

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Electronic Application of Water Service)
Corporation of Kentucky for a General)
Adjustment in Existing Rates) Case No. 2018-00208

APPLICATION FOR GENERAL ADJUSTMENT IN EXISTING RATES

Water Service Corporation of Kentucky, by counsel, submits its application for an increase in rates pursuant to KRS 278.190 to be effective August 4, 2018, or sooner if allowed by the Commission.

1. Water Service Corporation of Kentucky is a Kentucky corporation, whose stock is wholly owned by Utilities, Inc. The mailing address of Water Service Corporation of Kentucky is 2335 Sanders Road, Northbrook, Illinois, 60062. Water Service Corporation of Kentucky can be reached via e-mail through its attorneys Todd Osterloh at tosterloh@sturgillturner.com and James Gardner at jgardner@sturgillturner.com.
2. Water Service Corporation of Kentucky has elected to use the electronic filing procedures authorized by 807 KAR 5:001, Section 8. This application shall be filed electronically and a paper copy shall be filed pursuant to subsection (12)(a)(2) of that Section.
3. Water Service Corporation of Kentucky currently owns and operates water production, transmission, and distribution facilities in the cities of Middlesboro and Clinton. It serves approximately 7,107 equivalent residential customers. It also has a contract with the City

of Clinton to operate the City's wastewater system. The wastewater system and operations are not part of this rate application.

4. A certified copy of the articles of incorporation was filed in Case No. 2002-00142. Water Service Corporation of Kentucky was incorporated in Kentucky on April 12, 2002. A copy of its current Certificate of Authorization is attached as Exhibit 1, and Water Service Corporation of Kentucky attests that it is a corporation in good standing in Kentucky.
5. Water Service Corporation of Kentucky is not a limited liability company.
6. Water Service Corporation of Kentucky is not a limited partnership.
7. An adjustment in rates is necessary to recover operating expenses, debt service costs, depreciation, taxes and other expenses related to the operation of both water systems that are not presently being recovered in rates. The reasons for the proposed increase are more fully explained in Steven Lubertozzi's and Robert Guttormsen's testimony attached as Exhibit 5.
8. Water Service Corporation of Kentucky has no assumed names, and therefore, no certificate of assumed name is required.
9. New tariff sheets, as well as present tariffs indicating proposed additions by underscoring and striking over proposed deletions, are attached as Exhibit 2.
10. In addition to the change in rates, Water Service Corporation of Kentucky is proposing a few changes to its tariff. On Sheet 14, the company is proposing to add provisions to ensure that it can recover actual costs for the movement of service lines at a customer's request. On Sheet 19, the company is proposing a correction to a provision to ensure that the intent of the provision is effectuated. On Sheet 34, the company is proposing a

provision that allows the company to require an encasement pipe on a customer's service line. On Sheet 37, the company is proposing a provision that ensures the company can recover costs when a customer tampers with meters and facilities. These changes are more fully described in the testimony of Michael Miller.

11. Public notice of the rate application has and will be given in compliance with the requirements set forth in 807 KAR 5:001, Section 17. Copies of the notices are attached as Exhibit 3. Proof of publication will be filed with the Commission within 45 days pursuant to 807 KAR 5:001, Section 17(3).
12. Because Water Service Corporation of Kentucky's gross annual revenue is not greater than \$5,000,000, it is exempt from the notice requirements of 807 KAR 5:001, Section 16(2).
13. Water Service Corporation of Kentucky's Annual Reports have been filed with the Commission.
14. A pro forma schedule of changes and corresponding workpapers are attached as Exhibit 4, which along with witnesses' testimony and other documents provide a description and quantified explanation for all proposed adjustments with support for changes in price or activity levels, and other factors.
15. Prepared testimony is attached as Exhibit 5. Steven Lubertozi, Robert Guttormsen, Michael Miller, Andrian Dmitrenko, John F. Guastella, and Constance Heppenstall are the witnesses supporting the rate adjustment and rate design, depreciation, and overview of Kentucky operations.
16. Estimated impact proposed rates will have on revenues is attached as Exhibit 6. As stated in Robert Guttormsen's testimony, the proposed rates will produce anticipated additional

revenues of \$852,743 per year, or 35.29%, which would be a total of \$3,269,153 in annual revenue.

17. The effect of the proposed rates on the average customer's bill is attached as Exhibit 6.

18. A billing analysis is attached as Exhibit 7.

19. A summary of the calculation of the revenue requirements is attached as Exhibit 8.

Supporting documentation is attached as Exhibit 4.

20. A reconciliation of rate base and capital is attached as Exhibit 9.

21. A current chart of accounts is attached as Exhibit 10.

22. The independent auditor's report is attached as Exhibit 11.

23. There are no FERC or FCC audit reports because this is a water company.

24. A depreciation study was performed on behalf of Water Service Corporation of Kentucky by John F. Guastella and Guastella Associates, LLC. It is attached to his testimony, which is provided with Exhibit 5 to this Application. Consistent with the directives in Case No. 2015-00382, the depreciation study's methodology is consistent with the NARUC Study of Depreciation Practices for Small Water Utilities. The depreciation rates and a comparison schedule are contained in Exhibits 12 and 13.

25. A list of in-house software associated with the filing of the utility's application is identified in Exhibit 14.

26. Water Service Corporation of Kentucky has no stock prospectus.

27. Water Service Corporation of Kentucky has no report to shareholders.

28. Monthly managerial reports are attached as Exhibit 15. There are no written reports other than the rolling monthly financial statement.

29. Water Service Corporation of Kentucky has no annual report or other filings with the Securities and Exchange Commission.
30. Allocations to affiliates are explained in Exhibit 16. Additional information on how the allocations are determined and the reasonableness of those allocations are contained in the testimony of Steven Lubertozi and Robert Guttormsen.
31. A cost-of-service study was prepared by Constance E. Heppenstall with Gennett Fleming Valuation and Rate Consultants. The cost-of-service study is attached to her testimony.
32. An income statement and balance sheet are attached as Exhibit 17.
33. A capital construction budget is attached as Exhibit 18.
34. Information required to be filed on each proposed pro forma adjustment reflecting plant additions is contained in Exhibit 20.
35. An operating budget for each month of the period encompassing the pro form adjustments is attached as Exhibit 19.
36. The number of new customers to be added to the test period is 0.
37. The percentage change and dollar change in the rates for each customer class are identified in Exhibit 6.
38. Present and proposed rates are reflected in the tariffs filed in Exhibits 2 and 6.
39. The effect on the average customer's bill is listed in Exhibit 7.

Water Service Corporation of Kentucky requests that the Commission approve the proposed rate change. Water Service Corporation of Kentucky also requests that the Commission approve the depreciation rates identified by John Guastella in his depreciation study and the proposed tariff changes. It also requests a deviation pursuant to 807 KAR 5:001, Section

22, from any requirement that might delay the review of the application if such requirement can be considered as substantially met or as unnecessary for a complete review of the proposed rates.

Respectfully submitted,



M. TODD OSTERLOH
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Lexington, Kentucky 40507
Telephone No.: (859) 255-8581
Fax No. (859) 231-0851
tosterloh@sturgillturner.com
jgardner@sturgillturner.com

ATTORNEYS FOR WATER SERVICE CORPORATION
OF KENTUCKY

Application

Exhibit 1

Commonwealth of Kentucky
Alison Lundergan Grimes, Secretary of State

Alison Lundergan Grimes
Secretary of State
P. O. Box 718
Frankfort, KY 40602-0718
(502) 564-3490
<http://www.sos.ky.gov>

Certificate of Existence

Authentication number: 204349
Visit <https://app.sos.ky.gov/ftshow/certvalidate.aspx> to authenticate this certificate.

I, Alison Lundergan Grimes, Secretary of State of the Commonwealth of Kentucky, do hereby certify that according to the records in the Office of the Secretary of State,

WATER SERVICE CORPORATION OF KENTUCKY

is a corporation duly incorporated and existing under KRS Chapter 14A and KRS Chapter 271B, whose date of incorporation is April 12, 2002 and whose period of duration is perpetual.

I further certify that all fees and penalties owed to the Secretary of State have been paid; that Articles of Dissolution have not been filed; and that the most recent annual report required by KRS 14A.6-010 has been delivered to the Secretary of State.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my Official Seal at Frankfort, Kentucky, this 3rd day of July, 2018, in the 227th year of the Commonwealth.



Alison Lundergan Grimes

Alison Lundergan Grimes
Secretary of State
Commonwealth of Kentucky
204349/0534921

Application

Exhibit 2

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. **13**

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

- (N)
(N)
(N)
(N)
(N)
(N)
(N)
- (c) Where a street service connection is already laid to the curb line, or meter box, the Customer shall connect with the street service connection as laid.
 - (d) The meter box shall be set in sidewalk or just inside customer's property on a level with the grade of sidewalk or yard and shall be kept accessible at all times.
 - (e) The street service connection from the main to and including the meter box will be maintained by the Company at its expense.
 - (f) The Company can recover all costs associated with having to re-locate WSCK's portion of a water service line based on a customer's request. WSCK portion includes tap, service to meter setter, meter box and any landscaping and or pavement replacements. The customer will be billed on a time and materials basis.
 - (g) The Company can recover all costs associated with having to raise a water service line based on a customer's request. WSCK portion includes tap, service to meter setter, meter box and any landscaping and or pavement replacements. The customer will be billed on a time and materials basis.

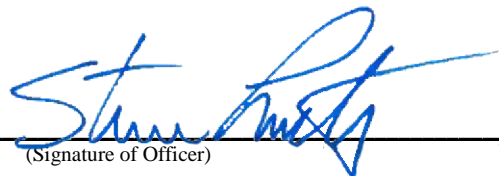
7. CUSTOMER'S SERVICE PIPES:

- (a) The company will specify the size, kind and quality of the materials which shall be laid between the curb line and the structure on the premises to be supplied.
- (b) The service pipe from the meter box to the place of consumption shall be furnished and installed by the Customer at his expense and risk.
- (c) The Customer's service pipe and all connections and fixtures attached thereto shall be subject to the inspection and approval of the Company before the water will be turned on.
- (d) The service pipe shall be laid below the frost line at all points and shall be placed on firm continuous earth so as to give unyielding and permanent support, and shall be installed in a trench at least two feet in a horizontal direction from any other trench wherein are laid gas pipe, sewer pipe, or other facilities, public or private, unless specifically authorized and approved by the Company.

DATE OF ISSUE July 5, 2018
Month / Date / Year

DATE EFFECTIVE August 4, 2018
Month / Date / Year

ISSUED BY Steve Lubertozzi



(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. **19**

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

A. Non-reporting user shall also be assessed a penalty of \$20.00 for each failure to submit a report in a timely manner.

B. 14. DISCONTINUANCE OF WATER SERVICE:

(a) Service rendered under any application, contract or agreement may be discontinued by the Company after proper notification in accordance with 807 KAR 5:006, Section 14 for any of the following reasons:

(1) For willful or indifferent waste of water.

(2) For failure to protect the meter and its connections from injury or damage, or for failure to protect and maintain the service pipe or fixtures on the property of the Customer in a condition satisfactory to the Company.

(b) The water service will be discontinued to any premises on account of temporary vacancy upon request of the Customer, without in any way affecting the agreement in force, after the payment of all charges and fees due as provided for in the rates, rules and regulations of the Company.

(N) (c) Discontinuing the supply of water to any premises for any reason shall not prevent the Company from pursuing lawful remedies by action at law or otherwise for the collection of moneys due from the Customer.

(d) Water service may be terminated for non-payment per section 18(d)

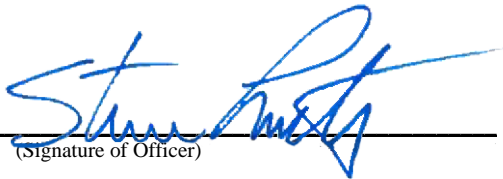
15. RENEWAL OF WATER SERVICE AFTER DISCONTINUANCE:

When water service to any premises has been terminated for any reason other than

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ISSUED BY Steve Lubertozi


(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. 34

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

1. Public Service Commission rules and regulations as set forth in 807 KAR 5 and Kentucky Department for Natural Resources, Division of Water standards and laws must be observed and adhered to, and may be viewed upon request by the applicant.
2. The applicant agrees to pay a \$_____ meter deposit, which will be refunded with interest when the applicant ceases to be a water customer and all accounts are paid in full.
3. One household may be served by one meter. The company reserves the right to terminate service at the meter if addition of other houses or mobile homes is suspected.
4. Company employees, possessing proper identification have right of egress and ingress for meter reading, maintenance and repair activities as they are warranted.
5. Water bills are due to be paid between the first and the tenth of each month at the Company office. If not paid by the tenth, a ten percent penalty is added to the amount due. If not paid in full by the twentieth, service is subject to disconnection. An additional meter deposit may be required and a service charge must be paid before service may be restored.
6. The water customer is responsible for water service lines from the meter to the dwelling. Installation, repair, and water loss are the responsibility of the Customer.
7. Customer service lines and connections must be inspected by Company personnel to insure against cross-connections and inadequate materials for drinking water.
8. Customer service lines shall be of at least ¾ inch pipe or larger, and shall be at least 160 pounds pressure with 200 psi preferred. Service line shall be buried at least 24 inches to prevent freezing. Encasement pipe may be required at the discretion of the Company.
9. No galvanized fittings may be used on Customer lines.
10. A cut-off valve outside the meter box must be installed on the Customer's service line for the Customer's use.
11. A check valve to prevent back flow in case of water outage must be installed in Customer's service line

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FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. 37

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

or back billing in accordance with 807 KAR 5:006, Section 10(4) and (5).

In addition the annual monitoring, the Company will immediately investigate usage deviations brought to its attention as a result of its on-going meter reading or billing process or customer inquiry.

SCHEDULE OF SPECIAL SERVICE CHARGES

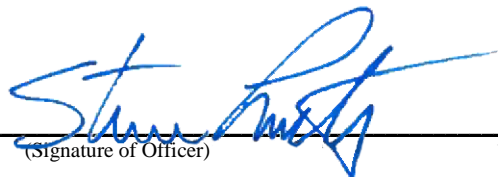
The following charges for special services shall be made:

1. Service Reconnection Charge. A charge of \$27.00 shall be made for all service reconnections made during regular working hours, except that there shall be no connection charges made for service on the original installation of facilities.
2. Meter Reading Recheck Charge. Withdrawn
3. Non Sufficient Funds Charge: Any check returned for NSF shall incur a charge of \$15.00
4. Tampering Fee: Applies when it is deemed a customer willfully took action to interfere, alter or compromise the accuracy, registration or indication of a service meter or service facility or willfully caused damage to such a device of facility to obtain illicit service. The Company can recover all costs associated with having to replace and or repair such meter and fixtures attached. The customer will be billed on a time and materials basis.
(N)
(N)
(N)
5. Meter Test. Upon request and payment of \$20.00 the Customer may have his meter tested provided request by the Customer is not more frequent than once each twelve months. If such test shows the meter to be more than two percent fast, a refund of \$15.00 charge shall be made and bill adjusted accordingly. If the periodic testing requirement of 807 KAR 5:006 has not been met for the meter tested, no charge will be made for the test regardless of results of the test
6. PSC Meter Test Complaint. Any Customer of the Company may request a meter test by written application to the Kentucky Public Service Commission.

