA to manage, operate and maintain the System according to the covenants set forth below.

1. Term of Agreement. The term of this Service Agreement shall commence upon completion of the reconstructed and renovated System, and shall continue for five years; provided, however, that the CITY may terminate the Service Agreement (1) at the end of the third year on reasonable notice, and (2) anytime thereafter on reasonable notice. Upon completion of the term of this Agreement (either by expiration of the term or by early termination under the provisions hereof) AQUA shall be paid a transition fee of \$95,000.00. Said fee has been fixed as the agreed estimated amount required to reimburse AQUA for its costs in providing for the demobilization of operation and transition of records, personnel and facilities from private operation to municipal operation.

2. Ownership of the Project and Sewer System. Ownership of the Project and the System shall at all times be vested in the CITY, including the original sewer system, the reconstruction Project, and all future betterments and additions without limitation.

3. All Receipts to Belong to City. All income and revenues arising out of the ownership and operation of the System shall without limitation belong to the CITY and shall constitute special and segregated municipal funds at all times, subject to the provisions of the ordinance authorizing the revenue bond issue (the "Bond Ordinance"), which shall provide for appropriate operational

disbursements required in the management, operation and maintenance of the system.

4. No Political Influence. CITY agrees that it will not cause or countenance any political influence upon AQUA in its management and operation of the sewer system and AQUA agrees that it will not participate in any political matter appertaining to the CITY or any of its employees. By this provision the parties do not intend to inhibit any person's constitutional right to free speech or the expression of personal views.

5. CITY to Establish all Rates, Rules and Regulations. All rules and regulations relating to rates and charges shall be fixed and established solely by the CITY; provided, however, CITY shall observe and respect all covenants and agreements in the Bond Ordinance, which shall contain a rate covenant requiring the maintenance or establishment of rates designed to produce revenues sufficient to pay the obligations of the System, and all covenants and agreements expressed in the Bond Ordinance and herein.

As provided by KRS 107.730, this Service Agreement, the charges for rates and services, and operation of the System under this Service Agreement shall not be subject to the jurisdiction of the Kentucky Public Service Commission or any successor regulatory agency. CITY grants no franchise. CITY relinquishes no jurisdiction over rates, charges and services.

6. Services to be Rendered by AQUA. The services which AQUA agrees to render relate solely to the System and its various functions as described herein and shall consist of (a) management; (b) operation and maintenance of the plant; (c) billing, collecting

and disbursing funds in accordance with the bond ordinance and this contract; (d) setting up and maintaining an adequate and continuing system of accounting; (e) rendering to the CITY financial and operating statements not less frequently than quarterly and an annual audit report prepared by a Certified Public Accountant; (f) rendering to CITY engineering inspection reports and recommendations not less frequently than annually and as circumstances may warrant; (g) procuring and maintaining, in the name and on behalf of CITY, insurance against such hazards and in such amounts as may be necessary and customary in other comparable sewer systems and operations; (h) the selection, training, employment and discharge of any and all personnel which may be necessary or desirable in AQUA's judgment to the performance by AQUA of its functions under this Contract, including the determination of the compensation paid to such personnel.

All employees having access to or being chargeable with responsibility for the handling of funds shall be bonded with good corporate surety in reasonable amounts under the circumstances as fixed or approved by the CITY. The premiums paid for such surety bonds shall constitute a part of the operating expenses of the sewer system.

7. No Free Service; CITY also to Pay. No wastewater sewer service shall be furnished free. Service rendered to the CITY or any of its departments shall be billed and paid for by CITY from its separate funds the same as any other customer in the same rate classification.

8. Office a Part of Project. CITY may make office space available to AQUA in premises already owned by or available to CITY if the same are adequate and suitably located for that purpose, in which event a fair rental value therefor may be established by the CITY Council and paid for as a part of the expenses of operating the System. If CITY does not have adequate and suitable space for such office, AQUA may make arrangements for the rental of same and the rental thus paid shall constitute a proper expense of operation of the System.

9. Compensation of AQUA; Solely from System Revenues; Subject to Bond Requirements. AQUA shall be authorized to cause to be paid solely from the City's Operation and Maintenance Fund established by the Bond Ordinance the costs of operation and maintenance, which costs shall include compensation payable to AQUA for its services under this Service Contract, and for the use of any working capital which it may advance. Payments shall be made solely from the income of the System and solely from the Operation and Maintenance Fund for which provision has been made in the Bond Ordinance. The Bond Ordinance requires that certain payments from revenues be set aside into the Bond Fund as a first charge and lien upon the revenues. Thereafter payments, reimbursement or compensation shall be in four separate categories as follows:

(a) Payments for customary expenses actually incurred in operating and maintaining the System, including all such items as are "operating expenses" under good and accepted accounting.

practices. Specifically, but not by way of limitation, the same may include the salary or wages of the person residing in the CITY or vicinity having immediate day-to-day responsibility for all phases of operation and maintenance, the salary or wages of proper service, repair, billing and collecting personnel; the cost of materials and supplies actually consumed from time to time; premiums on surety bonds and policies of hazard insurance; and office rental and office utilities, but specifically excluding any provision for depreciation of property or for the remuneration of the officers of or persons employed directly by AQUA.

Prior to beginning the Project and operation thereof, AQUA shall make such preparatory action as may be necessary, including the setting up of an accounting system, making arrangements for office facilities, the selection and training of personnel, etc., so that operation of the Project may be commenced in an orderly manner. AQUA shall prepare all proper data relating to construction disbursements, in order that same may be entered upon the books and records of the sewer system. It is understood, however, that payment for the reconstruction of the Project is finally the responsibility of the CITY thru a revenue bond issue, supra.

Payments within this category (a) shall be paid from and to the extent funds are from time to time available from the operation and maintenance fund; and if balances from time to time in the operation and maintenance fund shall be insufficient to pay the same when due, AQUA agrees that it will, nevertheless, advance the same

from its own capital funds which it shall provide for that purpose, to the end that wastewater operations shall be maintained continuously. All sums so advanced by AQUA from its own capital funds shall be entered in detail upon the books and records of the System, so that the amount thereof and the time or times of each advance may be determined accurately therefrom and reimbursement from subsequent System funds may be accurately made.

(b) AQUA shall be reimbursed for payments made by it on behalf of CITY for other proper general expenses, including the expenses of AQUA's officers or employees for work actually performed on behalf of CITY, but in no case shall such reimbursement exceed actual costs for expenses eligible for payment from the Operation and Maintenance Fund, and in no case shall such reimbursements exceed in the aggregate the sum of One Thousand Dollars (\$1000.00) per month.

Reimbursement within this category (b) shall be paid from time to time from the operation and maintenance fund, but only after expenses of the nature described in category (a) have been paid in full, or after provision for the payment thereof when due has been properly made. If and to the extent monies in the operation and maintenance fund shall be insufficient to pay AQUA's reimbursement under this category (b) the same may be accrued upon the books and records and shall constitute proper items for payment from said operation and maintenance fund when, as, and if monies for that purpose become available therein.

(c) Until the date of termination of this Contract compensation to AQUA for its management services, for the use of such working capital as it may advance from time to time under category (a), for the risk assumed by AQUA in making such advances, and for agreeing to deferment, if and to the extent necessary, of compensation to its corporate and professional personnel under category (b), and to make possible the payment of reasonable general compensation, shall be determined annually and shall be (1) the fixed sum of \$15,000.00, plus the CPI inflation rate since the date of this Privatization Contract and (2) an amount equal to three percent (3%) of the gross revenues of the System, which amount shall not exceed an amount equal to fifty percent (50%) of any surplus in the operation and maintenance fund which is declared by the bond ordinance to be available to the CITY "for any lawful purpose"; provided, however, that the total amount payable to AQUA under (1) and (2) hereof shall not exceed twice the amount established in (1) hereof. The foregoing amount shall be accumulative under this category (c) and may be accrued upon the books and records only if and to the extent funds are not available therefor after said prior requirements have been fully met, as shown by the annual audit. Furthermore, as partial compensation for advanced capital, AQUA shall be allowed to accrue on the books and records an interest charge of six percent (6%) annually on such working capital advanced. Upon termination of this Agreement the foregoing amounts, to the extent not yet paid shall be due and owing.