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IN CASE NO. DATED

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 9

SHEET NO. 38

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 8

CONTENTS

RATES

The following rates and charges are prescribed for the customers in the area served by Water Service Corporation of Kentucky. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water
Rates

Service Charge Per Month
Rates For All Service Areas

Volumetric

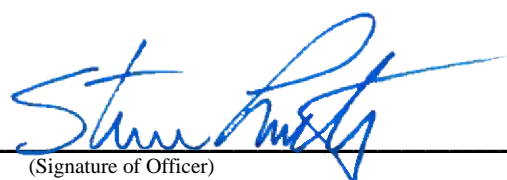
<u>Meter Size</u>	<u>Monthly Charge</u>	<u>Middlesboro Service Area</u>	
(I) 5/8"	\$12.50	First 100,000 gals.	\$5.565 per 1,000 gals. (I)
(I) 3/4"	\$12.50	All over 100,000 gals.	\$3.920 per 1,000 gals. (I)
(I) 1"	\$31.30		
(I) 1.5"	\$62.50		
(I) 2"	\$100.00		
(I) 3"	\$187.50		
(I) 4"	\$312.50		
(I) 6"	\$1000.00		

		<u>Clinton Service Area</u>	
		All usage	\$5.565 per 1,000 gals. (I)
		All over 100,000 gals.	\$3.920 per 1,000 gals. (D)

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SHEET NO. **39**

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

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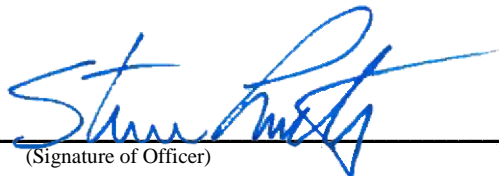
Monthly Fire Protection Charges

(I)	Middlesboro municipally owned hydrants	8.10 per hydrant
(I)	Private Hydrants or Sprinkler Systems	36.50 per hydrant or sprinkler
(N)	Ambleside Private Fire Surcharge (Middlesboro)	\$3.63 per hydrant

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SHEET NO. 13

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

- (c) Where a street service connection is already laid to the curb line, or meter box, the Customer shall connect with the street service connection as laid.
- (d) The meter box shall be set in sidewalk or just inside customer's property on a level with the grade of sidewalk or yard and shall be kept accessible at all times.
- (e) The street service connection from the main to and including the meter box will be maintained by the Company at its expense.
- (f) The Company can recover all costs associated with having to re-locate WSCK's portion of a water service line based on a customer's request. WSCK portion includes tap, service to meter setter, meter box and any landscaping and or pavement replacements. The customer will be billed on a time and materials basis.
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(N)
(N)
(N)
(N)
(N)
(N)
(N)
(N)

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- (d) The service pipe shall be laid below the frost line at all points and shall be placed on firm continuous earth so as to give unyielding and permanent support, and shall be installed in a trench at least two feet in a horizontal direction from any other trench wherein are laid gas pipe, sewer pipe, or other facilities, public or private, unless specifically authorized and approved by the Company.

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Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

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(b) The water service will be discontinued to any premises on account of temporary vacancy upon request of the Customer, without in any way affecting the agreement in force, after the payment of all charges and fees due as provided for in the rates, rules and regulations of the Company.

(N) (c) Discontinuing the supply of water to any premises for any reason shall **not** prevent the Company from pursuing lawful remedies by action at law or otherwise for the collection of moneys due from the Customer.

(d) Water service may be terminated for non-payment per section 18(d)

15. RENEWAL OF WATER SERVICE AFTER DISCONTINUANCE:

When water service to any premises has been terminated for any reason other than

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SHEET NO. 34

Water Service Corporation of Kentucky
(Name of Utility)

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SHEET NO. 37

Water Service Corporation of Kentucky
(Name of Utility)

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or back billing in accordance with 807 KAR 5:006, Section 10(4) and (5).

In addition the annual monitoring, the Company will immediately investigate usage deviations brought to its attention as a result of its on-going meter reading or billing process or customer inquiry.

SCHEDULE OF SPECIAL SERVICE CHARGES

The following charges for special services shall be made:

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2. Meter Reading Recheck Charge. Withdrawn
3. Non Sufficient Funds Charge: Any check returned for NSF shall incur a charge of \$15.00
4. Tampering Fee: Applies when it is deemed a customer willfully took action to interfere, alter or compromise the accuracy, registration or indication of a service meter or service facility or willfully caused damage to such a device of facility to obtain illicit service. The Company can recover all costs associated with having to replace and or repair such meter and fixtures attached. The customer will be billed on a time and materials basis.
5. Meter Test. Upon request and payment of \$20.00 the Customer may have his meter tested provided request by the Customer is not more frequent than once each twelve months. If such test shows the meter to be more than two percent fast, a refund of \$15.00 charge shall be made and bill adjusted accordingly. If the periodic testing requirement of 807 KAR 5:006 has not been met for the meter tested, no charge will be made for the test regardless of results of the test
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Monthly Water
Rates

Service Charge Per Month
Rates For All Service Areas

Volumetric

<u>Meter Size</u>	<u>Monthly Charge</u>	<u>Middlesboro Service Area</u>	
(I) 5/8"	\$10.00 <u>\$12.50</u>	First 100,000 gals. \$4.058	<u>\$5.565</u> per 1,000 gals. (I)
(I) 3/4"	\$10.00 <u>\$12.50</u>	All over 100,000 gals. \$3.133	<u>\$3.920</u> per 1,000 gals. (I)
(I) 1"	\$17.50 <u>\$31.30</u>		
(I) 1.5"	\$30.00 <u>\$62.50</u>		
(I) 2"	\$45.00 <u>\$100.00</u>	<u>Clinton Service Area</u>	
(I) 3"	\$85.00 <u>\$187.50</u>	All usage \$4.362	<u>\$5.565</u> per 1,000 gals. (I)
(I) 4"	\$130.00 <u>\$312.50</u>	<u>All over 100,000 gals.</u>	<u>\$3.920</u> per 1,000 gals. (D)
(I) 6"	\$255.00 <u>\$1000.00</u>		

DATE OF ISSUE July 5, 2018
Month / Date / Year

DATE EFFECTIVE August 4, 2018
Month / Date / Year

ISSUED BY Steve Lubertozi _____
(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. **39**

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

Monthly Fire Protection Charges

- | | | |
|-----|---|---|
| (I) | Middlesboro municipally owned hydrants | \$ 5.40 <u>8.10</u> per hydrant |
| (I) | Private Hydrants or Sprinkler Systems | \$ 24.30 <u>36.50</u> per hydrant or sprinkler |
| (N) | <u>Ambleside Private Fire Surcharge (Middlesboro)</u> | <u>\$3.63 per hydrant</u> |

DATE OF ISSUE July 5, 2018
Month / Date / Year

DATE EFFECTIVE August 4, 2018
Month / Date / Year

ISSUED BY Steve Lubertozi _____
(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

Application

Exhibit 3

Water Service Company of Kentucky

NOTICE OF PROPOSED INCREASE

Pursuant to the regulations of the Public Service Commission of Kentucky, Water Service Corporation of Kentucky gives notice to its customers in Clinton that it intends to adopt an increase in its water rates. The utility is requesting an increase in annual revenue totaling \$852,743, which will be a total increase of 35.29% to the utility. The rates listed below are proposed to be effective August 4, 2018.

	Present Fixed Charge	Present First 100k gal Vol Rate	Present Over 100k gal Vol Rate	Proposed Fixed Charge	Proposed First 100k gal Vol Rate	Proposed Over 100k gal Vol Rate	Current Avg Bill	Proposed Avg Bill	Dollar Increase	% Increase
Clinton										
5/8" and 3/4" Meter	\$ 10.00	\$ 4.36	\$ 4.36	\$ 12.50	\$ 5.57	\$ 3.92	\$ 23.47	\$ 29.68	\$ 6.21	26.48%
1" Meter	\$ 17.50	\$ 4.36	\$ 4.36	\$ 31.30	\$ 5.57	\$ 3.92	\$ 70.08	\$ 98.38	\$ 28.30	40.38%
1.5" Meter	\$ 30.00	\$ 4.36	\$ 4.36	\$ 62.50	\$ 5.57	\$ 3.92	\$ 310.23	\$ 420.01	\$ 109.78	35.39%
2" Meter	\$ 45.00	\$ 4.36	\$ 4.36	\$ 100.00	\$ 5.57	\$ 3.92	\$ 226.42	\$ 331.45	\$ 105.03	46.39%
Municipally Owned Hydrants	\$ 5.40			\$ 8.10			\$ 5.40	\$ 8.10	\$ 2.70	50.00%
Private Hydrants	\$ 24.30			\$ 36.50			\$ 24.30	\$ 36.50	\$ 12.20	50.21%
Sprinkler Systems	\$ 24.30			\$ 36.50			\$ 24.30	\$ 36.50	\$ 12.20	50.21%

The rates contained in the notice are the rates proposed by Water Service Corporation of Kentucky on or about July 5, 2018, with the Commission but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

A corporation, association, or person may within thirty (30) days after the initial publication or mailing of notice of the proposed rate changes, submit a written request to intervene to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602 that establishes the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the Commission may take final action on the application.

A person may examine this filing and any other documents Water Service Corporation of Kentucky has filed with the Public Service Commission at the offices of Water Service Corporation of Kentucky located at 100 East Jackson Street, Clinton, Kentucky 42031.

This filing and any other related documents can be examined at the Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or found on the Public Service Commission's Web site at <http://psc.ky.gov/>. Written comments regarding the proposed rate may be submitted to the Public Service Commission by mail or through the Public Service Commission's Web site.

If you have any questions, feel free to contact us at (844) 310-5556. Please have your account number ready.

Water Service Corporation of Kentucky

Water Service Corporation of Kentucky

NOTICE OF PROPOSED INCREASE

Pursuant to the regulations of the Public Service Commission of Kentucky, Water Service Corporation of Kentucky gives notice to its customers in Middlesboro that it intends to adopt an increase in its water rates. The utility is requesting an increase in annual revenue totaling \$852,743, which will be a total increase of 35.29% to the utility. The rates listed below are proposed to be effective August 4, 2018.

	Present Fixed Charge	Present First 100k gal Vol Rate	Present Over 100k gal Vol Rate	Proposed Fixed Charge	Proposed First 100k gal Vol Rate	Proposed Over 100k gal Vol Rate	Current Avg Bill	Proposed Avg Bill	Dollar Increase	% Increase
Middlesboro										
5/8" and 3/4" Meter	\$ 10.00	\$ 4.06	\$ 3.13	\$ 12.50	\$ 5.57	\$ 3.92	\$ 25.00	\$ 33.07	\$ 8.07	32.28%
1" Meter	\$ 17.50	\$ 4.06	\$ 3.13	\$ 31.30	\$ 5.57	\$ 3.92	\$ 68.39	\$ 101.09	\$ 32.70	47.81%
1.5" Meter	\$ 30.00	\$ 4.06	\$ 3.13	\$ 62.50	\$ 5.57	\$ 3.92	\$ 169.83	\$ 254.26	\$ 84.43	49.71%
2" Meter	\$ 45.00	\$ 4.06	\$ 3.13	\$ 100.00	\$ 5.57	\$ 3.92	\$ 398.96	\$ 585.41	\$ 186.45	46.73%
3" Meter	\$ 85.00	\$ 4.06	\$ 3.13	\$ 187.50	\$ 5.57	\$ 3.92	\$ 872.55	\$ 1,221.65	\$ 349.10	40.01%
4" Meter	\$ 130.00	\$ 4.06	\$ 3.13	\$ 312.50	\$ 5.57	\$ 3.92	\$ 533.50	\$ 865.84	\$ 332.34	62.30%
6" Meter	\$ 255.00	\$ 4.06	\$ 3.13	\$ 1,000.00	\$ 5.57	\$ 3.92	\$ 3,599.70	\$ 5,233.64	\$ 1,633.94	45.39%
Municipally Owned Hydrants	\$ 5.40			\$ 8.10			\$ 5.40	\$ 8.10	\$ 2.70	50.00%
Private Hydrants	\$ 24.30			\$ 36.50			\$ 24.30	\$ 36.50	\$ 12.20	50.21%
Sprinkler Systems	\$ 24.30			\$ 36.50			\$ 24.30	\$ 36.50	\$ 12.20	50.21%
Ambleside Private Fire Surcharge	\$ -			\$ 3.63			\$ -	\$ 3.63	\$ 3.63	N/A

The rates contained in the notice are the rates proposed by Water Service Corporation of Kentucky on or about July 5, 2018, with the Commission but that the Public Service Commission may order rates to be charged that differ from the proposed rates contained in this notice.

A corporation, association, or person may within thirty (30) days after the initial publication or mailing of notice of the proposed rate changes, submit a written request to intervene to the Public Service Commission, 211 Sower Boulevard, P.O. Box 615, Frankfort, Kentucky 40602 that establishes the grounds for the request including the status and interest of the party. If the Commission does not receive a written request for intervention within thirty (30) days of initial publication or mailing of the notice, the Commission may take final action on the application.

A person may examine this filing and any other documents Water Service Corporation of Kentucky has filed with the Public Service Commission at the offices of Water Service Corporation of Kentucky located at 102 Water Plant Rd., Middlesboro, Kentucky 40965.

This filing and any other related documents can be examined at the Commission's offices located at 211 Sower Boulevard, Frankfort, Kentucky, Monday through Friday, 8:00 a.m. to 4:30 p.m., or found on the Public Service Commission's Web site at <http://psc.ky.gov/>. Written comments regarding the proposed rate may be submitted to the Public Service Commission by mail or through the Public Service Commission's Web site.

If you have any questions, feel free to contact us at (844) 310-5556. Please have your account number ready.

Water Service Corporation of Kentucky

Application

Exhibit 4

WATER SERVICE CORPORATION OF KENTUCKY

List of Schedules and Workpapers

Table of Contents	TOC-List of Schedules
Schedule A	Balance Sheet
Schedule B	Income Statement
Schedule C	Rate Base
Schedule D	Revenue Requirement
Schedule E	Revenue at Present Rates
Schedule F	Revenue at Proposed Rates
w/p [a]	Uncollectibles
w/p [b]	Summary of Salary
w/p [c]	Plant in Service
w/p [d]	Rate Case Expense
w/p [e]	Taxes Other Than Income
w/p [f]	Depreciation
w/p [g]	Income Taxes
w/p [h]	Capital Structure
w/p [i]	Cash Working Capital
w/p [j]	Maintenance and Repair
w/p [k]	Expense Report Summary
w/p [l]	Plant - Computers Summary
w/p [m]	Plant - Vehicles Summary
w/p [n]	Plant - GL Additions
w/p [o]	Pro forma Revenue Bridge
w/p [p]	Operating Leases
w/p [q]	Rent Expense
w/p [r]	Fuel Expense

WATER SERVICE CORPORATION OF KENTUCKY

Schedule A

Case No. 2018 - 00208

Balance Sheet

Test Year Ended 12/31/2017

Line No.	ASSETS	A	B	C	D
				<u>LIABILITIES AND OTHER CREDITS</u>	
1.	Plant In Service			Capital Stock and Retained Earnings	
2.	Water		\$ 12,723,289		
3.	Sewer		-	Common Stock and Paid In Capital	\$ 5,068,438
4.			<u> </u>	Retained Earnings	562,823
5.	Total		\$ 12,723,289	Total	\$ <u>5,631,261</u>
6.					
7.	Accumulated Depreciation-Water		(5,702,602)	Current and Accrued Liabilities	
8.	Accumulated Depreciation-Sewer		-	Accounts Payable-Trade	342,454
9.				Taxes Accrued	94,663
10.	Total		\$ (5,702,602)	Deferred Credits	47,416
11.				Customer Deposits - Interest	1,051
12.				A/P - Assoc. Companies	1,210,660
13.	Net Utility Plant		\$ <u>7,020,687</u>	Deferred Revenue	-
14.				Total	\$ <u>1,696,244</u>
15.					
16.				Advances In Aid of Construction	
17.	Plant Acquisition Adjustment-Water		(128,117)	Water	0
18.	Plant Acquisition Adjustment-Sewer		-	Sewer	-
19.			<u> </u>	Total	\$ <u>0</u>
20.	Total		\$ (128,117)		
21.				Contributions In Aid of Construction	
22.				Water	268,212
23.	Construction Work In Process-Water		(0)	Sewer	-
24.	Construction Work In Process-Sewer		-	Total	\$ <u>268,212</u>
25.			<u> </u>		
26.	Total		\$ (0)	Accumulated Deferred Income Tax	
27.				Unamortized ITC	-
28.	Current Assets			Deferred Tax - Federal	768,072
29.	Cash		108,453	Deferred Tax - State	(98,309)
30.	Accounts Receivable - Net		1,042,284	Total	\$ <u>669,763</u>
31.	Other Current Assets		14,782		
32.			<u> </u>	TOTAL LIABILITIES AND OTHER CREDITS	\$ <u>8,265,480</u>
33.	Total		\$ 1,165,519		
34.					
35.					
36.	Deferred Charges		207,391		
37.			<u> </u>		
38.	TOTAL ASSETS		\$ <u>8,265,480</u>		

Line No.	A	B	C	D	E	F
	12/31/2017 Test Year	Pro Forma Changes	Pro Forma Present	Proposed Increase	Pro Forma Proposed	
1.	<u>Operating Revenues</u>					
2.	Service Revenues - Water	\$ 2,414,588	\$ 1,992 [a]	\$ 2,416,580	\$ 852,743 [k]	\$ 3,269,323
3.	Service Revenues - Sewer	-	-	-	-	-
4.	Miscellaneous Revenues	62,803	-	62,803	-	62,803
5.						
6.	Total Operating Revenues	<u>\$ 2,477,391</u>	<u>\$ 1,992</u>	<u>\$ 2,479,383</u>	<u>\$ 852,743</u>	<u>\$ 3,332,126</u>
7.						
8.	<u>Maintenance Expenses</u>					
9.	Salaries and Wages	\$ 653,429	\$ 92,505 [c]	\$ 745,934	-	\$ 745,934
10.	Purchase Water/Sewer	123,204	-	123,204	-	123,204
11.	Purchased Power	101,367	-	101,367	-	101,367
12.	Maintenance and Repair	127,934	70,935 [i] [l]	198,869	-	198,869
13.	Maintenance Testing	43,482	-	43,482	-	43,482
14.	Meter Reading	-	-	-	-	-
15.	Chemicals	108,012	-	108,012	-	108,012
16.	Transportation	28,507	2,332 [o]	30,839	-	30,839
17.	Operating Exp. Charged to Plant	(110,733)	103,218 [d]	(7,515)	-	(7,515)
18.	Outside Services - Other	39,770	-	39,770	-	39,770
19.						
20.	Total	<u>\$ 1,114,973</u>	<u>\$ 268,990</u>	<u>\$ 1,383,962</u>	<u>-</u>	<u>\$ 1,383,962</u>
21.						
22.	<u>General Expenses</u>					
23.	Salaries and Wages	\$ 137,409	\$ 13,327 [c]	\$ 150,736	-	\$ 150,736
24.	Office Supplies & Other Office Exp.	63,578	(1,171) [l]	62,407	-	62,407
25.	Regulatory Commission Exp.	69,645	17,805 [e]	87,450	-	87,450
26.	Pension & Other Benefits	183,280	55,241 [c] [l]	238,521	-	238,521
27.	Rent	12,269	16,127 [m]	28,396	-	28,396
28.	Operating Leases	-	48,332 [n]	48,332	-	48,332
29.	Insurance	75,288	-	75,288	-	75,288
30.	Office Utilities	50,335	(31) [l]	50,304	-	50,304
31.	Uncollectible Accounts	45,687	(6,383) [b]	39,304	13,869 [b]	53,173
32.	Miscellaneous	33,336	(276) [l]	33,060	-	33,060
33.						
34.	Total	<u>\$ 670,828</u>	<u>\$ 142,969</u>	<u>\$ 813,797</u>	<u>\$ 13,869</u>	<u>\$ 827,666</u>
35.						
36.	Depreciation	\$ 290,060	\$ 172,428 [f]	\$ 462,488	\$ -	\$ 462,488
37.	Amortization of PAA	(3,660)	3,660 [p]	-	-	-
38.	Taxes Other Than Income	156,799	26,816 [g]	183,615	1,702 [g]	185,317
39.	Expense Reduction Related to Clinton Sewer Operations	(177,741)	-	(177,741)	-	(177,741)
40.	Income Taxes - Federal	53,891 [h]	(123,383) [h]	(69,491)	166,705 [h]	97,214
41.	Income Taxes - State	16,380 [h]	(30,168) [h]	(13,788)	43,336 [h]	29,548
42.	Amortization of CIAC	(7,516)	(7,111) [f]	(14,627)	-	(14,627)
43.						
44.	Total	<u>\$ 328,214</u>	<u>\$ 42,242</u>	<u>\$ 370,456</u>	<u>\$ 211,744</u>	<u>\$ 582,199</u>
45.						
46.	Total Operating Expenses	<u>\$ 2,114,014</u>	<u>\$ 454,201</u>	<u>\$ 2,568,215</u>	<u>\$ 225,613</u>	<u>\$ 2,793,828</u>
47.						
48.	Net Operating Income	<u>\$ 363,378</u>	<u>\$ (452,209)</u>	<u>\$ (88,832)</u>	<u>\$ 627,130</u>	<u>\$ 538,299</u>
49.						
50.	Other Income	\$ (4,277)	\$ 4,277 [q]	\$ -	\$ -	\$ -
51.	Interest During Construction	(1,025)	-	(1,025)	-	(1,025)
52.	Interest on Debt	156,983	15,605 [j]	172,588	-	172,588
53.						
54.	Net Income	<u>\$ 211,696</u>	<u>\$ (472,091)</u>	<u>\$ (260,394)</u>	<u>\$ 627,130</u>	<u>\$ 366,736</u>

Line No.

1. [a] Test year revenues are recalculated using current rates on Schedule D.
- 2.
3. [b] Adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues and Ambleside. Support can be found on w/p [a].
- 4.
5. [c] Salaries, Wages and Benefits are adjusted to annualize as of April 30, 2018. Support for this change can be found on w/p [b].
- 6.
7. [d] Test year operating expense charged to plant has been removed with the exception of capitalized time related to pro forma GIS and tank painting projects.
- 8.
9. [e] Regulatory commission expense has been adjusted. Support for this change can be found on w/p [d].
- 10.
11. [f] Depreciation and Amortization Expense are annualized. Support for this change can be found on w/p [f].
- 12.
13. [g] Taxes Other than Income is adjusted for annualized payroll taxes, known and measurable property taxes, and pro forma PSC assessments. Support can be found on w/p [e].
- 14.
15. [h] Income taxes are computed on taxable income at current rates. Support for this change can be found on w/p [g].
- 16.
17. [i] Support for this change can be found on w/p [j].
- 18.
19. [j] Support for this change can be found on w/p [h].
- 20.
21. [k] Revenues are annualized at proposed rates using test year consumption and billing determinates. Refer to Sch. D for the calculation of the revenue requirement.
- 22.
23. [l] Support for this change can be found on w/p [k].
- 24.
25. [m] Pro forma rent expense is calculated on w/p [q].
- 26.
27. [n] Pro forma operating leases are calculated on w/p [p].
- 28.
29. [o] Support for this change can be found on w/p [r].
- 30.
31. [p] Amortization of PAA has been removed for rate making purposes.
- 32.
33. [q] Other income has been removed for rate making purposes.

Line No.	A	B	C	D	E	F
		12/31/2017 Test Year	Pro Forma Changes	As Adjusted	Proposed Increase	Effect of Proposed Increase
1.	Net Operating Income	\$ 363,378	\$ (452,209)	\$ (88,832)	\$ 627,130	\$ 538,299
2.						
3.	Gross Plant In Service	\$ 12,723,289	\$ 217,565 [a]	\$ 12,940,854	\$ -	\$ 12,940,854
4.	Accumulated Depreciation	(5,702,602)	(462,488) [a]	(6,165,090)	-	(6,165,090)
5.	Net Plant In Service	\$ 7,020,687	\$ (244,923)	\$ 6,775,764	-	\$ 6,775,764
6.	Cash Working Capital	242,825	56,580 [b]	299,405	-	299,405
7.	Contributions In Aid of Construction	(268,212)	14,627 [a]	(253,585)	-	(253,585)
8.	Advances in Aid of Construction	-	-	-	-	-
9.	Accumulated Deferred Income Taxes	(669,763)	-	(669,763)	-	(669,763)
10.	Customer Deposits	(47,416)	-	(47,416)	-	(47,416)
11.						
12.	Total Rate Base	\$ 6,278,121	\$ (173,716)	\$ 6,104,405	\$ -	\$ 6,104,405
13.						
14.						
15.	Return on Rate Base	5.79%		-1.46%		8.82%
16.						
17.						
18.	<u>Explanation of Adjustments to Rate Base</u>					
19.						
20.	[a] Gross plant in service and Accumulated Depreciation and Amortization adjustments per w/p [c].					
21.	[b] Working capital is calculated based on pro forma maintenance expenses, general expenses, and taxes other than income per w/p [i].					

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Revenue Requirement
Test Year Ended 12/31/2017

Schedule D

A	B
Line No.	Item
	Operating Ratio Method
	(d)
1.	Total Operating Expenses \$ 2,568,215
2.	Less: Federal & State Income Taxes 83,279
3.	
4.	Operating Expenses Net of Income Taxes \$ 2,651,494
5.	Divide by: Operating Ratio 88%
6.	
7.	Revenue to Cover Operating Ratio \$ 3,013,061
8.	Less: Operating Expenses Net of Income Taxes \$ (2,651,494)
9.	
10.	Net Operating Income After Income Taxes \$ 361,567
11.	Less: Pro Forma Net Income 260,394
12.	
13.	Net Operating Income Adjustment \$ 621,962
14.	Multiplied by Gross-up Factor 1.371054133
15.	
16.	Revenue Requirement \$ 852,743
17.	
18.	Percentage Increase/Decrease 35.29%

WATER SERVICE CORPORATION OF KENTUCKY

Schedule E

Case No. 2018 - 00208

Revenues at Present Rates

Test Year Ended 12/31/2017

Line No.	A	B	C	D	E	F	G	H	I	J	K	L
		# of Bills	Rate	Flat Revenue	Tier 1 Gallons Consumed	Tier 1 Rate	Volumetric Tier 1 Revenue	Tier 2 Gallons Consumed	Tier 2 Rate	Volumetric Tier 2 Revenue	Billing Adjustments	Total Revenue
MIDDLESBORO												
1.	1"	1,090	\$ 17.50	\$ 19,081	13,485,362	\$ 4.06	\$ 54,724	187,673	\$ 3.13	\$ 588	\$ -	\$ 74,392
2.	1.5"	325	\$ 30.00	\$ 9,755	8,484,625	\$ 4.06	\$ 34,431	2,720,131	\$ 3.13	\$ 8,522	\$ -	\$ 52,708
3.	2"	592	\$ 45.00	\$ 26,621	19,467,671	\$ 4.06	\$ 79,000	32,132,004	\$ 3.13	\$ 100,670	\$ -	\$ 206,290
4.	3"	96	\$ 85.00	\$ 8,160	4,991,447	\$ 4.06	\$ 20,255	16,306,039	\$ 3.13	\$ 51,087	\$ -	\$ 79,502
5.	3/4"	13	\$ 10.00	\$ 130	-	\$ 4.06	\$ -	-	\$ 3.13	\$ -	\$ -	\$ 130
6.	4"	36	\$ 130.00	\$ 4,680	2,609,547	\$ 4.06	\$ 10,590	970,006	\$ 3.13	\$ 3,039	\$ -	\$ 18,309
7.	5/8"	64,033	\$ 10.00	\$ 640,333	236,083,753	\$ 4.06	\$ 958,028	630,415	\$ 3.13	\$ 1,975	\$ 263	\$ 1,600,072
8.	6"	36	\$ 255.00	\$ 9,180	3,206,999	\$ 4.06	\$ 13,014	39,145,308	\$ 3.13	\$ 122,642	\$ -	\$ 144,836
9.	Municipally Owned Hydrants	3,300	\$ 5.40	\$ 17,820	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 17,820
10.	Private Hydrants	496	\$ 24.30	\$ 12,062	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 12,062
11.	Sprinkler Systems	358	\$ 24.30	\$ 8,699	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 8,699
12.	Total	70,376		\$ 756,520	288,329,404		\$ 1,170,041	92,091,577		\$ 288,523	\$ 263	\$ 2,214,821
CLINTON												
13.	1"	159	\$ 17.50	\$ 2,791	1,922,299	\$ 4.36	\$ 8,385	-	\$ -	\$ -	\$ -	\$ 11,176
14.	1.5"	60	\$ 30.00	\$ 1,800	3,854,590	\$ 4.36	\$ 16,814	-	\$ -	\$ -	\$ -	\$ 18,614
15.	2"	60	\$ 45.00	\$ 2,700	2,495,394	\$ 4.36	\$ 10,885	-	\$ -	\$ -	\$ -	\$ 13,585
16.	3"	-	\$ 85.00	\$ -	-	\$ 4.36	\$ -	-	\$ -	\$ -	\$ -	\$ -
17.	3/4"	6,170	\$ 10.00	\$ 61,697	19,154,752	\$ 4.36	\$ 83,553	-	\$ -	\$ -	\$ 13	\$ 145,237
18.	4"	-	\$ 130.00	\$ -	-	\$ 4.36	\$ -	-	\$ -	\$ -	\$ -	\$ -
19.	5/8"	315	\$ 10.00	\$ 3,151	869,097	\$ 4.36	\$ 3,791	-	\$ -	\$ -	\$ 1	\$ 6,942
20.	6"	-	\$ 255.00	\$ -	-	\$ 4.36	\$ -	-	\$ -	\$ -	\$ -	\$ -
14.	Municipally Owned Hydrants	648	\$ 5.40	\$ 3,499	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 3,499
15.	Private Hydrants	32	\$ 24.30	\$ 770	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 770
16.	Sprinkler Systems	80	\$ 24.30	\$ 1,937	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 1,937
17.	Total	7,524		\$ 78,345	28,296,133		\$ 123,428	-		\$ -	\$ 13	\$ 201,759
18.	WSCKY Total	77,899		\$ 834,865	316,625,536		\$ 1,293,468	92,091,577		\$ 288,523	\$ 277	\$ 2,416,580