CITY further covenants and agrees that, prior to complete retirement of all bonds and without regard for increased cost in wages or other expenses under category (a), the rates and charges for sewer service will be adjusted from time to time if and to the extent required to provide to AQUA, as a minimum, the reimbursement described in categories (a) and (b) and (c).

(d) In the event of early retirement of all of CITY'S System revenue bonds, AQUA shall receive as its compensation for the duration of the contract term thereafter a sum equal to fifty percent (50%) of the excess of gross income and revenues over and above operation and maintenance expenses, as defined in (a) and (b) above, provided however, that the above compensation shall not be greater than two and one half (2.5) times the fixed compensation component as formulated in Article VII Section 9. CITY covenants and agrees with AQUA that after any such early retirement of said bonds and until expiration of the term of this contract, CITY will not reduce its rates and charges for sewer service below the scale of rates and charges necessary to produce revenues to meet the requirements as herein defined, including the application of the 2.5 factor aforementioned. This subsection shall not be operable or controlling during any period during which the Service Agreement is in effect if any tax-exempt bonds or bond anticipation notes are outstanding.

10. AQUA Not an Obligor or Guarantor With Respect to CITY'S Bonds. It is understood and agreed that AQUA's obligations

hereunder are to provide to CITY the management and operational services herein contemplated, and AQUA is not itself obligated to discharge the CITY's System Revenue Bonds, nor does it guarantee the payment thereof or interest thereon. AQUA shall at all times be accountable and responsible to the CITY and to the holders of said bonds for the faithful and proper receiving, segregation, disbursing and accounting of and for the project revenues, and shall answer for negligence, fraud, or other misconduct of AQUA and its officers, agents, servants, and employees in that connection; but if, when and to the extent AQUA may from time to time make proper segregation, depositing, or setting aside of monies into the bond fund in accordance with the provisions of the bond ordinance and into the custody of the financial institution properly designated by the City to receive the same, AQUA shall be deemed to have discharged its duty in that respect and shall not be responsible for any subsequent misfortune, or for any subsequent misapplication or disappearance thereof.

11. AQUA Does Not Contract to Provide Legal Services to City; AQUA's Attorney Only For Its Own Legal Affairs. References herein to employment by AQUA of an attorney at law are understood to mean such employment as AQUA may desire with respect to its own legal affairs; and AQUA does not hereby agree to provide any legal services to the CITY. Nevertheless AQUA and CITY agree that their cooperation and the cooperation of their attorneys, each in its own interests, is desirable, especially with regard to any litigation

which may affect the rights and interests of both; and it is agreed that such cooperation will be provided in good faith at all times.

If CITY shall be made a party to any litigation concerning the sewer system, its ownership, service, rates, rules, regulations, improvements, additions, or extensions, it shall promptly give full notice thereof to AQUA, and AQUA agrees that it will give similar notice to the CITY under similar circumstances.

12. CITY Consents that AQUA May Enter into Similar Undertakings. The CITY is aware that AQUA is a going concern engaged in various services for various water systems and sewage systems and that AQUA may enter into contracts for the rendering of services to other cities similar to those rendered CITY in connection with sewer or other utility operations; and the CITY hereby gives its consent that AQUA enter into any such undertakings.

AQUA agrees that it will maintain its accounting hereunder separate and distinct from its business or accounting in any other connection; and will never cause or permit any commingling of the CITY's project, or any part thereof, or any income and revenues arising therefrom, with any other properties or revenues.

Notwithstanding the foregoing, it is understood that if AQUA shall be employed by any other city, or cities, for the performance of the same or similar services, AQUA or its affiliates may find it possible to effect savings to all concerned by purchasing in its own name, and retaining title to, machinery, equipment, materials or supplies which may be of common usefulness

12

when needed, or in quantities which would be uneconomical or unwise to purchase for any single operation. If AQUA shall see fit, it may invest its own independent capital funds in such manner, but shall not charge to its operations on behalf of CITY under this contract, any portion thereof, unless and until actually used, allocated, or installed in connection with or as a part of its operation of the project hereunder. It is understood and agreed that such charging or allocation may consist of the fair rental value of any commonly useful machinery or equipment of AQUA for such period as the same may actually be used or made available in its operations under this contract.

ARTICLE VIII - NON-SEVERABILITY OF CONTRACT EXCEPT BY

MUTUAL CONSENT

If any essential or substantial portion of the foregoing Wastewater Privatization Contract Including Service Agreement is adjudicated to be void then the entire undertaking shall be moot unless CITY and AQUA mutually agree to proceed under any or all of the remaining provisions; however, in any event AQUA shall be reimbursed for all costs and expenses actually incurred by it for work undertaken but not to include any expenses which AQUA may have incurred in negotiations prior to the execution of the within contract.

IN TESTIMONY WHEREOF, the CITY and AQUA have caused this contract to be executed each by its proper and duly authorized

officials all in the Commonwealth of Kentucky as of the year and day first above written.

CITY OF CLINTON

BY: *Bob G. Galt*
MAYOR

ATTEST:

James J. James
CITY CLERK

AQUA CORPORATION

BY: *J. W. White*

ATTEST:

Stirling B. Gregory
SECRETARY

(2)

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

28. Refer to the Application, Exhibit 4, Schedule 8, Line 50, "Interest During Construction" in the amount of \$5,026.

- a. Provide the calculation of this amount.
- b. Discuss the methods generally used by WSKY to calculate the amount of interest capitalized.

Response:

- a. Please see the attached filed labeled "*Staff DR 2.28 – Interest During Construction*" for the calculation of this amount.
- b. WSKY calculates "Interest During Construction" monthly by taking the project balance, net of "Interest During Construction", and multiplying the project balance by the State "Interest During Construction" rate. Although the expense is on WSKY's books, the Company inadvertently included this expense for rate-making purposes as it is not indicative of ongoing operations.

Witness: Brian Halloran

Staff DR 2.28

*Interest During
Construction*

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

29. Refer to the Application, Exhibit 4, Schedule C and Workpaper f. On Column 8 of Schedule C, Gross Plant as of June 30, 2015, is stated in Column 8 at \$11,829,534. On Column C of Workpaper f, Total Plant as of June 30, 2015, is stated at \$10,396,783. Reconcile these amounts and describe each reconciling item.

Response: Please see the attached file labeled "*Staff DR 2.29 – Plant in Service Reconciliation*" for the Company's response. The difference between Schedule C, Gross Plant as of June 30, 2015 and Workpaper F, Total Plant as of June 30, 2015, is related to the Per Books amounts of the "Transportation" and "Computers" accounts, or \$594,204 and \$838,547, respectively. Please be advised Workpaper f shows a breakdown of depreciation and amortization expenses; Transportation and Computer depreciation expense is shown in rows 44 and 45, respectively.

Witness: Brian Halloran

Staff DR 2.29

*Plant in Service
Reconciliation*

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

30. Refer to the Application, Exhibit 4, Workpaper c, Column E. Show how Gross Plant in Service and Accumulated Depreciation in the amounts of \$172,624 and \$4,599, respectively, were determined and explain what they represent.