WATER SERVICE CORPORATION OF KENTUCKY

w/p [a]

Case No. 2018 - 00208

Uncollectible Accounts

Test Year Ended 12/31/2017

Line No.	Description	A	B
			Water
1.	Test Year / Present Revenues		\$ 2,414,588
2.			
3.	Uncollectible Accounts		\$ 45,687
4.			
5.	Ambleside Private Fire Surcharge Bad Debt Expense Reduction		
6.	Number of Fire Hydrants	22	
7.	Test Year Charge Per Month - Private Fire	\$ 24.30	
8.	Number of Months	12	
9.			
10.	Uncollectible Accounts Related to Ambleside (line 6 X line 7 X line 8)		\$ (6,415)
11.			
12.	WSCKY Adjusted Bad Debt		\$ 39,271
13.			
14.	Uncollectible %		1.63%

WATER SERVICE CORPORATION OF KENTUCK

w/p [b]

Case No. 2018 - 00208

Summary of Salary Adjustments

Test Year Ended 12/31/2017

Line No.	Description	Adjustment	
		Water	Sewer
1.	Salaries - Operations	\$ 92,505	\$ -
2.	Salaries - Office/Corp	13,327	-
3.	Payroll Taxes	19,015	-
4.	Benefits	57,445	-
5.	Totals	<u>\$ 182,292</u>	<u>\$ -</u>

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Plant in Service Adjustments
Test Year Ended 12/31/2017

w/p [c]

Line No.	A Description	B 12/31/17 Test Year	C Computers	D Transportation	E GL Capital	F Pro Forma Change	G As Adjusted
1.	Gross Plant in Service	\$ 12,723,289	\$ 144,689	\$ 47,849	\$ 25,027	\$ 217,565	\$ 12,940,854
2.	Accumulated Depreciation	(5,702,602)	(56,572)	(55,799)	(350,116)	(462,488)	(6,165,090)
3.	Total	<u>\$ 7,020,687</u>	<u>\$ 88,116</u>	<u>\$ (7,950)</u>	<u>\$ (325,089)</u>	<u>\$ (244,923)</u>	<u>\$ 6,775,764</u>

Case No. 2018 - 00208

Rate Case Expense

Test Year Ended 12/31/2017

A	B	C	D	E
Line No.	Description			Amount
1.	Legal Fees			\$ 90,000
2.				
3.	Consulting Fees:			
4.	Ganett Flemming (Cost of Service Study)			\$ 50,000
5.	Guastella & Associates (Depreciation Study)			\$ 36,000
6.				
7.	Customer Notices:			
8.	Postage	6,162 =	customers x \$0.50	\$ 6,162
9.	Stock	6,162 =	notices x (.085)	\$ 1,048
10.				
11.	Newspaper Publication			\$ 6,400
12.				
13.			# of Trips/ Nights	
14.		Personnel	Cost	
15.	Travel			
16.	Airfare	4	500	\$ 4,000
17.	Hotel/Meals	4	200	\$ 1,600
18.	Rental Car		200	\$ 200
19.				
20.	Total Cost of Current Case			\$ 195,410
21.				
22.	Unamortized Rate Case Expense			\$ 23,215
23.				
24.	Total Rate Case Expense			\$ 218,625
25.				
26.	Amortized over 2.5 years			2.5
27.				
28.	Amortization Expense per year			\$ 87,450

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Calculation of Taxes Other Than Income Taxes
Test Year Ended 12/31/2017

w/p [e]

A	B	C
Line No.	Description	Water
1.	<u>Test Year</u>	
2.	Utility/Commission Tax	\$ 4,789
3.	Real Estate Tax	22,752
4.	Personal Property Tax	70,772
5.	Property/Other General Tax	(9)
6.	Gross Receipts Tax	-
7.	Franchise Tax	109
8.	Payroll Taxes	58,386
9.		
10.	Total	\$ 156,799
11.		
12.	<u>Pro Forma Present</u>	
13.	Payroll Tax Increase	\$ 19,015
14.		
15.	<u>Property Taxes</u>	
16.	2016 Hickman Cty Prop Tax Assess (Booked in TYE 2017)	\$ 8,613
17.	2017 Hickman Cty Prop Tax Assess (Booked 2/28/18)	9,428
18.	Pro Forma Adjustment	\$ 815
19.	2017 Middlesboro Prop Tax (Booked in TYE 2017)	\$ -
20.	2017 Middlesboro Property Tax Actual Bill (Booked 3/31/18)	5,262
21.	Pro Forma Adjustment	\$ 5,262
22.	2016 Clinton Prop Tax Assess (Booked in TYE 2017)	\$ 1,291
23.	2017 Clinton Cty Prop Tax Assess (Booked 2/28/18)	1,468
24.	Pro Forma Adjustment	\$ 177
25.	2017 Bell County Prop Tax Accrual (Booked in TYE 2017)	\$ 57,299
26.	2017 Bell County Property Tax Actual Bill (Booked 2/28/18)	58,620
27.	Pro Forma Adjustment	\$ 1,321
28.		
29.	<i>Utility/Commission Tax Increase</i>	
30.	Pro-Forma Present Intrastate Gross Revenue	\$ 2,479,383
31.		
32.	Milage Rate for Fiscal Year 2017	0.200%
33.		
34.	Pro Forma Present Utility / Commission Tax	\$ 4,949
35.	Per Books	\$ 4,723
36.	Utility Commission Tax Increase Adjustment	\$ 226
37.		
38.	Total Pro Forma Present Adjustment	\$ 26,816
39.		
40.	<u>Pro Forma Proposed</u>	
41.	<i>Utility/Commission Tax Increase</i>	
42.	Pro-Forma Proposed Intrastate Gross Revenue	\$ 3,332,126
43.		
44.	Milage Rate for Fiscal Year 2018	0.200%
45.		
46.	Pro Forma Utility / Commission Tax	\$ 6,651
47.	Pro Forma Present Utility / Commission Tax	\$ 4,949
48.	Total Pro Forma Proposed Adjustment	\$ 1,702

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Depreciation Expense
Test Year Ended 12/31/2017

w/p [f]

	A	B	C	D	E	F
Line No.	Account ID	Account Description	12/31/2017 Test Year	Pro Forma Amount	Proposed Depreciation / Amortization Rate	Proposed Depreciation / Amortization Expense
1.	1020	Organization	\$ 164,394	\$ -	4.00%	\$ 6,576
2.	1025	Franchises	-	-	4.00%	-
3.	1030	Land & land rights pump	-	-	0.00%	-
4.	1035	Land & land rights water tr.	-	-	0.00%	-
5.	1040	Land & land rights trans.	-	-	0.00%	-
6.	1045	Land & land rights gen. plt.	22,331	-	0.00%	-
7.	1050	Struct & improv. src. supply	126,290	-	4.17%	5,262
8.	1055	Struct & improv. wtr. trt. plt.	501,884	9,654	2.78%	14,209
9.	1060	Struct & improv. trans. dist.	1,017	-	4.17%	42
10.	1065	Struct & improv. gen. plt.	129,603	-	4.00%	5,184
11.	1080	Wells & springs	477,485	-	1.67%	7,958
12.	1085	Infiltration gallery	-	-	0.00%	-
13.	1090	Supply mains	9,760	-	1.89%	184
14.	1095	Power generation equip.	-	-	3.33%	-
15.	1100	Electric pump equip. src. plt.	34,851	444	3.13%	1,103
16.	1105	Electric pump equip. wtp.	803,594	767	3.13%	25,136
17.	1110	Electric pump equip. trans.	12,840	-	3.13%	401
18.	1115	Water treatment equip.	1,172,148	122	3.57%	41,867
19.	1120	Dist. resv. & standpipes	549,348	-	1.67%	9,156
20.	1125	Trans. & distr. mains	3,518,983	277	1.89%	66,475
21.	1130	Service lines	1,023,248	3,800	3.33%	34,235
22.	1135	Meters	736,615	-	5.80%	42,724
23.	1140	Meter installations	687,698	123	4.44%	30,570
24.	1145	Hydrants	416,264	-	3.95%	16,457
25.	1150	Backflow prevention devic.	129	-	4.44%	6
26.	1160	Other plt. & misc. equip. src. su.	-	-	0.00%	-
27.	1165	OTH PLT&MISC EQUIP WTP	-	-	5.56%	-
28.	1175	Office struct & improv.	150,196	-	4.00%	6,008
29.	1180	Office furn. & equip.	104,615	-	4.50%	4,708
30.	1185	Stores equipment	-	-	3.17%	-
31.	1190	Tool shop & misc. equip.	309,307	3,382	6.33%	19,804
32.	1195	Laboratory equipment	85,381	5,305	5.00%	4,534
33.	1200	Power operated equip.	14,324	1,153	5.00%	774
34.	1205	Communication equip.	53,948	-	12.50%	6,744
35.	1210	Misc . equipment	-	-	5.56%	-
36.	1215	Water plant allocated	69,976	-	0.00%	-
37.	1220	Other tangible plt. water	-	-	3.33%	-
38.						
39.		Total Plant	\$ 11,176,230	\$ 25,027		\$ 350,116
40.						
41.		Composite Rate				3.13%
42.						
43.		<u>Vehicles & Computers</u>				
44.		Vehicles	\$ 725,994	\$ 47,849	w/p [m]	\$ 55,799
45.		Computers,	\$ 821,066	\$ 144,689	w/p [l]	\$ 56,572
46.						
47.		Total Depreciation				\$ 462,488
48.						
49.	3350	CIAC-METERS	\$ (83,141)		5.80%	\$ (4,822)
50.	3430	CIAC-OTHER TANGIBLE PLT W	\$ (104,819)		3.33%	\$ (3,494)
51.	3435	CIAC-WATER-TAP	\$ (189,326)		3.33%	\$ (6,311)
52.						
53.		Total CIAC	\$ (377,286)	\$ -		\$ (14,627)
54.						
55.		Total Amortization				(14,627)

WATER SERVICE CORPORATION OF KENTUCKY

w/p [g]

Case No. 2018 - 00208

Calculation of State and Federal Income Tax

Test Year Ended 12/31/2017

Line No.	Description	A	B 12/31/17 Test Year	C Pro Forma Present	D Pro Forma Proposed
1.	<u>State Income Taxes</u>				
2.					
3.	Total Revenue		\$ 2,477,391	\$ 2,479,383	\$ 3,332,126
4.					
5.	Maintenance Expense		1,114,973	1,383,962	1,383,962
6.	General Expense		670,828	813,797	827,666
7.	Depreciation & Amortization		282,544	447,861	447,861
8.	Taxes Other Than Income		156,799	183,615	185,317
9.	Income from Management Services		(177,741)	(177,741)	(177,741)
10.	Interest Expense		156,983	172,588	172,588
11.					
12.	Taxable Income		\$ 273,006	\$ (344,698)	\$ 492,473
13.	State Tax Rate				
14.	\$0 to \$50,000 @ 4.0%		-	(13,788)	-
15.	\$50,001 to \$100,000 @ 5.0%		-	-	-
16.	over \$100,000 @ 6.0%		16,380	-	29,548
17.					
18.	Total State Income Taxes		\$ 16,380	\$ (13,788)	\$ 29,548
19.					
20.	<u>Federal Taxes</u>				
21.					
22.	Taxable Income before taxes		\$ 273,006	\$ (344,698)	\$ 492,473
23.					
24.	Less: State I/T		16,380	(13,788)	29,548
25.					
26.	Federal Taxable Income		256,626	(330,911)	462,925
27.	Federal Tax Rate		21%	21%	21%
28.					
29.	Total Federal Taxes		\$ 53,891	\$ (69,491)	\$ 97,214

UTILITIES, INC. AND SUBSIDIARIES
Capital Structure at December 31, 2017

w/p [h]
Page 1 of 2

Line No.	Description	A	B	C	D
			December 31, 2017	Annual Interest Expense	Capital Structure
1.	<u>COMMON SHAREHOLDERS' EQUITY:</u>				
2.	Common shares, \$.10 par value; authorized and				
3.	issued 1,000 shares		\$ 100		
4.	Paid-in capital		167,572,616		
5.	Retained earnings		78,783,461		
6.					
7.	Total Common Shareholder's Equity		\$ 246,356,177		51.85%
8.					
9.	<u>LONG-TERM DEBT:</u>				
10.	Collateral trust notes -				
11.	6.58%, \$9,000,000 due in annual installments		\$ 171,556,958	\$ 11,886,434	
12.	beginning in 2017 through 2035				
13.					
14.	Toronto Dominion Bank Line of Credit				
15.	2.575% Libor Rate as of 12/31/2017				
16.	beginning in 10/2015 through 10/2020		\$ 57,206,111	\$ 1,546,450	
17.					
18.	Total Debt		\$ 228,763,069	\$ 13,432,885	48.15%
19.					
20.	TOTAL CAPITALIZATION		\$ 475,119,246		100.00%
21.					
22.	COST OF DEBT		5.87%		
23.					

WATER SERVICE CORPORATION OF KENTUCKY
Pro Forma Interest Expense
Calculation of Income Taxes
Test Year Ended 12/31/2017

	A	B
Line No. Description		Water
1. Pro Forma Present Rate Base		\$ 6,104,405
2.		
3. Debt Ratio		48.15%
4.		
5. Embedded Cost of Debt		5.87%
6.		
7. Pro Forma Interest Expense		<u>\$ 172,588</u>

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Calculation of Working Capital
Test Year Ended 12/31/2017

w/p [i]

Line No.	Description	A	B	C Water
1.	<u>Test Year</u>			
2.	Maintenance Expenses			\$ 1,114,973
3.	General Expenses			670,828
4.	Taxes Other Than Income			156,799
5.				
6.	Total			\$ 1,942,599
7.				
8.	Working Capital		45/360	\$ 242,825
9.				
10.	<u>Pro Forma Present</u>			
11.	Maintenance Expenses			\$ 1,383,962
12.	General Expenses			827,666
13.	Taxes Other Than Income			183,615
14.				
15.	Total			\$ 2,395,243
16.				
17.	Working Capital		45/360	\$ 299,405

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Calculation of Maintenance and Repair Adjustments
Test Year Ended 12/31/2017

w/p [j]

A		B	C	D	E	F	G
Line No.	Acct #	Account Name	12/31/2017	Remove Per Books	Current	Pro Forma	Pro Forma Present
			Test Year		Deferred Assests	Deferred Assests	
1.	6285	WATER-MAINT SUPPLIES	\$ 6,309	\$ -	\$ -	\$ -	\$ 6,309
2.	6290	WATER-MAINT REPAIRS	9,165	-	-	-	9,165
3.	6295	WATER-MAIN BREAKS	4,848	-	-	-	4,848
4.	6300	WATER-ELEC EQUIPT REPAIR	1,345	-	-	-	1,345
5.	6310	WATER-OTHER MAINT EXP	42,325	-	-	-	42,325
6.	6320	SEWER-MAINT SUPPLIES	465	-	-	-	465
7.	6325	SEWER-MAINT REPAIRS	2,550	-	-	-	2,550
8.	6330	SEWER-MAIN BREAKS	875	-	-	-	875
9.	6335	SEWER-ELEC EQUIPT REPAIR	6,031	-	-	-	6,031
10.	6340	SEWER-PERMITS	-	-	-	-	-
11.	6345	SEWER-OTHER MAINT EXP	5,485	-	-	-	5,485
12.	6355	DEFERRED MAINT EXPENSE	35,134	(35,134)	37,246	68,823	106,069
13.	6360	COMMUNICATION EXPENSE	69	-	-	-	69
14.	6370	OPER CONTRACTED WORKERS	7,200	-	-	-	7,200
15.	6380	REPAIRS & MAINT-MAINT, LAND	-	-	-	-	-
16.	6385	UNIFORMS	4,353	-	-	-	4,353
17.	6390	WEATHER/HURRICANE/FUEL EXP	1,781	-	-	-	1,781
18.	6400	SEWER RODDING	-	-	-	-	-
19.	6410	SLUDGE HAULING	-	-	-	-	-
20.		Maintenance and Repair Total	<u>\$ 127,934</u>	<u>\$ (35,134)</u>	<u>\$ 37,246</u>	<u>\$ 68,823</u>	<u>\$ 198,869</u>

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Removal of Employee Expense Reports
Test Year Ended 12/31/2017

w/p [k]

Line No.	Obj Act	Account Description	102		345		700		800		860		Total	
			12/31/2017 TYE	Removed	12/31/2017 TYE	Removed	12/31/2017 TYE	Removed	12/31/2017 TYE	Removed	12/31/2017 TYE	Removed	12/31/2017 TYE	Removed
1.	6185	TRAVEL LODGING	\$ 312	\$ -	\$ 4,455	\$ -	\$ 414	\$ (18)	\$ -	\$ -	\$ 412	\$ -	\$ 5,593	\$ (18)
2.	6200	TRAVEL MEALS	76	(6)	1,599	(24)	121	(45)	-	-	137	-	1,933	(75)
3.	5895	SHIPPING CHARGES	6	-	939	-	-	-	-	-	-	-	945	-
4.	5820	TRAINING EXPENSE	470	-	1,077	-	292	-	17,894	-	-	-	19,733	-
5.	5900	OTHER OFFICE EXPENSES	3	-	98	(69)	-	-	-	-	-	-	101	(69)
6.	5965	OFFICE MAINTENANCE	-	-	364	-	-	-	-	-	-	-	364	-
7.	5880	OFFICE SUPPLY STORES	7	-	135	-	105	-	-	-	-	-	247	-
8.	6070	MISC REG MATTERS COMM E	-	-	50	-	-	-	-	-	-	-	50	-
9.	6195	TRAVEL TRANSPORTATION	100	-	1,459	-	181	(107)	-	-	439	-	2,179	(107)
10.	6190	TRAVEL AIRFARE	480	-	3,680	-	316	-	15,141	-	556	-	20,172	-
11.	6207	TRAVEL OTHER	47	-	200	-	147	(23)	-	-	-	-	394	(23)
12.	5945	OFFICE TELECOM	153	-	10	-	302	(31)	-	-	-	-	465	(31)
13.	6385	UNIFORMS	-	-	404	-	23	-	-	-	-	-	426	-
14.	6285	WATER-MAINT SUPPLIES	-	-	547	-	146	-	-	-	-	-	693	-
15.	6215	FUEL	1	-	6	-	-	-	-	-	-	-	7	-
16.	5870	HOLIDAY EVENTS/PICNICS	14	(14)	450	(450)	638	(638)	-	-	-	-	1,102	(1,102)
17.	6320	SEWER-MAINT SUPPLIES	-	-	23	-	-	-	-	-	-	-	23	-
18.	5860	CLEANING SUPPLIES	9	-	123	-	8	-	-	-	-	-	140	-
19.	5805	LICENSE FEES	5	-	50	-	8	-	-	-	-	-	64	-
20.	6290	WATER-MAINT REPAIRS	-	-	130	-	-	-	-	-	-	-	130	-
21.	5875	KITCHEN SUPPLIES	-	-	166	-	-	-	-	-	-	-	166	-
22.	6255	TEST-WATER	-	-	6	-	-	-	-	-	-	-	6	-
23.	6360	COMMUNICATION EXPENSE	-	-	16	-	-	-	-	-	-	-	16	-
24.	6310	WATER-OTHER MAINT EXP	-	-	96	-	-	-	-	-	-	-	96	-
25.	6090	RENT	-	-	88	-	-	-	-	-	-	-	88	-
26.	6260	TEST-EQUIP/CHEMICAL	-	-	21	-	-	-	-	-	-	-	21	-
27.	5660	OTHER EMP BENEFITS	99	(96)	-	-	14	(14)	2,045	(2,045)	50	(50)	2,207	(2,204)
28.	5810	MEMBERSHIPS	27	-	-	-	394	-	-	-	-	-	420	-
29.	5690	TUITION	-	-	-	-	27	-	-	-	-	-	27	-
30.	6205	TRAVEL ENTERTAINMENT	42	(19)	-	-	59	(33)	-	-	-	-	101	(52)
31.	5825	OTHER MISC EXPENSE	8	(1)	-	-	108	-	-	-	-	-	115	(1)
32.	6220	AUTO REPAIR/TIRES	-	-	-	-	7	-	-	-	-	-	7	-
33.	5655	HEALTH INS CLAIMS	46	-	-	-	-	-	-	-	-	-	46	-
34.	5650	HEALTH COSTS & OTHER	5	-	-	-	-	-	-	-	-	-	5	-
35.	6050	OTHER OUTSIDE SERVICES	5	-	-	-	-	-	-	-	-	-	5	-
36.			\$ 1,913	\$ (136)	\$ 16,191	\$ (543)	\$ 3,311	\$ (909)	\$ 35,080	\$ (2,045)	\$ 1,593	\$ (50)	\$ 58,088	\$ (3,683)

WATER SERVICE CORPORATION OF KENTUCKY

w/p [1]

Case No. 2018 - 00208

Allocation of State and WSC Computers

Test Year Ended 12/31/2017

Line	A Asset Number	B Asset Description	C Cost	D Accumulated Depreciation	E Net Book Value	F Monthly Depreciation	G 2018 Depreciation Expense
102.1580 - Mainframe Computers							
1.	103036	SE1B MAINFRAME COMPUTER	371,502	(371,502)	-	-	-
2.	103037	SE1B MAINFRAME COMPUTER	5,583	(5,583)	-	-	-
3.	103038	SE1B MAINFRAME COMPUTER	171,680	(171,680)	-	-	-
4.	103039	SE1B MAINFRAME COMPUTER	13,640	(13,640)	-	-	-
5.	103040	SE1B MAINFRAME COMPUTER	2,385	(2,385)	-	-	-
6.	103055	SE1D MAINFRAME COMPUTER AMORT	508,722	(508,722)	-	-	-
7.	1001589	CDW COMPUTER CENTERS INC	6,476	(6,476)	-	-	-
8.	1005459	HP DL360 BKPLN KIT	6,609	(6,609)	-	-	-
9.	1009058	CDW COMPUTER CENTERS INC	356	(208)	148	6	71
10.	Account Total		1,086,953	(1,086,805)	148	6	71
11.	Allocated to WSC of KY %		2.4%	2.4%	2.4%	2.4%	2.4%
12.	Total Allocated to WSC of KY		26,114	(26,110)	4	0	2
13.							
14.	102.1585 - Mini Computers						
15.	80366	MINI COMPUTERS WTR	740	(206)	534	21	247
16.	1005315	CDW COMPUTER CENTERS INC	1,320	(1,320)	-	-	-
17.	1005337	4 LENOVO T410	5,200	(5,200)	-	-	-
18.	1005338	CORVALLIS MICROTECHNOLOGY INC	1,375	(1,375)	-	-	-
19.	1005339	LENOVO THINKPADS	2,641	(2,641)	-	-	-
20.	1005340	LENOVO THINKPADS	1,315	(1,315)	-	-	-
21.	1005376	Lenovo T410	1,363	(1,363)	-	-	-
22.	1005377	Lenovo T410	1,365	(1,365)	-	-	-
23.	1005378	Lenovo T400	2,650	(2,650)	-	-	-
24.	1005379	Handheld Device WP	1,375	(1,375)	-	-	-
25.	1005421	LVP TS T420 I5-2520 500GB 4GB	1,242	(1,242)	-	-	-
26.	1005422	LENOVE T420 I5-2520 500GB 4GB	1,267	(1,267)	-	-	-

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27.	1005423	LENOVO T420 I5-2520 500GB 4GB	2,553	(2,553)	-	-	-
28.	1005424	LVO W520 X220 T420 TRIPP UPS	6,848	(6,848)	-	-	-
29.	1005425	LVO W520 T420 TRIPP 1500VA	3,703	(3,703)	-	-	-
30.	1005426	LENOVO TP X220 I5-2520M 320GB	1,463	(1,463)	-	-	-
31.	1005457	LENOVO T420 I5-2520 500GB	2,449	(2,449)	-	-	-
32.	1005458	LENOVE W520 & LENOVO T420	3,119	(3,119)	-	-	-
33.	1005486	HP 8GB PC2-5300 LP KIT	991	(991)	-	-	-
34.	1005487	HP 300GB & 146GB 6G SAS DP ENT	858	(858)	-	-	-
35.	1005488	LAPTOP BATTERY FOR LENOVO	123	(123)	-	-	-
36.	1005489	ACER X223WDBD 22" WIDE LCD	644	(644)	-	-	-
37.	1005490	HP DL360 BKPLN KIT	129	(129)	-	-	-
38.	1005491	LENOVO T420 I5-2520 500GB	1,317	(1,317)	-	-	-
39.	1005492	LENOVO T420 I5-2520 500GB	1,231	(1,231)	-	-	-
40.	1005493	LENOVO T420 I5-2520 500GB	1,288	(1,288)	-	-	-
41.	1005494	TRIPP 2200VA UPS SMART ONLINE	1,128	(1,128)	-	-	-
42.	1005495	LENOVO T420 I5-2520 500GB	1,315	(1,315)	-	-	-
43.	1005497	CISCO1921/K9	2,065	(2,065)	-	-	-
44.	1005501	CISCO1921/K9	2,097	(2,097)	-	-	-
45.	1005502	LENOVO T420 I5-2520 500GB	2,386	(2,386)	-	-	-
46.	1005503	ACER VM275 E7600 DESKTOP PC	527	(527)	-	-	-
47.	1005504	Shoretel Equipment SC & LA	13,792	(13,792)	-	-	-
48.	1005505	LENOVO TP MINI DOCK SERIES 3	1,020	(1,020)	-	-	-
49.	1005523	ACER VM275 E7600 DESKTOP	519	(519)	-	-	-
50.	1005524	LENOVO T420 I5-2520 500GB	1,288	(1,288)	-	-	-
51.	1005562	HANDHELD DEVICE	1,380	(1,380)	-	-	-
52.	1005573	LENOVO T420 I5-2520 500GB	1,238	(1,238)	-	-	-
53.	1005574	ACER X223WDBD 22" WIDE LCD	178	(178)	-	-	-

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54.	1005581	KINGSTON 1GB RAM AND	266	(266)	-	-	-
55.	1005582	LENOVO T420 I5-2520 500GB	2,931	(2,931)	-	-	-
56.	1005593	HP OJ 6500A PLUS PRINTER	212	(212)	-	-	-
57.	1005594	LENOVO T420 I5-2520 500GB	3,075	(3,075)	-	-	-
58.	1005595	HP SCANJET 5590	278	(278)	-	-	-
59.	1005601	COMCAST INSTALLATION & CONSTRU	4,914	(4,914)	-	-	-
60.	1005612	ACER X223WDBD 22" WIDE LCD	159	(159)	-	-	-
61.	1005613	UPS WEB CARD	255	(255)	-	-	-
62.	1005649	TOUGH BOOK REPAIR/PARTS REPL	3,062	(3,062)	-	-	-
63.	1005650	LENOVO T420 I5-2520 500GB	1,820	(1,820)	-	-	-
64.	1005651	LENOVE W520 & LENOVO T420	2,901	(2,901)	-	-	-
65.	1005658	LENOVO TP MINI DOCK SERIES 3	778	(778)	-	-	-
66.	1005879	HANDHELD DEVICE	2,700	(2,700)	-	-	-
67.	1005881	LENOVO T420 I5-2520 500GB	1,257	(1,257)	-	-	-
68.	1005890	LVP T420, LVO DOCKING STATION	72,242	(72,242)	-	-	-
69.	1005892	SHOREGEAR 90	2,271	(2,271)	-	-	-
70.	1005900	HP PROLIANT DL120 SERVER G6	3,483	(3,483)	-	-	-
71.	1005908	LENOVO TS TP T520 I7-2640M	2,859	(2,859)	-	-	-
72.	1005938	RSP IBM FAN & FAN THERMAL DEVI	270	(270)	-	-	-
73.	1005939	SHOREPHONE IP230G (BLACK)	1,284	(1,284)	-	-	-
74.	1005940	HANDHELD METER READER	1,710	(1,710)	-	-	-
75.	1005961	BATTERY BACK UPS FOR COMPUTERS	495	(495)	-	-	-
76.	1005973	ACER VM275 E6700, ASUS RT-N56U	789	(789)	-	-	-
77.	1005996	ACER VM275 E6700, LOGI MK520	457	(457)	-	-	-
78.	1005997	ACER VX4618G I5-2320	673	(673)	-	-	-
79.	1006007	REPLACEMENT LCD SCREEN	349	(349)	-	-	-
80.	1006020	ACER VM275 E6700 500GB 2GB W7P	901	(901)	-	-	-