Response: Please refer to the workpaper provided in response to Staff DR 1.3, labeled "*Staff DR 1.3 – wp c Plant in Service*".

The Gross Plant in Service amount of \$172,624 is comprised of July through August 2015 actual general ledger capital additions and the September through December 2015 amounts are forecasted amounts based on historical trends and spending.

The Accumulated Depreciation amount of \$4,599 is incremental depreciation which resulted from annualizing depreciation from the \$172,624 pro forma capital additions. The pro forma capital additions of \$172,624 was allocated to plant accounts based off the weighted average of each accounts balance, as of June 30, 2015. Each allocated amount was then multiplied by its respective depreciation rate to determine the incremental accumulated depreciation impact of the pro forma gross plant in service additions.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

31. The table below compares the gross plant in service balances reported by WSKY in its annual reports for the previous three years and in its Application.

Plant Balance Annual Report 12/31/12	Net Increase	Plant Balance Annual Report 12/31/13	Net Increase	Plant Balance Annual Report 12/31/14	Net Increase	Plant Balance Application 06/30/15
\$10,657,790	\$ 281,406	\$ 10,939,196	\$500,663	\$ 11,439,859	\$389,675	\$ 11,829,534

a. For each net increase shown in the comparison, provide a list of each plant addition project and each plant retirement project and include a description of each project and state each project's total cost.

b. Separate each addition and retirement project's total cost into the following categories:

1) wages and wage overhead charges (i.e. health insurance, retirement, etc.) that were directly assigned to the project for an employee of Water Service Corporation, or its subsidiary, who is located in Kentucky;

2) wages and wage overhead charges (i.e., health insurance, retirement, etc.) that were directly assigned to the project for an employee of Water Service Corporation, or its subsidiary, who is located outside of Kentucky;

3) wages and wage overhead charges (i.e., health insurance, retirement, etc.) that were allocated to the project for an employee of Water Service Corporation, or its subsidiary, who is located in Kentucky;

4) Contract labor;

5) Transportation;

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

- 6) Equipment;
- 7) Engineering and Design;
- 8) Capitalized Interest; and
- 9) Other (Specify).

Response: Please refer to the attached file labeled "*Staff DR 2.31 – Plant Bal & Additions 2013.01.01-2015.06.30*" for the Company's response. The Company's interpretation of this question was that the requested detail was specific to capital projects, which we have included in detailed and summarized forms. However, all plant detail can be found on tab, "WSCKY GL (ALL) 2013-6.30.2015".

Witness: Brian Halloran

Staff DR 2.31

Plant Bal & Additions

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

32. Refer to the Application, Exhibit 4, Schedule C, Line 9, Accumulated Deferred Income Taxes in the amount of \$836,172. Provide work papers showing separately the accumulation of the balances for state and federal deferred income taxes.

Response: Please see the attached file labeled "*Staff DR 2.32 – ADIT*" for the Company's response.

Witness: Brian Halloran

CASE No. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Staff DR 2.32

ADIT

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

33. Refer to the Application, Exhibit 4, Schedule E, Line 14. Provide the calculation of the "Gross-up Factor."

Response: The calculation of the "Gross-up Factor" shown on Exhibit 4, Schedule E, Line 14 is calculated taking the number "1" and dividing it by the total product of: 1 less the State Tax Rate, 1 less the Federal Tax Rate, 1 less the Gross Receipt Tax Rate, and 1 less the Uncollectable Rate.

For this schedule, the following variables were assumed for the various rates:

State Tax Rate: 6%

Federal Tax Rate: 34%

Gross Receipt Tax Rate: 0.1583%

Uncollectable Rate: 1.98%

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

34. Refer to the Application, Exhibit 4, Cost of Service Study (COSS), w/p [t-1].
- a. Explain why the Fire Protection Rates were not a part of the COSS.
 - b. Explain why it is appropriate to increase the current Fire Protection rates by 24.62 percent in light of having done a cost-of-service study.

Response:

- a. Fire Protection Rates were not a part of the COSS because the Company used the only COSS that was at the disposal of the Company, which only calculated proposed rates for metered customers. The Company did not hire a COSS expert for this rate case in order to keep rate case expense to a minimum.
- b. The Company believes it is appropriate to increase the current Fire Protection rates by 24.62% because the total revenue requirement could not be obtained for the utility without increasing the rates for fire protection services.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

35. Refer to the Application, Exhibit 4, COSS. Explain how the rates being proposed were calculated. Provide the work papers that detail the calculation of the proposed rates.

Response:

Please refer to the file provided in response to Staff DR 1.3 labeled "*Staff DR 1.3 – Filing Template*" for the workpapers that detail the calculation of the proposed rates.

Proposed rates were calculated by taking the "Commercial Cost per Bill" plus "Other Cost for Equivalent Meter" multiplied by the specific meter size's "Equivalent Meter Multiplier" plus "Other Cost for Equivalent Services" multiplied by the specific meter size's "Equivalent Service Multiplier". Each of the terms are discussed in greater detail below:

"Commercial Cost per Bill": This is calculated by taking the revenue requirement allocated to billing, found on w/p t-4 Column G Line 27, and dividing by the total number of bills, found on w/p t-1 Column P Line 12.

"Other Cost for Equivalent Meter": This is calculated by taking the revenue requirement allocated to meters, found on w/p t-4 Column H Line 27, and dividing by the total number of equivalent meters, found on w/p t-5 Column I Line 12.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

“Equivalent Meter Multiplier”: This variable is dependent upon the meter size for which the proposed rate is being calculated for. The source of the multiplier can be found on w/p t-5, in Column B.

“Other Cost for Equivalent Services”: This is calculated by taking the revenue requirement allocated to services, found on w/p t-4 Column I Line 27, and dividing by the total number of equivalent services, found on w/p t-5 Column I Line 14.

“Equivalent Service Multiplier”: This variable is dependent upon the meter size for which the proposed rate is being calculated for. The source of the multiplier can be found on w/p t-5, in Column C.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

36. Refer to the Halloran Testimony, page 14, Lines 15-22. Mr. Halloran states that the COSS is modeled after one that was used by Utility Services of Illinois, Inc. , in a consolidated rate case that was submitted to the Illinois Commerce Commission docketed as Docket Number 14-07 41. Mr. Halloran continues by stating that this COSS model "calculates rates and allocates the revenue requirement to the customers' base facility charge and the customers' per gallon charge, which is based on a 40/60 fixed to variable ratio."

- a. Identify all other COSS models considered for WSKY.
- b. Provide a detailed explanation for each alternative model and explain why it was not chosen.
- c. If no other models were considered, explain why this model was the only model that was considered.
- d. Discuss all fixed to variable ratios that were considered for WSKY.

Response:

- a. WSKY did not explore utilizing other COSS models, since we only have the one at our disposal. WSKY could have hired a COSS expert for this case, but WSKY did not choose to pursue this option in an effort to keep our rate case expense for this case to a minimum.
- b. Please see the response to item 36.a.
- c. Please see the response to item 36.a.
- d. Since WSKY did not hire a COSS expert, WSKY did not explore implementing any other fixed to variable ratios. WSKY believes that the

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

40/60 fixed to variable ratio is fair and reasonable as discussed in the Company's response to Item 19 of the Attorney General's First Request for Information.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

37. Refer to the Halloran Testimony Page 16, Lines 8-12 and page 17, Lines 1-2. Mr. Halloran states that WSKY is removing the usage tiers because: 1) "The tiered system of rates didn't treat high usage customers and low usage customers equally; and 2) "any gallonage over the minimum usage threshold should be charged the same usage rate per 1,000 gallons." Discuss in detail whether WSKY believes that replacing its declining block rates with a single volumetric usage rate is a method to promote water conservation to its customers.