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81.	1006021	LENOVO TS T420 I5-2520	1,605	(1,605)	-	-	-
82.	1006022	LCD SCREEN AND FAN	659	(659)	-	-	-
83.	1006023	HARD DRIVE AND RAM	545	(545)	-	-	-
84.	1006024	ACER X223WDBD MONITOR	1,985	(1,985)	-	-	-
85.	1006025	LENOVO TS T420 I5-2520	2,540	(2,540)	-	-	-
86.	1006050	ACER X223WDBD MONITOR	174	(174)	-	-	-
87.	1006054	LENOVO TS T420 I5-2520	3,036	(3,036)	-	-	-
88.	1006055	ACER X223WDBD MONITOR	314	(314)	-	-	-
89.	1006056	LENOVO TS T420 I5-2520	2,539	(2,539)	-	-	-
90.	1006057	LENOVO FS TP X220 I5-2520M	1,662	(1,662)	-	-	-
91.	1006058	ACER X223WDBD MONITOR	1,690	(1,690)	-	-	-
92.	1006059	KINGSTON 2GB DDR2-800 MODULE	170	(170)	-	-	-
93.	1006060	HP OJ 7500A PRINTER	228	(228)	-	-	-
94.	1006067	LAPTOPS AND ACCESSORIES	10,205	(10,205)	-	-	-
95.	1006086	Lenovo Thinkpad 430	6,421	(6,421)	-	-	-
96.	1006095	Lenovo T430/HP 8GB Kit/Docking	12,140	(12,140)	-	-	-
97.	1006230	Laptop, Dock, Monitors	9,144	(9,144)	-	-	-
98.	1006283	Lenovo T430	4,231	(4,231)	-	-	-
99.	1006340	CDW COMPUTER CENTERS INC	1,406	(1,406)	-	-	-
100.	1006341	CDW COMPUTER CENTERS INC	1,413	(1,413)	-	-	-
101.	1006458	XEROX PHASER 4600	1,221	(1,221)	-	-	-
102.	1006459	XEROX 2000 FEEDER W/ STAND	820	(820)	-	-	-
103.	1006460	SHOREGEAR 30	1,196	(1,196)	-	-	-
104.	1006461	HP LJ 4345 SERIES MAINT. KIT	267	(267)	-	-	-
105.	1006471	HP AIO PRINTER	30	(30)	-	-	-
106.	1006472	LENOVO T430	3,394	(3,394)	-	-	-
107.	1006473	LENOVO DOCKING STATION	504	(504)	-	-	-

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108.	1006474	LENOVO T430	2,704	(2,704)	-	-	-
109.	1006475	LENOVO T430	2,830	(2,830)	-	-	-
110.	1006479	OV 132822	335	(335)	-	-	-
111.	1006480	OV 132823	2,132	(2,132)	-	-	-
112.	1006481	OV 132819	257	(257)	-	-	-
113.	1006482	OV 132818	257	(257)	-	-	-
114.	1006501	CDW COMPUTER CENTERS INC.	1,058	(1,058)	-	-	-
115.	1006502	CDW COMPUTER CENTERS INC.	2,654	(2,654)	-	-	-
116.	1006506	HEADSETS FOR NORTHBROOK	1,066	(1,066)	-	-	-
117.	1006507	JABRA HEADSETS FOR NEVADA	1,426	(1,426)	-	-	-
118.	1006508	JABRA HEADSETS FOR CHARLOTTE	2,839	(2,839)	-	-	-
119.	1006509	JABRA HEADSETS FOR FLORIDA	3,155	(3,155)	-	-	-
120.	1006511	DOCKING STATIONS	532	(532)	-	-	-
121.	1006512	T430 LAPTOPS	2,639	(2,639)	-	-	-
122.	1006513	ULTRABAY 9.5MM DVD BURNER	129	(129)	-	-	-
123.	1006514	HP OFFICEJET PRO 8600 AIO N911	174	(174)	-	-	-
124.	1006524	TOUGHBOOK A/C ADAPTERS	386	(386)	-	-	-
125.	1006529	JABRA HEADSETS FOR NORTHBROOK	379	(379)	-	-	-
126.	1006530	LENOVO X230 AND BATTERY	1,934	(1,934)	-	-	-
127.	1006531	BATTERY,HEADSET,DOCK STATION	3,828	(3,828)	-	-	-
128.	1006532	LVO 8GB PC3-12800 DDR3	92	(92)	-	-	-
129.	1006533	IBM 14.1 INCH MONITOR	240	(240)	-	-	-
130.	1006547	TB DC POWER ADAPTERS	952	(952)	-	-	-
131.	1006553	LENOVO MINI COMPUTER 500 GB	765	(765)	-	-	-
132.	1006554	WD BLACK 500 GB 2.5	389	(389)	-	-	-
133.	1006555	HP OFFICEJET PRO 8600 AIO	224	(224)	-	-	-
134.	1006556	HP GEN8 2U SECURITY BEZEL KIT	75	(75)	-	-	-

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135.	1006557	HP OFFICEJET PRO 8600 AIO	241	(241)	-	-	-
136.	1006558	LVO 8GB PC3-12800 DDR3 SODIMM	92	(92)	-	-	-
137.	1006559	LVO TP ULTRABAY DVD 9.5MM SLIM	134	(134)	-	-	-
138.	1006563	LENOVO T530 PO 130724	1,658	(1,658)	-	-	-
139.	1006566	LENOVO THINKPAD BATTERY	184	(184)	-	-	-
140.	1006567	HP OFFICEJET PRO 8600 AIO	228	(228)	-	-	-
141.	1006593	JAWBONE ERA MIDNIGHT HARDWARE	99	(99)	-	-	-
142.	1006594	SONY BX330 32" LCD TV TAA	361	(361)	-	-	-
143.	1006597	MICROSOFT SURFACE TABLET	1,369	(1,369)	-	-	-
144.	1006598	9CELL THINKPAD BATTERY	148	(148)	-	-	-
145.	1006605	POLYCOM MEDIA CART	2,439	(2,439)	-	-	-
146.	1006606	LENOVO T430 4GB	1,365	(1,365)	-	-	-
147.	1006608	LENOVO X230 THINKPAD	1,599	(1,599)	-	-	-
148.	1006609	JABRA PRO 9460 HEADSET	367	(367)	-	-	-
149.	1006610	HP OFFICEJET PRO 8600	902	(902)	-	-	-
150.	1006611	HP OFFICEJET PRO 8600 PRINTER	171	(171)	-	-	-
151.	1006612	PLANTRONICS CS70N HEADSET	136	(136)	-	-	-
152.	1006613	TB REPAIR PPC0776126	1,229	(1,229)	-	-	-
153.	1006614	TB REPAIR PPC0776130	428	(428)	-	-	-
154.	1006615	TB REPAIR PPC0776128	1,313	(1,313)	-	-	-
155.	1006616	TB REPAIR PPC0776124	984	(984)	-	-	-
156.	1006639	LENOVO M92P 500 GB	752	(752)	-	-	-
157.	1006640	LENOVO T430 AND DOCK	1,614	(1,614)	-	-	-
158.	1006641	LENOVO T430 AND DOCK	1,614	(1,614)	-	-	-
159.	1006646	ACER MONITOR WIDE LED	318	(318)	-	-	-
160.	1006647	JABRA PRO HEADSETS	708	(708)	-	-	-
161.	1006648	LVO SERIES DOCKING STATION	264	(264)	-	-	-

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162.	1006649	LVO SERIES DOCKING STATION	265	(265)	-	-	-
163.	1006650	LENOVO T430 AND DOCKING	2,352	(2,352)	-	-	-
164.	1006651	LENOVO DESKTOP AND PRIVACY SCR	815	(815)	-	-	-
165.	1006653	WD HARD DRIVES 500 GB	367	(367)	-	-	-
166.	1006654	LENOVO T430 AND DOCKING STATIO	2,964	(2,964)	-	-	-
167.	1006655	LAPTOPS, DOCKS, MONITORS	5,152	(5,152)	-	-	-
168.	1006656	HP OFFICE JET PRO 8600 PRINTER	179	(179)	-	-	-
169.	1006691	T430 LAPTOPS AND DOCKS	4,221	(4,221)	-	-	-
170.	1006692	TOTAL MICRO BATTERY	144	(144)	-	-	-
171.	1006693	9 CELL LITHIUM ION BATTERY	211	(211)	-	-	-
172.	1006695	Thinkpad T430 and Dock	1,675	(1,675)	-	-	-
173.	1006696	Lenovo Laptops and Monitors	2,992	(2,992)	-	-	-
174.	1006697	ACER MONITOR 22IN WS	150	(150)	-	-	-
175.	1006707	LENOVO DESKTOP 500 GB	753	(753)	-	-	-
176.	1006721	WESTERN DIGITAL HD 500 GB	367	(367)	-	-	-
177.	1006722	LAPTOP, DOCK,WIRELESS KEYBOARD	1,903	(1,903)	-	-	-
178.	1006723	CISCO SMARTNET 24X7X4	256	(256)	-	-	-
179.	1006724	FUJITSU SCANNER FI-6130Z	1,026	(1,026)	-	-	-
180.	1006725	HP OFFICEJET PRO 8600 PRINTER	224	(224)	-	-	-
181.	1006735	LAPTOPS,DOCKS,MONITORS	3,627	(3,627)	-	-	-
182.	1006742	SAMSUNG 840 SERIES HARD DRIVES	270	(270)	-	-	-
183.	1006743	LOGI WRLS KEYBOARD	72	(72)	-	-	-
184.	1006764	JABRA PRO 9460 HEADSET	358	(358)	-	-	-
185.	1006765	ACER 22IN WS LED MONITORS	432	(432)	-	-	-
186.	1006766	MAINTENANCE KIT, EXTENDED, XER	107	(107)	-	-	-
187.	1006778	SSD HARD DRIVES	657	(657)	-	-	-
188.	1006782	LAPTOP HARD DRIVES	335	(335)	-	-	-

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189.	1006783		102104	185	(185)	-	-
190.	1006784		102104	174	(174)	-	-
191.	1006788	LAPTOPS AND DOCKING STATIONS		3,236	(3,236)	-	-
192.	1006791	LENOVO DESKTOP		750	(750)	-	-
193.	1006792	LENOVO T430		3,929	(3,929)	-	-
194.	1006824	TB AC/DC ADAPTORS & BATTERIES		1,782	(1,782)	-	-
195.	1006829	HP OFFICEJET PRINTER		346	(346)	-	-
196.	1006830	LAPTOPS, DOCKS, MONITORS		3,452	(3,452)	-	-
197.	1006858	CDW COMP CENTERS INC PO#141601		5,694	(5,694)	-	-
198.	1006864	CDW COMPUTER CENTERS PO#143764		750	(750)	-	-
199.	1006865	CDW COMPUTER CENTERS PO#143766		4,125	(4,125)	-	-
200.	1006866	CDW COMPUTER CENTERS PO#143767		415	(415)	-	-
201.	1006910	CDW COMPUTER CENTERS INC		1,763	(1,763)	-	-
202.	1006921	CDW COMPUTER CENTERS INC		1,655	(1,655)	-	-
203.	1006922	HEARTLAND SERVICES INC.		559	(559)	-	-
204.	1006923	HEARTLAND SERVICES INC.		1,589	(1,589)	-	-
205.	1006924	HEARTLAND SERVICES INC.		1,140	(1,140)	-	-
206.	1006932	CDW COMPUTER CENTERS INC		4,272	(4,272)	-	-
207.	1006933	CDW COMPUTER CENTERS INC		643	(643)	-	-
208.	1006935	CDW COMPUTER CENTERS INC		129	(129)	-	-
209.	1006938	VISUALPRO 360 INC.		1,052	(1,052)	-	-
210.	1006958	CDW COMPUTER CENTERS INC		557	(557)	-	-
211.	1006959	CDW COMPUTER CENTERS INC		4,048	(4,048)	-	-
212.	1006960	CDW COMPUTER CENTERS INC		446	(446)	-	-
213.	1006961	CDW COMPUTER CENTERS INC		809	(809)	-	-
214.	1006962	CDW COMPUTER CENTERS INC		3,934	(3,934)	-	-
215.	1006963	CDW COMPUTER CENTERS INC		85	(85)	-	-

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216.	1006964	CDW COMPUTER CENTERS INC	71	(71)	-	-	-
217.	1006965	CDW COMPUTER CENTERS INC	249	(249)	-	-	-
218.	1006981	HEARTLAND SERVICES INC.	1,038	(1,038)	-	-	-
219.	1006984	CDW COMPUTER CENTERS INC	752	(752)	-	-	-
220.	1006985	CDW COMPUTER CENTERS INC	1,927	(1,927)	-	-	-
221.	1006986	CDW COMPUTER CENTERS INC	368	(368)	-	-	-
222.	1006987	CDW COMPUTER CENTERS INC	2,691	(2,691)	-	-	-
223.	1006988	CDW COMPUTER CENTERS INC	1,489	(1,489)	-	-	-
224.	1006989	CDW COMPUTER CENTERS INC	4,029	(4,029)	-	-	-
225.	1007255	CDW COMPUTER CENTERS INC	352	(352)	-	-	-
226.	1007256	CDW COMPUTER CENTERS INC	1,927	(1,927)	-	-	-
227.	1007257	CDW COMPUTER CENTERS INC	1,390	(1,390)	-	-	-
228.	1007258	CDW COMPUTER CENTERS INC	5,632	(5,632)	-	-	-
229.	1007259	CDW COMPUTER CENTERS INC	97	(97)	-	-	-
230.	1007260	CDW COMPUTER CENTERS INC	81	(81)	-	-	-
231.	1007264	VISUALPRO 360 INC.	856	(856)	-	-	-
232.	1007265	CDW COMPUTER CENTERS INC	239	(239)	-	-	-
233.	1007286	CDW COMPUTER CENTERS INC	1,757	(1,757)	-	-	-
234.	1007287	CDW COMPUTER CENTERS INC	3,098	(3,098)	-	-	-
235.	1007289	CDW COMPUTER CENTERS INC	148	(148)	-	-	-
236.	1007291	CDW COMPUTER CENTERS INC	156	(156)	-	-	-
237.	1007306	CDW COMPUTER CENTERS INC	1,338	(1,338)	-	-	-
238.	1007307	CDW COMPUTER CENTERS INC	1,349	(1,349)	-	-	-
239.	1007308	CDW COMPUTER CENTERS INC	2,684	(2,684)	-	-	-
240.	1007309	CDW COMPUTER CENTERS INC	504	(504)	-	-	-
241.	1007449	CDW COMPUTER CENTERS INC	1,764	(1,764)	-	-	-
242.	1007450	CDW COMPUTER CENTERS INC	3	(3)	-	-	-

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Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
243.	1007451	CDW COMPUTER CENTERS INC	752	(752)	-	-	-
244.	1007453	CDW COMPUTER CENTERS INC	368	(368)	-	-	-
245.	1007457	VISUALPRO 360 INC.	107	(107)	-	-	-
246.	1007460	CDW COMPUTER CENTERS INC	2,691	(2,691)	-	-	-
247.	1007465	CDW COMPUTER CENTERS INC	64	(64)	-	-	-
248.	1007466	CDW COMPUTER CENTERS INC	92	(92)	-	-	-
249.	1007467	CDW COMPUTER CENTERS INC	67	(67)	-	-	-
250.	1007532	CDW COMPUTER CENTERS INC	2,691	(2,691)	-	-	-
251.	1007533	CDW COMPUTER CENTERS INC	1,606	(1,606)	-	-	-
252.	1007534	CDW COMPUTER CENTERS INC	287	(287)	-	-	-
253.	1007535	CDW COMPUTER CENTERS INC	721	(721)	-	-	-
254.	1007559	CDW COMPUTER CENTERS INC	1,079	(1,079)	-	-	-
255.	1007576	CDW COMPUTER CENTERS INC	1,367	(1,367)	-	-	-
256.	1007577	CDW COMPUTER CENTERS INC	410	(410)	-	-	-
257.	1007578	CDW COMPUTER CENTERS INC	920	(920)	-	-	-
258.	1007579	CDW COMPUTER CENTERS INC	2,751	(2,751)	-	-	-
259.	1007610	CDW COMPUTER CENTERS INC	643	(643)	-	-	-
260.	1007611	CDW COMPUTER CENTERS INC	297	(297)	-	-	-
261.	1007612	CDW COMPUTER CENTERS INC	563	(563)	-	-	-
262.	1007613	CDW COMPUTER CENTERS INC	562	(562)	-	-	-
263.	1007614	CDW COMPUTER CENTERS INC	4,641	(4,641)	-	-	-
264.	1007615	CDW COMPUTER CENTERS INC	876	(876)	-	-	-
265.	1007616	CDW COMPUTER CENTERS INC	60	(60)	-	-	-
266.	1007617	CDW COMPUTER CENTERS INC	140	(140)	-	-	-
267.	1007618	CDW COMPUTER CENTERS INC	36	(36)	-	-	-
268.	1007619	CDW COMPUTER CENTERS INC	67	(67)	-	-	-
269.	1007634	CDW COMPUTER CENTERS INC	1,119	(1,119)	-	-	-

WATER SERVICE CORPORATION OF KENTUCKY

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Allocation of State and WSC Computers

Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
270.	1007635	CDW COMPUTER CENTERS INC	363	(363)	-	-	-
271.	1007681	CDW COMPUTER CENTERS INC	571	(571)	-	-	-
272.	1007682	CDW COMPUTER CENTERS INC	5,464	(5,464)	-	-	-
273.	1007685	SHI CORP	4,522	(4,522)	-	-	-
274.	1007686	CDW COMPUTER CENTERS INC	1,399	(1,399)	-	-	-
275.	1007687	CDW COMPUTER CENTERS INC	3,969	(3,969)	-	-	-
276.	1007688	CDW COMPUTER CENTERS INC	669	(669)	-	-	-
277.	1007706	CDW COMPUTER CENTERS INC	1,652	(1,652)	-	-	-
278.	1007707	CDW COMPUTER CENTERS INC	3,930	(3,930)	-	-	-
279.	1007709	CDW COMPUTER CENTERS INC	48	(48)	-	-	-
280.	1007720	CDW COMPUTER CENTERS INC	3,938	(3,938)	-	-	-
281.	1007721	CDW COMPUTER CENTERS INC	363	(363)	-	-	-
282.	1007722	CDW COMPUTER CENTERS INC	46	(46)	-	-	-
283.	1007723	CDW COMPUTER CENTERS INC	72	(72)	-	-	-
284.	1007742	CDW COMPUTER CENTERS INC	287	(287)	-	-	-
285.	1007750	CDW COMPUTER CENTERS INC	1,128	(1,128)	-	-	-
286.	1007751	CDW COMPUTER CENTERS INC	1,126	(1,126)	-	-	-
287.	1007754	CDW COMPUTER CENTERS INC	3,957	(3,957)	-	-	-
288.	1007755	CDW COMPUTER CENTERS INC	3,938	(3,938)	-	-	-
289.	1007756	CDW COMPUTER CENTERS INC	4,100	(4,100)	-	-	-
290.	1007764	AGC NETWORKS INC.	1,365	(1,365)	-	-	-
291.	1007765	AGC NETWORKS INC.	114	(114)	-	-	-
292.	1007766	CDW COMPUTER CENTERS INC	1,088	(1,088)	-	-	-
293.	1007767	CDW COMPUTER CENTERS INC	288	(288)	-	-	-
294.	1007768	CDW COMPUTER CENTERS INC	432	(432)	-	-	-
295.	1007769	CDW COMPUTER CENTERS INC	555	(555)	-	-	-
296.	1007785	CDW COMPUTER CENTERS INC	3,930	(3,930)	-	-	-

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Allocation of State and WSC Computers

Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
297.	1007786	CDW COMPUTER CENTERS INC	717	(717)	-	-	-
298.	1007787	CDW COMPUTER CENTERS INC	804	(804)	-	-	-
299.	1007788	CDW COMPUTER CENTERS INC	290	(290)	-	-	-
300.	1007792	CDW COMPUTER CENTERS INC	804	(804)	-	-	-
301.	1007793	CDW COMPUTER CENTERS INC	571	(571)	-	-	-
302.	1007794	CDW COMPUTER CENTERS INC	53	(53)	-	-	-
303.	1007796	HEARTLAND SERVICES INC.	748	(748)	-	-	-
304.	1007797	HEARTLAND SERVICES INC.	1,601	(1,601)	-	-	-
305.	1007798	HEARTLAND SERVICES INC.	308	(308)	-	-	-
306.	1007799	HEARTLAND SERVICES INC.	638	(638)	-	-	-
307.	1007800	HEARTLAND SERVICES INC.	(84)	84	-	-	-
308.	1007801	HEARTLAND SERVICES INC.	648	(648)	-	-	-
309.	1007809	CDW COMPUTER CENTERS INC	214	(214)	-	-	-
310.	1007810	CDW COMPUTER CENTERS INC	217	(217)	-	-	-
311.	1007811	CDW COMPUTER CENTERS INC	153	(153)	-	-	-
312.	1007814	CDW COMPUTER CENTERS INC	2,620	(2,620)	-	-	-
313.	1007815	CDW COMPUTER CENTERS INC	1,238	(1,238)	-	-	-
314.	1007816	CDW COMPUTER CENTERS INC	3,344	(3,344)	-	-	-
315.	1007817	CDW COMPUTER CENTERS INC	19,203	(19,203)	-	-	-
316.	1007818	CDW COMPUTER CENTERS INC	81,154	(81,154)	-	-	-
317.	1007819	CDW COMPUTER CENTERS INC	19,816	(19,816)	-	-	-
318.	1007820	CDW COMPUTER CENTERS INC	2,544	(2,544)	-	-	-
319.	1007821	CDW COMPUTER CENTERS INC	555	(555)	-	-	-
320.	1007822	CDW COMPUTER CENTERS INC	771	(771)	-	-	-
321.	1007823	CDW COMPUTER CENTERS INC	444	(444)	-	-	-
322.	1007824	CDW COMPUTER CENTERS INC	1,356	(1,356)	-	-	-
323.	1007825	CDW COMPUTER CENTERS INC	427	(427)	-	-	-

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Allocation of State and WSC Computers

Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
324.	1007826	CDW COMPUTER CENTERS INC	169,997	(169,997)	-	-	-
325.	1007827	CDW COMPUTER CENTERS INC	86,922	(86,922)	-	-	-
326.	1007828	CDW COMPUTER CENTERS INC	3,260	(3,260)	-	-	-
327.	1007829	CDW COMPUTER CENTERS INC	15,804	(15,804)	-	-	-
328.	1007830	CDW COMPUTER CENTERS INC	2,035	(2,035)	-	-	-
329.	1007831	CDW COMPUTER CENTERS INC	3,867	(3,867)	-	-	-
330.	1007832	CDW COMPUTER CENTERS INC	52,304	(52,304)	-	-	-
331.	1007833	CDW COMPUTER CENTERS INC	23,729	(23,729)	-	-	-
332.	1007838	CDW COMPUTER CENTERS INC	225	(225)	-	-	-
333.	1007861	CDW COMPUTER CENTERS INC	126,816	(126,816)	-	-	-
334.	1007862	CDW COMPUTER CENTERS INC	145,170	(145,170)	-	-	-
335.	1007863	CDW COMPUTER CENTERS INC	568	(568)	-	-	-
336.	1007864	VISUALPRO 360 INC.	764	(764)	-	-	-
337.	1007865	CDW COMPUTER CENTERS INC	3,318	(3,318)	-	-	-
338.	1007866	CDW COMPUTER CENTERS INC	3,927	(3,927)	-	-	-
339.	1007869	CDW COMPUTER CENTERS INC	10,027	(10,027)	-	-	-
340.	1007870	CDW COMPUTER CENTERS INC	3,578	(3,578)	-	-	-
341.	1007871	CDW COMPUTER CENTERS INC	432	(432)	-	-	-
342.	1007872	CDW COMPUTER CENTERS INC	9,660	(9,660)	-	-	-
343.	1007873	CDW COMPUTER CENTERS INC	3,984	(3,984)	-	-	-
344.	1007874	CDW COMPUTER CENTERS INC	0	(0)	-	-	-
345.	1007877	CDW COMPUTER CENTERS INC	21,044	(21,044)	-	-	-
346.	1007878	CDW COMPUTER CENTERS INC	20,552	(20,552)	-	-	-
347.	1007879	CDW COMPUTER CENTERS INC	6,699	(6,699)	-	-	-
348.	1007880	CDW COMPUTER CENTERS INC	332	(332)	-	-	-
349.	1007881	CDW COMPUTER CENTERS INC	993	(993)	-	-	-
350.	1007882	CDW COMPUTER CENTERS INC	7,969	(7,969)	-	-	-

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Allocation of State and WSC Computers

Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
351.	1007883	CDW COMPUTER CENTERS INC	27,914	(27,914)	-	-	-
352.	1007884	CDW COMPUTER CENTERS INC	644	(644)	-	-	-
353.	1007885	CDW COMPUTER CENTERS INC	297	(297)	-	-	-
354.	1007886	CDW COMPUTER CENTERS INC	881	(881)	-	-	-
355.	1007887	CDW COMPUTER CENTERS INC	998	(998)	-	-	-
356.	1007888	CDW COMPUTER CENTERS INC	1,104	(1,104)	-	-	-
357.	1007889	CDW COMPUTER CENTERS INC	13,855	(13,855)	-	-	-
358.	1007890	CDW COMPUTER CENTERS INC	6,641	(6,641)	-	-	-
359.	1007891	CDW COMPUTER CENTERS INC	3,621	(3,621)	-	-	-
360.	1007892	CDW COMPUTER CENTERS INC	1,102	(1,102)	-	-	-
361.	1007893	CDW COMPUTER CENTERS INC	39,285	(39,285)	-	-	-
362.	1007894	CDW COMPUTER CENTERS INC	990	(990)	-	-	-
363.	1007895	CDW COMPUTER CENTERS INC	326	(326)	-	-	-
364.	1007896	CDW COMPUTER CENTERS INC	31,416	(31,416)	-	-	-
365.	1007945	CDW COMPUTER CENTERS INC	43,803	(43,803)	-	-	-
366.	1007955	CDW COMPUTER CENTERS INC	18,331	(18,331)	-	-	-
367.	1007956	AGC NETWORKS INC.	14,496	(14,496)	-	-	-
368.	1007957	CDW COMPUTER CENTERS INC	3,976	(3,976)	-	-	-
369.	1007958	CDW COMPUTER CENTERS INC	3,202	(3,202)	-	-	-
370.	1007959	CDW COMPUTER CENTERS INC	441	(441)	-	-	-
371.	1007960	CDW COMPUTER CENTERS INC	202	(202)	-	-	-
372.	1007961	CDW COMPUTER CENTERS INC	218	(218)	-	-	-
373.	1007962	CDW COMPUTER CENTERS INC	110	(110)	-	-	-
374.	1007963	CDW COMPUTER CENTERS INC	111	(111)	-	-	-
375.	1007964	CDW COMPUTER CENTERS INC	221	(221)	-	-	-
376.	1007965	CDW COMPUTER CENTERS INC	111	(111)	-	-	-
377.	1007966	CDW COMPUTER CENTERS INC	9,953	(9,953)	-	-	-

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Allocation of State and WSC Computers

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	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
378.	1007967	CDW COMPUTER CENTERS INC	70	(70)	-	-	-
379.	1007974	CDW COMPUTER CENTERS INC	89	(89)	-	-	-
380.	1007979	CDW COMPUTER CENTERS INC	3,888	(3,888)	-	-	-
381.	1007980	SHI CORP	5,018	(5,018)	-	-	-
382.	1007981	SHI CORP	37	(37)	-	-	-
383.	1007985	CDW COMPUTER CENTERS INC	1,883	(1,883)	-	-	-
384.	1007986	CDW COMPUTER CENTERS INC	383	(383)	-	-	-
385.	1007987	CDW COMPUTER CENTERS INC	4,773	(4,773)	-	-	-
386.	1007988	CDW COMPUTER CENTERS INC	678	(678)	-	-	-
387.	1007989	CDW COMPUTER CENTERS INC	990	(990)	-	-	-
388.	1007999	CDW COMPUTER CENTERS INC	530	(530)	-	-	-
389.	1008000	CDW COMPUTER CENTERS INC	269	(269)	-	-	-
390.	1008085	CDW COMPUTER CENTERS INC	739	(739)	-	-	-
391.	1008086	CDW COMPUTER CENTERS INC	346	(346)	-	-	-
392.	1008087	CDW COMPUTER CENTERS INC	6,271	(6,271)	-	-	-
393.	1008101	CDW COMPUTER CENTERS INC	113	(113)	-	-	-
394.	1008102	CDW COMPUTER CENTERS INC	90	(90)	-	-	-
395.	1008103	CDW COMPUTER CENTERS INC	112	(112)	-	-	-
396.	1008104	CDW COMPUTER CENTERS INC	110	(110)	-	-	-
397.	1008105	CDW COMPUTER CENTERS INC	90	(90)	-	-	-
398.	1008117	CDW COMPUTER CENTERS INC	115	(115)	-	-	-
399.	1008118	CDW COMPUTER CENTERS INC	52	(52)	-	-	-
400.	1008119	CDW COMPUTER CENTERS INC	108	(108)	-	-	-
401.	1008166	CDW COMPUTER CENTERS INC	5,761	(5,761)	-	-	-
402.	1008167	ORACLE AMERICA INC.	42,700	(42,700)	-	-	-
403.	1008168	CDW COMPUTER CENTERS INC	42	(42)	-	-	-
404.	1008169	CDW COMPUTER CENTERS INC	125	(125)	-	-	-