Response: The current declining block structure which is in place for WSKY's customers does not encourage water conservation as the customers' cost per gallon decreases they more they use. WSKY has proposed replacing it with a single volumetric usage rate which will better promote water conservation to its customers in comparison to a declining block structure.

Witness: Brian Halloran

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

38. Refer to the Application, Exhibit 11 , page 14.

a. Provide a copy of the unsecured revolving credit facility agreement that details the financial covenants to which UI and its subsidiaries are subject.

b. For each month of the 12-month period ending June 30, 2015, state the outstanding balance of the revolving credit facility that was owed by UI and state the effective interest rate for each month. Show the components (prime, LIBOR, and spread) of each month's interest rate separately.

c. Provide a copy of the Master Note Purchase Agreement for the issuance of collateral trust notes in the aggregate amount of up to \$400,000,000.

d. Provide a copy of the Master Note Purchase Agreement documents that were executed upon the initial issuance of \$180,000,000.

Response:

a. Please refer to the attached file labeled "*Staff DR 2.38a – Credit Agreement*" for the Company's response, which is being filed in conjunction with a Petition for Confidentiality.

b. Please refer to the table below for the Company's response:

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

Response to Staff DR 2.38b

	Revolver (Libor) Outstanding Balance	Revolver (Libor) Interest Rate
July 2014	17,200,000	1.68750%
August 2014	17,200,000	1.68750%
September 2014	17,000,000	1.68750%
October 2014	17,000,000	1.68750%
November 2014	17,000,000	1.68750%
December 2014	2,300,000	1.68750%
January 2015	11,500,000	1.68750%
February 2015	11,500,000	1.68750%
March 2015	13,000,000	1.68750%
April 2015	13,500,000	1.68750%
May 2015	14,000,000	1.43750%
June 2015	14,500,000	1.68750%

- c. Please refer to the attached file labeled “*Staff DR 2.38c – Collateral Trust Notes*” for the Company’s response, which is being filed in conjunction with a Petition for Confidentiality.
- d. Please refer to the file provided in response to Staff DR 2.38a.

Witness: Brian Halloran

Staff DR 2.38

*Subject to
Confidentiality*

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

39. Refer to WSKY's response to Item 2.b. of the Commission's First Request for Information. The Commission requested that a description be provided for all regulated and nonregulated business activities of each company listed on the organizational chart and that the description include the amount of revenues and expenses recognized for each regulated and nonregulated activity during the 12-month period ending June 30, 2015. In its response, WSKY did not describe any of its, or its affiliates,' regulated and nonregulated operations, nor did it separate regulated and nonregulated revenues and expenses.

a. Provide the information that was requested .

b. For each regulated operation included on the list provided in response to Item 39.a., above, provide the following:

1) The number of rate increase applications filed in the previous ten years;

2) The docket number of the most recent rate filing and the date it was filed; and

3) The total amount of rate case expense requested for recovery and the amount allowed by the regulatory agency. This response shall separate rate-case expense into these cost categories: legal fees, consulting fees, customer notice, travel, Water Service Corporation's personnel, miscellaneous.

Response: a. Please refer to the attached file labeled "*Staff DR 2.39 – UI Operations*" for the Company's response.

b. Please refer to the file provided in response to Staff DR 2.39.a.

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

1) The number of rate increase applications filed in the previous ten years can be found in the column labeled "Rate Increase Applications Past 10 Years".

2) The docket number of the most recent rate filing and the date it was filed can be found in the columns labeled "Most Recent Docket #" and "Date Filed", respectively.

3) The total amount of rate case expense requested for recovery and the amount allowed by the regulatory agency can be found in the columns labeled "RC Expense Requested" and "RC Expense Granted", respectively. Actual rate case spending has been separated into the cost categories requested, and can be found in the columns labeled "Legal", "Consulting", "Customer Notices", "Travel", "Captime" and "Miscellaneous". A comment column has been provided for any clarification of the specific rate case.

Witness: Brian Halloran

Staff DR 2.40

UI Operations

Response to Staff DR 2.19

CO	Description	State	Region	TTM 06/15		TTM 06/15		TTM 06/15		TTM 06/15		Regulated / Non-Regulated	Services	Rate Increase		RC Expense	RC Expense	Legal	Customer	Treat	Optime	Miscellaneous	Comment				
				Regulated	Non-Regulated	Regulated	Non-Regulated	Regulated	Non-Regulated	File #	Order #																
750	Utility Services of Illinois, Inc.	IL	Midwest	\$ 6,342,107	\$ 59,068	\$ 2,548,883	\$ -	\$ 4,398,224	\$ 59,068	\$ 5,949,156	\$ 19,968	Regulated	Water and Wastewater	14	14741	\$ 514,589	\$ 435,600	\$ 20,000	\$ 15,724	\$ 14,613	\$ 400	\$ 174,304	\$ 10,020	Comprised of 23 different systems located in Illinois			
150	Turn Lakes Utilities Inc.	IN	Midwest	\$ 3,076,807	\$ 21,790	\$ 812,472	\$ -	\$ 2,222,595	\$ 21,790	\$ 2,244,385	\$ 6,237	Regulated	Water and Wastewater	3	44388	\$ 93,023	\$ 211,449	\$ 65,449	\$ 73,721	\$ 1,597	\$ 24	\$ 76,208	\$ 67,697				
151	WSC Indiana	IN	Midwest	\$ 446,413	\$ -	\$ 118,118	\$ -	\$ 308,176	\$ -	\$ 308,176	\$ -	Regulated	Water and Wastewater	2	44108	\$ 10,911/2011	\$ 201,508	\$ 50,177	\$ 32,000	\$ -	\$ 681	\$ 1,708	\$ 35,000	\$ 923			
152	Indiana Water Service Inc	IN	Midwest	\$ 720,265	\$ -	\$ 429,809	\$ -	\$ 291,176	\$ -	\$ 291,176	\$ -	Regulated	Wastewater Only	2	44097	\$ 151,839	\$ 80,084	\$ 17,937	\$ -	\$ 150	\$ 2,543	\$ 41,223	\$ 6,343				
180	Hertfordshire	NC	Atlantic	\$ -	\$ 13,200	\$ -	\$ -	\$ -	\$ 13,200	\$ -	\$ 13,200	Non-regulated	Water Only	N/A													
181	Elk River Utilities Inc.	NC	Atlantic	\$ 160,055	\$ -	\$ 86,714	\$ -	\$ 73,341	\$ -	\$ 73,341	\$ -	Regulated	Water and Wastewater	1	W-354, Sub 344	\$ 392,889	\$ 448,525	\$ 105,431	\$ 61,607	\$ 20,535	\$ 3,435	\$ 112,899	\$ 144,618		Company hasn't filed for a rate case		
182	Carolina Water Service Inc	NC	Atlantic	\$ 85,055,985	\$ -	\$ 87,900,007	\$ -	\$ 8,844,022	\$ -	\$ 8,844,022	\$ -	Regulated	Water and Wastewater	1	W-354, Sub 344	\$ 392,889	\$ 448,525	\$ 105,431	\$ 61,607	\$ 20,535	\$ 3,435	\$ 112,899	\$ 144,618		Company hasn't filed for a rate case		
183	CWS Systems	NC	Atlantic	\$ 4,293,568	\$ -	\$ 2,006,398	\$ -	\$ 2,287,170	\$ -	\$ 2,287,170	\$ -	Regulated	Water and Wastewater	4	W-358, Sub 91	\$ 220,300	\$ 220,300	\$ 80,000	\$ 70,000	\$ 17,260	\$ -	\$ 53,000	\$ -	\$ 53,000	\$ -		
187	Carolina Trust Inc	NC	Atlantic	\$ 1,680,405	\$ -	\$ 154,641	\$ -	\$ 1,525,764	\$ -	\$ 1,525,764	\$ -	Regulated	Water and Wastewater	1	W-351, Sub 17	\$ 2,844	\$ 77,712	\$ 16,370	\$ 3,485	\$ 1,340	\$ -	\$ 57,958	\$ 340				
188	Transylvania Utilities Inc	NC	Atlantic	\$ 1,125,945	\$ -	\$ 456,407	\$ -	\$ 761,478	\$ -	\$ 761,478	\$ -	Regulated	Water and Wastewater	1	W-352, Sub 12	\$ 670,200	\$ 82,568	\$ 59,854	\$ 12,216	\$ 1,221	\$ 3,015	\$ 750	\$ 43,873	\$ -			
191	Brifield Farms Water Co	NC	Atlantic	\$ 680,423	\$ 26,513	\$ 356,702	\$ -	\$ 323,700	\$ 26,513	\$ 350,213	\$ 26,513	Regulated	Water and Wastewater	3	W-354, Sub 11	\$ 910,014	\$ 143,427	\$ 100,162	\$ 27,713	\$ 5,281	\$ 1,301	\$ -	\$ 5,184	\$ 18,708			
195	Cross State	NC	Atlantic	\$ -	\$ 10,200	\$ 1,440	\$ -	\$ (1,440)	\$ 10,200	\$ 10,200	\$ -	Regulated	Water Only	N/A													
220	Tennessee Water Service	TN	Atlantic	\$ 364,558	\$ -	\$ 199,137	\$ -	\$ 165,421	\$ -	\$ 165,421	\$ -	Regulated	Water Only	2	09-00017	\$ 1,500,000	\$ 51,837	\$ N/A	\$ 9,679	\$ -	\$ -	\$ -	\$ -	\$ 3,858	\$ -	Acquired 10/6/14	
243	Thema Verde Utilities Inc	FL	Florida	\$ 983,495	\$ -	\$ 583,302	\$ -	\$ 403,193	\$ -	\$ 403,193	\$ -	Regulated	Wastewater Only	1	000255-SJ	\$ 575,000	\$ 397,574	\$ 94,089	\$ 52,710	\$ 17,210	\$ 1,083	\$ 375	\$ 32,111	\$ -		Order approving settlement	
242	Lake Placid Utilities Inc.	FL	Florida	\$ 143,893	\$ -	\$ 77,540	\$ -	\$ 66,346	\$ -	\$ 66,346	\$ -	Regulated	Water and Wastewater	1	000260-W5	\$ 515,000	\$ 131,261	\$ 70,520	\$ 81,127	\$ 21,781	\$ 465	\$ -	\$ -	\$ -	\$ -		
246	Utilities Inc of Longwood	FL	Florida	\$ 790,647	\$ 26,820	\$ 282,412	\$ -	\$ 517,035	\$ 26,820	\$ 543,855	\$ 1,723	Regulated	Wastewater Only	1	000881-SJ	\$ 929,000	\$ 176,518	\$ 116,025	\$ 42,025	\$ 32,365	\$ 1,437	\$ -	\$ -	\$ 38,199	\$ -		
248	Cypress Lakes Util Inc	FL	Florida	\$ 940,188	\$ -	\$ 313,607	\$ -	\$ 626,581	\$ -	\$ 626,581	\$ -	Regulated	Water and Wastewater	1	110312-W5	\$ 1,103,120	\$ 111,795	\$ 118,428	\$ 39,718	\$ 24,400	\$ 1,410	\$ -	\$ -	\$ 50,955	\$ 45		
249	Utilities Inc Eagle Ridge	FL	Florida	\$ 1,112,922	\$ -	\$ 462,417	\$ -	\$ 650,505	\$ -	\$ 650,505	\$ -	Regulated	Wastewater Only	2	110313-SJ	\$ 2,212,178	\$ 65,564	\$ 36,854	\$ 11,620	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ -		
250	Md County Services Inc	FL	Florida	\$ 1,939,726	\$ -	\$ 798,146	\$ -	\$ 1,141,580	\$ -	\$ 1,141,580	\$ -	Regulated	Wastewater Only	1	080200-SJ	\$ 5,727,000	\$ 107,968	\$ 42,100	\$ 28,115	\$ 3,104	\$ -	\$ -	\$ 34,627	\$ -			
251	Lake Utility Services Inc	FL	Florida	\$ 1,575,021	\$ 18,455	\$ 1,889,070	\$ -	\$ 5,724,853	\$ 18,455	\$ 5,743,308	\$ 18,455	Regulated	Water and Wastewater	2	100840-W5	\$ 3,227,021	\$ 648,701	\$ 329,870	\$ 92,550	\$ 131,125	\$ 12,014	\$ -	\$ -	\$ 57,186	\$ -		
252	Utilities Inc of Florida	FL	Florida	\$ 3,798,399	\$ -	\$ 1,542,462	\$ -	\$ 2,255,937	\$ -	\$ 2,255,937	\$ -	Regulated	Water and Wastewater	2	12209-W5	\$ 3,229,013	\$ 578,071	\$ 426,558	\$ 44,388	\$ 225,462	\$ 13,141	\$ -	\$ -	\$ 143,568	\$ -		
254	MOGE Water Supply & Mgmt	FL	Non-regulated	\$ 466,120	\$ -	\$ -	\$ -	\$ -	\$ 466,120	\$ -	\$ 466,120	Non-regulated	N/A														
255	Santando Utilities Corp	FL	Florida	\$ 7,980,381	\$ -	\$ 2,554,945	\$ -	\$ 5,425,436	\$ -	\$ 5,425,436	\$ -	Regulated	Water and Wastewater	4	140000-W5	\$ 7,717,014	\$ 227,300	\$ 137,144	\$ 38,846	\$ 71,626	\$ 26,883	\$ -	\$ -	\$ -	\$ -		
256	Utilities Inc Sandalwood	FL	Florida	\$ 675,481	\$ -	\$ 496,755	\$ -	\$ 188,726	\$ -	\$ 188,726	\$ -	Regulated	Wastewater Only	2	110010-SJ	\$ 416,025	\$ 131,800	\$ 120,531	\$ 38,844	\$ 78,291	\$ 1,858	\$ -	\$ -	\$ -	\$ -		
259	Lafayette Utilities Inc	FL	Florida	\$ 728,903	\$ -	\$ 281,980	\$ -	\$ 446,923	\$ -	\$ 446,923	\$ -	Regulated	Water and Wastewater	2	140315-W5	\$ 915,014	\$ 216,050	\$ 81,597	\$ 29,459	\$ 12,421	\$ 1,717	\$ -	\$ -	\$ -	\$ -		
260	Utilities Inc Pennington	FL	Florida	\$ 878,262	\$ -	\$ 374,134	\$ -	\$ 504,128	\$ -	\$ 504,128	\$ -	Regulated	Water and Wastewater	3	120017-W5	\$ 3,203,013	\$ 229,015	\$ 69,814	\$ 22,176	\$ 24,801	\$ 2,488	\$ -	\$ -	\$ -	\$ -		
286	Green Ridge Utilities Inc	MD	Mid Atlantic	\$ 578,184	\$ -	\$ 296,379	\$ -	\$ 281,805	\$ -	\$ 281,805	\$ -	Regulated	Water Only	3	9344	\$ 3,781,034	\$ 241,983	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A		Case was a blackbox settlement and no specific amount of rate case expense was approved.
287	Provinces Utilities Inc	MD	Mid Atlantic	\$ 418,047	\$ 109,287	\$ 182,411	\$ -	\$ 236,316	\$ 109,287	\$ 345,603	\$ 1,484	Regulated	Water Only	3	9135	\$ 3,228,007	\$ 75,905	\$ 78,466	\$ 21,708	\$ 1,118	\$ 2,085	\$ 46,810	\$ 7,554	\$ -	\$ -		Case was a blackbox settlement and no specific amount of rate case expense was approved.
288	Manlyard Water Serv Inc	MD	Mid Atlantic	\$ 861,461	\$ -	\$ 477,918	\$ -	\$ 383,543	\$ -	\$ 383,543	\$ -	Regulated	Water and Wastewater	3	9145	\$ 3,781,034	\$ 201,110	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ -	
300	Montague Water & Sewer Co	MD	Mid Atlantic	\$ 600,307	\$ -	\$ 189,425	\$ -	\$ 410,882	\$ -	\$ 410,882	\$ -	Regulated	Water and Wastewater	1	W-11110983	\$ 1,177,032	\$ 105,288	\$ 80,495	\$ 66,666	\$ -	\$ -	\$ 2,829	\$ -	\$ -	\$ -		
315	Utilities Inc of Montgomery	PA	Mid Atlantic	\$ 421,000	\$ -	\$ 184,136	\$ -	\$ 236,864	\$ -	\$ 236,864	\$ -	Regulated	Water Only	2	R-2009-211789	\$ 712,000	\$ 91,922	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ -	
316	Util Inc of Pennsylvania	PA	Mid Atlantic	\$ 864,406	\$ -	\$ 379,074	\$ -	\$ 485,332	\$ -	\$ 485,332	\$ -	Regulated	Wastewater Only	2	R-2009-211902	\$ 670,000	\$ 92,426	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ -	
317	Penn Estates Utilities Inc	PA	Mid Atlantic	\$ 1,470,076	\$ -	\$ 799,054	\$ -	\$ 671,022	\$ -	\$ 671,022	\$ -	Regulated	Water and Wastewater	3	R-2011-270065	\$ 3,101,328	\$ 101,328	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ N/A	\$ -	
332	Cochraner Utilities Inc	VA	Mid Atlantic	\$ 496,373	\$ -	\$ 224,823	\$ -	\$ 271,550	\$ -	\$ 271,550	\$ -	Non-regulated	Wastewater Only	N/A													
333	Massachusetts Public Serv	VA	Mid Atlantic	\$ 2,749,827	\$ -	\$ 1,045,229	\$ -	\$ 1,704,598	\$ -	\$ 1,704,598	\$ -	Regulated	Water Only	3	PUE-2014-00005	\$ 876,204	\$ 914,601	\$ 914,601	\$ 418,957	\$ 358,216	\$ 933	\$ 930	\$ 137,511	\$ 6,994	\$ -		
345	Water Serv Corp Kentucky	VA	Mid Atlantic	\$ 2,179,464	\$ 154,344	\$ 1,191,192	\$ -	\$ 983,272	\$ 154,344	\$ 1,137,616	\$ 2,048	Regulated	Water Only, Wastewater Management	3	2013-00237	\$ 2,277,013	\$ 220,981	\$ 259,095	\$ 91,937	\$ 2,989	\$ 2,737	\$ 81,610	\$ 12,132	\$ -	\$ -		Case was a blackbox settlement and no specific amount of rate case expense was approved.
356	Louisiana Water Serv Inc	LA	South	\$ 4,296,188	\$ 2,508	\$ 1,976,486	\$ -	\$ 2,319,702	\$ 2,508	\$ 2,322,210	\$ -	Regulated	Water and Wastewater	2	LJ-15595	\$ 3,024,015	\$ 103,476	\$ 103,476	\$ 47,910	\$ 15,912	\$ 21,040	\$ 2,160	\$ 95,938	\$ -	\$ -		All Louisiana Companies included in Consolidated Filing
357	Utilities Inc of Louisiana	LA	South	\$ 3,427,489	\$ 1,201	\$ 1,497,498	\$ -	\$ 1,930,191	\$ 1,201	\$ 1,931,392	\$ -	Regulated	Water and Wastewater	1													
358	Density Utilities of LA	LA	South	\$ 321,994	\$ -	\$ 309,669	\$ -	\$ 212,025	\$ -	\$ 212,025	\$ -	Regulated	Wastewater Only	N/A													
359	WTSD	LA	South	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Regulated	Water and Wastewater	N/A													
385	Utilities Inc of Georgia	GA	South	\$ -	\$ -	\$ 3,266,615	\$ -	\$ 982,143	\$ -	\$ 4,248,758	\$ 15,150	Non-regulated	Water and Wastewater	N/A													
386	Water Service Co Georgia	GA	South	\$ -	\$ -	\$ 1,485,962	\$ -	\$ 493,192	\$ -	\$ 992,770	\$ 2,385	Non-regulated	Water and Wastewater	N/A													
400	Carolina Water Service Inc	SC	South Carolina	\$ 9,787,421	\$ -	\$ 3,639,499	\$ -	\$ 6,147,922	\$ -	\$ 6,147,922	\$ -	Regulated	Water and Wastewater	3	2015-199-W5	\$ N/A	\$ 150,000	\$ 36,413	\$ 30,900	\$ 36,444	\$ 320	\$ 5,916	\$ -	\$ -	\$ -		All South Carolina Companies included in Consolidated Filing
401	Util Serv South Carolina	SC	South Carolina	\$ 1,986,820	\$ -	\$ 1,646,937	\$ -	\$ 3,633,893	\$ -	\$ 3,633,893	\$ -	Regulated	Water and Wastewater	2													
402	Southland Utilities Inc	SC	South Carolina	\$ 80,168	\$ -	\$ 53,317	\$ -	\$ 26,851																			

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

40. Refer to WSKY's response to the Commission's First Request for Information, Item 6.a. The general ledger provided in this response is sorted by date, not by account title. Provide a general ledger that is sorted by account title and demonstrate that the balance for each account ties to the test-year balance sheet accounts and income statement accounts shown in WSKY's Application.

Response: Please see the attached file labeled "*Staff DR 2.40 – General Ledger*" for the Company's response. Tab, "Transactions" includes all transactions which occurred during the test-year (July 01, 2014 – June 30, 2015). Tab, "TB" demonstrates all general ledger transactions agree to the test-year balance sheet accounts and income statement account totals.

Witness: Brian Halloran

Staff DR 2.03

General Ledger

(See attached Excel file)

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

41. Refer to WSKY's Response to the Commission's First Request for Information, Item 13.

a. Demonstrate and explain how the AWWA 2014 Compensation Survey supports Water Service Corporation's employee compensation levels.

b. WSKY references information titled "Mercer Data (Custom Survey, 2014)," but WSKY did not provide a copy of this information.

1) Provide the Mercer Data.

2) Demonstrate and explain how the Mercer Data supports Water Service Corporation's employee compensation levels.

Response: Utilities, Inc.'s salary ranges were developed around our own employee population and then compared against national, industry specific salary ranges to ensure they were both competitive with the labor market and fair to our rate payers. The American Water Works Association (AWWA) publishes an annual salary survey that is supplied to us through our membership. When comparing our compensation to the AWWA survey we consistently lag the market. In 2014 a proprietary salary survey was conducted by Mercer which specifically surveyed our internal job descriptions and also concluded we lagged the market in our operations, administrative and professional positions. The document labeled *Mercer Custom Compensation Survey (UI)* that was provided in conjunction with a Petition for Confidentiality filed on December 21, 2015, displays the

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

finding of the Mercer survey as well as comparable compensation from our employee population in 2014. (A redacted version of that document is attached hereto.) In all the positions surveyed we are paying less than the market.

Witness: Brian Halloran

Staff DR 2.41

*See Petition for
Confidentiality filed
December 21, 2015*

CASE NO. 2015-00382
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO COMMISSION STAFF'S SECOND REQUEST FOR INFORMATION

42. Provide a copy of the water loss/use report for each month of the 12-month period ending June 30, 2015.

Response: Please refer to the attached file labeled "*Staff DR 2.42 – Water Loss Reports*" for the Company's response.

Witness: Brian Halloran

Staff DR 2.42

Water Loss Reports

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: Water Service Corp of KY- Middlesboro KY

For the Month of: July Year: 2014

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	36,013
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	36,013
5		
6	WATER SALES	
7	Residential	20,209
8	Commercial	8,183
9	Industrial	3,626
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales <u>Governmental</u>	1,312
13	TOTAL WATER SALES	33,330 92.5%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	1,541
17	Wastewater Plant	
18	System Flushing	90
19	Fire Department	65
20	Other <u>CL-17</u>	18
21	TOTAL OTHER WATER USED	1,714 4.8%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	969
27	Other _____	
28	TOTAL LINE LOSS	969 2.7%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	2.7%

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	35,383	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	35,383	
5			
6	WATER SALES		
7	Residential	19,414	
8	Commercial	7,160	
9	Industrial	4,858	
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>Gov.</u>	1,184	
13	TOTAL WATER SALES	32,616 92.2%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	1,474	
17	Wastewater Plant		
18	System Flushing	55	
19	Fire Department	10	
20	Other <u>CL-17</u>	18	
21	TOTAL OTHER WATER USED	1,557 4.4%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	1,210	
27	Other _____		
28	TOTAL LINE LOSS	1,210 3.4%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	3.4%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	35,804	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	35,804	
5			
6	WATER SALES		
7	Residential	19,085	
8	Commercial	7,049	
9	Industrial	5,604	
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>Governmental</u>	1,386	
13	TOTAL WATER SALES	33,124 92.5%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	1,591	
17	Wastewater Plant		
18	System Flushing	1,433	
19	Fire Department	2	
20	Other <u>CL-17</u>	18	
21	TOTAL OTHER WATER USED	3,044 8.5%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	(364)	
27	Other _____		
28	TOTAL LINE LOSS	(364) -1.0%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	-1.0%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: Water Service Corp of KY- Middlesboro KY

For the Month of: October Year: 2014

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	35,514
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	35,514
5		
6	WATER SALES	
7	Residential	18,853
8	Commercial	6,913
9	Industrial	4,286
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales <u>Governmental</u>	1,615
13	TOTAL WATER SALES	31,667 89.2%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	1,566
17	Wastewater Plant	
18	System Flushing	220
19	Fire Department	20
20	Other <u>CL-17</u>	18
21	TOTAL OTHER WATER USED	1,824 5.1%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	2,023
27	Other _____	
28	TOTAL LINE LOSS	2,023 5.7%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	5.7%

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	33,331	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	33,331	
5			
6	WATER SALES		
7	Residential	18,213	
8	Commercial	6,322	
9	Industrial	4,563	
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>Governmental</u>	1,478	
13	TOTAL WATER SALES	30,576 91.7%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	1,449	
17	Wastewater Plant		
18	System Flushing		
19	Fire Department	30	
20	Other <u>CL-17</u>	18	
21	TOTAL OTHER WATER USED	1,497 4.5%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	1,258	
27	Other _____		
28	TOTAL LINE LOSS	1,258 3.8%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	3.8%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	34,526	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	34,526	
5			
6	WATER SALES		
7	Residential	17,561	
8	Commercial	5,750	
9	Industrial	5,011	
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>Governmental</u>	1,491	
13	TOTAL WATER SALES	29,813 86.3%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	1,329	
17	Wastewater Plant		
18	System Flushing	18	
19	Fire Department		
20	Other _____		
21	TOTAL OTHER WATER USED	1,347 3.9%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	3,366	
27	Other _____		
28	TOTAL LINE LOSS	3,366 9.7%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	9.7%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	36,240	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	36,240	
5			
6	WATER SALES		
7	Residential	20,420	
8	Commercial	6,218	
9	Industrial	4,252	
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>Governmental</u>	1,754	
13	TOTAL WATER SALES	32,644 90.1%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	786	
17	Wastewater Plant		
18	System Flushing	100	
19	Fire Department	3	
20	Other <u>CL-17</u>	18	
21	TOTAL OTHER WATER USED	907 2.5%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	2,689	
27	Other _____		
28	TOTAL LINE LOSS	2,689 7.4%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	7.4%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: Water Service Corp of KY- Middlesboro KY

For the Month of: February Year: 2015

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	37,651
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	37,651
5		
6	WATER SALES	
7	Residential	17,334
8	Commercial	5,965
9	Industrial	3,956
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales <u>Governmental</u>	1,195
13	TOTAL WATER SALES	28,450 75.6%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	709
17	Wastewater Plant	
18	System Flushing	100
19	Fire Department	310
20	Other <u>CL-17</u>	18
21	TOTAL OTHER WATER USED	1,137 3.0%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	8,064
27	Other _____	
28	TOTAL LINE LOSS	8,064 21.4%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	21.4%

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	40,369	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	40,369	
5			
6	WATER SALES		
7	Residential	20,741	
8	Commercial	6,338	
9	Industrial	3,632	
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>Governmental</u>	1,275	
13	TOTAL WATER SALES	31,986 79.2%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	1,200	
17	Wastewater Plant		
18	System Flushing	1,400	
19	Fire Department	22	
20	Other <u>CL-17</u>		
21	TOTAL OTHER WATER USED	2,622 6.5%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	5,761	
27	Other _____		
28	TOTAL LINE LOSS	5,761 14.3%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	14.3%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	34,070	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	34,070	
5			
6	WATER SALES		
7	Residential	19,967	
8	Commercial	7,062	
9	Industrial	4,807	
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>Governmental</u>	2,073	
13	TOTAL WATER SALES	33,909 99.5%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	747	
17	Wastewater Plant		
18	System Flushing		
19	Fire Department		
20	Other <u>CL-17</u>	18	
21	TOTAL OTHER WATER USED	765 2.2%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	(604)	
27	Other _____		
28	TOTAL LINE LOSS	(604) -1.8%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	-1.8%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: Water Service Corp of KY- Middlesboro KY

For the Month of: May Year: 2015

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	39,293
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	39,293
5		
6	WATER SALES	
7	Residential	19,793
8	Commercial	6,126
9	Industrial	4,398
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales <u>Governmental</u>	2,028
13	TOTAL WATER SALES	32,345 82.3%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	1,243
17	Wastewater Plant	
18	System Flushing	100
19	Fire Department	17
20	Other <u>CL-17</u>	18
21	TOTAL OTHER WATER USED	1,378 3.5%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	5,570
27	Other _____	
28	TOTAL LINE LOSS	5,570 14.2%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	14.2%

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: Water Service Corp of KY- Middlesboro KY

For the Month of: June Year: 2015

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	35,364
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	35,364
5		
6	WATER SALES	
7	Residential	21,250
8	Commercial	6,805
9	Industrial	5,258
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales <u>Governmental</u>	1,686
13	TOTAL WATER SALES	34,999 99.0%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	1,159
17	Wastewater Plant	
18	System Flushing	24
19	Fire Department	40
20	Other <u>CL-17</u>	18
21	TOTAL OTHER WATER USED	1,241 3.5%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	(876)
27	Other _____	
28	TOTAL LINE LOSS	(876) -2.5%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	-2.5%

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	3,306
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	3,306
5		
6	WATER SALES	
7	Residential	1,791
8	Commercial	385
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales <u>P/A</u>	311
13	TOTAL WATER SALES	2,487 75.2%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	29
17	Wastewater Plant	
18	System Flushing	319
19	Fire Department	15
20	Other <u>CL-17</u>	6
21	TOTAL OTHER WATER USED	369 11.2%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	106
26	Line Leaks	344
27	Other _____	
28	TOTAL LINE LOSS	450 13.6%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	13.6%

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	3,270	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	3,270	
5			
6	WATER SALES		
7	Residential	1,752	
8	Commercial	315	
9	Industrial		
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>P/A</u>	249	
13	TOTAL WATER SALES	2,316 70.8%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	29	
17	Wastewater Plant		
18	System Flushing	118	
19	Fire Department	10	
20	Other <u>CL-17</u>	6	
21	TOTAL OTHER WATER USED	163 5.0%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	791	
27	Other _____		
28	TOTAL LINE LOSS	791 24.2%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	24.2%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	2,826	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	2,826	
5			
6	WATER SALES		
7	Residential	1,805	
8	Commercial	383	
9	Industrial		
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>P/A</u>	436	
13	TOTAL WATER SALES	2,624 92.9%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	26	
17	Wastewater Plant		
18	System Flushing	55	
19	Fire Department	15	
20	Other <u>CL-17</u>	6	
21	TOTAL OTHER WATER USED	102 3.6%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	100	
27	Other _____		
28	TOTAL LINE LOSS	100 3.5%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	3.5%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	2,678	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	2,678	
5			
6	WATER SALES		
7	Residential	1,709	
8	Commercial	426	
9	Industrial		
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>P-A</u>	437	
13	TOTAL WATER SALES	2,572 96.0%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	28	
17	Wastewater Plant		
18	System Flushing	80	
19	Fire Department	25	
20	Other <u>CL-17</u>		
21	TOTAL OTHER WATER USED	133 5.0%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	(27)	
27	Other _____		
28	TOTAL LINE LOSS	(27) -1.0%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	-1.0%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	2,751
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	2,751
5		
6	WATER SALES	
7	Residential	1,530
8	Commercial	410
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales <u>P-A</u>	390
13	TOTAL WATER SALES	2,330 84.7%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	28
17	Wastewater Plant	
18	System Flushing	160
19	Fire Department	50
20	Other <u>CL-17</u>	6
21	TOTAL OTHER WATER USED	244 8.9%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	177
27	Other _____	
28	TOTAL LINE LOSS	177 6.4%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	6.4%

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	2,616	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	2,616	
5			
6	WATER SALES		
7	Residential	1,647	
8	Commercial	402	
9	Industrial		
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>P A</u>	306	
13	TOTAL WATER SALES	2,355	90.0%
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	30	
17	Wastewater Plant		
18	System Flushing		
19	Fire Department		
20	Other <u>CL-17 and filling sewer jetter</u>	7	
21	TOTAL OTHER WATER USED	37	1.4%
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	224	
27	Other _____		
28	TOTAL LINE LOSS	224	8.6%
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	8.6%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	2,972	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	2,972	
5			
6	WATER SALES		
7	Residential	1,772	
8	Commercial	320	
9	Industrial		
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>P/A</u>	394	
13	TOTAL WATER SALES	2,486 83.6%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	36	
17	Wastewater Plant		
18	System Flushing		
19	Fire Department		
20	Other <u>CL-17</u>	6	
21	TOTAL OTHER WATER USED	42 1.4%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	444	
27	Other _____		
28	TOTAL LINE LOSS	444 14.9%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	14.9%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	3,150	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	3,150	
5			
6	WATER SALES		
7	Residential	1,742	
8	Commercial	290	
9	Industrial		
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>P/A</u>	228	
13	TOTAL WATER SALES	2,260	71.7%
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	27	
17	Wastewater Plant		
18	System Flushing	200	
19	Fire Department		
20	Other <u>CL-17</u>	6	
21	TOTAL OTHER WATER USED	233	7.4%
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	657	
27	Other _____		
28	TOTAL LINE LOSS	657	20.9%
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	20.9%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	3,205
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	3,205
5		
6	WATER SALES	
7	Residential	1,636
8	Commercial	736
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales <u>P/A</u>	375
13	TOTAL WATER SALES	2,747 85.7%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	33
17	Wastewater Plant	
18	System Flushing	30
19	Fire Department	
20	Other <u>CL-17</u>	6
21	TOTAL OTHER WATER USED	69 2.2%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	389
27	Other _____	
28	TOTAL LINE LOSS	389 12.1%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	12.1%

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility: Water Service Corp of KY- Clinton KY

For the Month of: April Year: 2015

LINE #	ITEM	GALLONS (Omit 000's)
1	WATER PRODUCED, PURCHASED & DISTRIBUTED	
2	Water Produced	3,209
3	Water Purchased	
4	TOTAL PRODUCED AND PURCHASED	3,209
5		
6	WATER SALES	
7	Residential	1,716
8	Commercial	701
9	Industrial	
10	Bulk Loading Stations	
11	Wholesale	
12	Other Sales <u>Gov.- P.A.</u>	375
13	TOTAL WATER SALES	2,792 87.0%
14		
15	OTHER WATER USED	
16	Utility and/or Water Treatment Plant	28
17	Wastewater Plant	
18	System Flushing	306
19	Fire Department	
20	Other <u>CL-17</u>	6
21	TOTAL OTHER WATER USED	340 10.6%
22		
23	WATER LOSS	
24	Tank Overflows	
25	Line Breaks	
26	Line Leaks	77
27	Other _____	
28	TOTAL LINE LOSS	77 2.4%
29		
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4	
31		
32	WATER LOSS PERCENTAGE	
33	Unaccounted-For Water (Line 28 divided by Line 4)	2.4%

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	2,960	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	2,960	
5			
6	WATER SALES		
7	Residential	1,612	
8	Commercial	455	
9	Industrial		
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>Gov-PA</u>	675	
13	TOTAL WATER SALES	2,742 92.6%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	29	
17	Wastewater Plant		
18	System Flushing	76	
19	Fire Department	6	
20	Other <u>CL-17</u>		
21	TOTAL OTHER WATER USED	111 3.8%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	107	
27	Other _____		
28	TOTAL LINE LOSS	107 3.6%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	3.6%	

PUBLIC SERVICE COMMISSION

Monthly Water Loss Report

Water Utility:

For the Month of: Year:

LINE #	ITEM	GALLONS (Omit 000's)	
1	WATER PRODUCED, PURCHASED & DISTRIBUTED		
2	Water Produced	2,957	
3	Water Purchased		
4	TOTAL PRODUCED AND PURCHASED	2,957	
5			
6	WATER SALES		
7	Residential	1,536	
8	Commercial	400	
9	Industrial		
10	Bulk Loading Stations		
11	Wholesale		
12	Other Sales <u>Gov- PA</u>	601	
13	TOTAL WATER SALES	2,537 85.8%	
14			
15	OTHER WATER USED		
16	Utility and/or Water Treatment Plant	27	
17	Wastewater Plant		
18	System Flushing	41	
19	Fire Department	3	
20	Other <u>CL-17</u>	6	
21	TOTAL OTHER WATER USED	77 2.6%	
22			
23	WATER LOSS		
24	Tank Overflows		
25	Line Breaks		
26	Line Leaks	343	
27	Other _____		
28	TOTAL LINE LOSS	343 11.6%	
29			
30	Note: Line 13 + Line 21 + Line 28 Must Equal Line 4		
31			
32	WATER LOSS PERCENTAGE		
33	Unaccounted-For Water (Line 28 divided by Line 4)	11.6%	