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	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
405.	1008170	CDW COMPUTER CENTERS INC	88	(88)	-	-	-
406.	1008223	CDW COMPUTER CENTERS INC	3,920	(3,920)	-	-	-
407.	1008224	CDW COMPUTER CENTERS INC	261	(261)	-	-	-
408.	1008225	CDW COMPUTER CENTERS INC	7,279	(7,279)	-	-	-
409.	1008226	CDW COMPUTER CENTERS INC	405	(405)	-	-	-
410.	1008227	CDW COMPUTER CENTERS INC	526	(526)	-	-	-
411.	1008228	CDW COMPUTER CENTERS INC	1,593	(1,593)	-	-	-
412.	1008229	CDW COMPUTER CENTERS INC	14,514	(14,514)	-	-	-
413.	1008230	CDW COMPUTER CENTERS INC	86	(86)	-	-	-
414.	1008231	CDW COMPUTER CENTERS INC	207	(207)	-	-	-
415.	1008278	CDW COMPUTER CENTERS INC	739	(739)	-	-	-
416.	1008279	CDW COMPUTER CENTERS INC	944	(944)	-	-	-
417.	1008280	CDW COMPUTER CENTERS INC	45,474	(45,474)	-	-	-
418.	1008306	CDW COMPUTER CENTERS INC	1,835	(1,835)	-	-	-
419.	1008307	CDW COMPUTER CENTERS INC	3,198	(3,198)	-	-	-
420.	1008310	CDW COMPUTER CENTERS INC	11,781	(11,781)	-	-	-
421.	1008311	CDW COMPUTER CENTERS INC	1,868	(1,868)	-	-	-
422.	1008344	DESKTOPS, LAPTOPS, DOCKS	5,860	(5,860)	-	-	-
423.	1008415	CDW COMPUTER CENTERS INC	1,738	(1,738)	-	-	-
424.	1008416	CDW COMPUTER CENTERS INC	480	(480)	-	-	-
425.	1008417	CDW COMPUTER CENTERS INC	1,265	(1,265)	-	-	-
426.	1008418	CDW COMPUTER CENTERS INC	284	(284)	-	-	-
427.	1008419	AGC NETWORKS INC.	3,571	(3,571)	-	-	-
428.	1008420	CDW COMPUTER CENTERS INC	2,698	(2,698)	-	-	-
429.	1008421	CDW COMPUTER CENTERS INC	3,643	(3,643)	-	-	-
430.	1008422	CDW COMPUTER CENTERS INC	376	(376)	-	-	-
431.	1008423	CDW COMPUTER CENTERS INC	376	(376)	-	-	-

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Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
432.	1008424	CDW COMPUTER CENTERS INC	472	(472)	-	-	-
433.	1008425	CDW COMPUTER CENTERS INC	484	(484)	-	-	-
434.	1008426	CDW COMPUTER CENTERS INC	11,593	(11,593)	-	-	-
435.	1008427	CDW COMPUTER CENTERS INC	1,348	(1,348)	-	-	-
436.	1008428	CDW COMPUTER CENTERS INC	580	(580)	-	-	-
437.	1008429	CDW COMPUTER CENTERS INC	81	(81)	-	-	-
438.	1008430	CDW COMPUTER CENTERS INC	77	(77)	-	-	-
439.	1008431	CDW COMPUTER CENTERS INC	201	(201)	-	-	-
440.	1008432	CDW COMPUTER CENTERS INC	227	(227)	-	-	-
441.	1008433	CDW COMPUTER CENTERS INC	77	(77)	-	-	-
442.	1008594	CDW COMPUTER CENTERS INC	19,801	(19,801)	-	-	-
443.	1008595	CDW COMPUTER CENTERS INC	36,812	(36,812)	-	-	-
444.	1008644	CDW COMPUTER CENTERS INC	12,050	(12,050)	-	-	-
445.	1008713	CDW COMPUTER CENTERS INC	5,703	(5,703)	-	-	-
446.	1008733	CDW, WEST IP	5,788	(5,788)	-	-	-
447.	1008738	CDW COMPUTER CENTERS INC	154	(154)	-	-	-
448.	1008739	CDW COMPUTER CENTERS INC	37,415	(37,415)	-	-	-
449.	1008829	CDW COMPUTER CENTERS INC	17,520	(17,520)	-	-	-
450.	1008830	CDW COMPUTER CENTERS INC	1,056	(1,056)	-	-	-
451.	1008831	CDW COMPUTER CENTERS INC	649	(649)	-	-	-
452.	1008923	BOMGAR CORP.	5,473	(5,473)	-	-	-
453.	1008941	CDW COMPUTER CENTERS INC	9,211	(9,211)	-	-	-
454.	1008975	CDW COMPUTER CENTERS INC	587	(587)	-	-	-
455.	1009000	CDW COMPUTER CENTERS INC	691	(691)	-	-	-
456.	1009001	CDW COMPUTER CENTERS INC	319	(319)	-	-	-
457.	1009015	CDW, ORACLE, GREGG	90,861	(90,861)	-	-	-
458.	1009017	CDW COMPUTER CENTERS INC	1,966	(1,966)	-	-	-

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Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
459.	1009047	CDW COMPUTER CENTERS INC	200	(200)	-	-	-
460.	1009049	CDW COMPUTER CENTERS INC	47,921	(47,921)	-	-	-
461.	1009050	CDW COMPUTER CENTERS INC	413	(413)	-	-	-
462.	1009054	CDW COMPUTER CENTERS INC	4,443	(4,320)	122	123	1,481
463.	1009055	MICROSOFT LICENSING, GP	58,892	(57,270)	1,622	1,636	19,631
464.	1009056	CDW COMPUTER CENTERS INC	406	(395)	11	11	135
465.	1009121	CDW COMPUTER CENTERS INC	5,071	(4,931)	140	141	1,690
466.	1009126	CDW COMPUTER CENTERS INC	954	(928)	26	27	318
467.	1009131	SHI CORP	4,032	(3,921)	111	112	1,344
468.	1009132	CDW COMPUTER WEST IP	70,976	(67,050)	3,926	1,972	23,659
469.	1009133	CDW COMPUTER CENTERS INC	45,088	(42,594)	2,494	1,252	15,029
470.	1009204	CDW COMPUTER CENTERS INC	6,183	(5,841)	342	172	2,061
471.	1009205	CDW COMPUTER CENTERS INC	268	(253)	15	7	89
472.	1009254	CDW COMPUTER CENTERS INC	1,084	(994)	90	30	361
473.	1009306	WEST IP , CDW COMPUTER CENTERS	3,251	(2,980)	271	90	1,084
474.	1009307	CDW COMPUTER TOKAY SOFTWARE	32,024	(29,359)	2,665	890	10,675
475.	1009318	GREGG COMMUNICATION & CDW	1,584	(1,409)	176	44	528
476.	1009359	CDW COMPUTER CENTERS INC	842	(749)	93	23	281
477.	1009381	CDW COMPUTER CENTERS INC	3,474	(2,991)	482	96	1,158
478.	1009414	CDW COMPUTER CENTERS INC	301	(259)	42	8	100
479.	1009425	GREGG COMMUNICATION SYSTEMS IN	62,844	(52,388)	10,456	1,746	20,948
480.	1009426	CDW COMPUTER CENTERS INC	1,806	(1,506)	301	50	602
481.	1009464	CDW COMPUTER CENTERS INC	7,957	(6,410)	1,547	221	2,652
482.	1009495	CDW COMPUTER CENTERS INC	260	(210)	51	7	87
483.	1009499	CDW COMPUTER CENTERS INC	14,352	(11,156)	3,196	399	4,784
484.	1009500	CDW COMPUTER CENTERS INC	2,781	(2,162)	619	77	927
485.	1009519	CDW COMPUTER CENTERS INC	1,559	(1,170)	388	43	520

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Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
486.	1009520	CDW COMPUTER CENTERS INC	4,884	(3,667)	1,217	136	1,628
487.	1009539	Lenovo T460 Jabra Headsets	6,892	(5,175)	1,717	191	2,297
488.	1009540	Lenovo Yoga Fortinet Switch	5,468	(4,106)	1,362	152	1,823
489.	1009551	Getac Battery Headset 4 phone	2,084	(1,565)	519	58	695
490.	1009565	HP 2530-48G Switch	2,654	(1,918)	736	74	885
491.	1009566	IP480g Phones Moto X Phones	6,577	(4,753)	1,824	183	2,192
492.	1009567	Asus Monitors	2,332	(1,685)	647	65	777
493.	1009583	Moto X Pure	9,700	(7,010)	2,690	269	3,233
494.	1009584	100GB Flash Cache	1,121	(810)	311	31	374
495.	1009595	MOTOROLA PHONES	2,380	(1,655)	725	66	793
496.	1009597	Moto X Pure Phones	25,772	(17,921)	7,851	716	8,591
497.	1009598	Laptop and Docks	5,297	(3,683)	1,614	147	1,766
498.	1009609	Surface Book, Raritan 32PT KVM	6,894	(4,794)	2,100	191	2,298
499.	1009610	Moto X Pure and Cases	2,942	(2,046)	896	82	981
500.	1009664	100GB Flash Cache Jabra Pro 94	4,672	(3,249)	1,423	130	1,557
501.	1009671	GREGG COMMUNICATION SYSTEMS IN	1,994	(1,386)	607	55	665
502.	1009678	MINI COMPUTERS WTR	29,701	(19,814)	9,887	825	9,900
503.	1009709	Gregg Mailbox and Pro Licenses		(238)	(238)	-	-
504.	1009710	MINI COMPUTERS WTR	18,000	(12,008)	5,992	500	6,000
505.	1009716	Moto X	3,266	(2,179)	1,087	91	1,089
506.	1009718	MINI COMPUTERS WTR	194	(129)	65	5	65
507.	1009719	Moto X Pure Jabra Pro 9460	8,577	(5,722)	2,855	238	2,859
508.	1009720	Lenovo T450 and Dock	10,189	(6,797)	3,392	283	3,396
509.	1009742	MINI COMPUTERS WTR	8,022	(5,133)	2,890	223	2,674
510.	1009747	Moto X Pure	15,696	(10,042)	5,654	436	5,232
511.	1009748	StoragePoint License / Support	19,752	(12,637)	7,115	549	6,584
512.	1009803	JABRA HEADSET	429	(262)	167	12	143

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Allocation of State and WSC Computers

Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
513.	1009809	TRIPP DISPLAYPORT	9,964	(6,094)	3,870	277	3,321
514.	1009810	MOTO X PURE	1,053	(644)	409	29	351
515.	1009814	CIS DIR UCS	101,107	(58,979)	42,128	2,809	33,702
516.	1009979	MINI COMPUTERS WTR	3,240	(2,073)	1,167	90	1,080
517.	1009980	MINI COMPUTERS WTR	1,481	(905)	575	41	494
518.	1009987	MINI COMPUTERS WTR	16,977	(10,382)	6,594	472	5,659
519.	1009991	MINI COMPUTERS WTR	717	(439)	279	20	239
520.	1009997	MINI COMPUTERS WTR	26	(16)	10	1	9
521.	1010014	MINI COMPUTERS WTR	1,798	(1,049)	749	50	599
522.	1010015	MINI COMPUTERS WTR	15,212	(8,874)	6,338	423	5,071
523.	1010016	MINI COMPUTERS WTR	78,777	(45,953)	32,824	2,188	26,259
524.	1010017	MINI COMPUTERS WTR	532	(310)	222	15	177
525.	1010022	MINI COMPUTERS WTR	9,000	(5,250)	3,750	250	3,000
526.	1010023	MINI COMPUTERS WTR	(34,788)	19,343	(15,446)	-	-
527.	1010037	MINI COMPUTERS WTR	28,434	(15,810)	12,625	790	9,478
528.	1010038	MINI COMPUTERS WTR	296,258	(164,723)	131,535	8,229	98,753
529.	1010064	MINI COMPUTERS WTR	1,575	(876)	699	44	525
530.	1010065	MINI COMPUTERS WTR	289	(161)	128	8	96
531.	1010066	MINI COMPUTERS WTR	2,474	(1,376)	1,098	69	825
532.	1010067	MINI COMPUTERS WTR	632	(352)	281	18	211
533.	1010068	MINI COMPUTERS WTR	236,875	(131,705)	105,170	6,580	78,958
534.	1010075	MINI COMPUTERS WTR	11,218	(5,921)	5,297	312	3,739
535.	1010076	MINI COMPUTERS WTR	209	(110)	99	6	70
536.	1010077	MINI COMPUTERS WTR	1,700	(897)	803	47	567
537.	1010085	MINI COMPUTERS WTR	470	(248)	222	13	157
538.	1010086	MINI COMPUTERS WTR	16,710	(8,819)	7,891	464	5,570
539.	1010096	MINI COMPUTERS WTR	59,359	(31,329)	28,031	1,649	19,786

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Allocation of State and WSC Computers

Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
540.	1010097	MINI COMPUTERS WTR	50	(26)	24	1	17
541.	1010099	MINI COMPUTERS WTR	209	(110)	99	6	70
542.	1010100	MINI COMPUTERS WTR	1,650	(871)	779	46	550
543.	1010101	MINI COMPUTERS WTR	1,424	(752)	673	40	475
544.	1010110	MINI COMPUTERS WTR	215	(108)	107	6	72
545.	1010111	MINI COMPUTERS WTR	2,475	(1,239)	1,236	69	825
546.	1010131	MINI COMPUTERS WTR	27,331	(13,678)	13,653	759	9,110
547.	1010132	MINI COMPUTERS WTR	(4,020)	2,012	(2,008)	-	-
548.	1010137	MINI COMPUTERS WTR	(946)	474	(473)	-	-
549.	1010154	MINI COMPUTERS WTR	59,265	(27,986)	31,279	1,646	19,755
550.	1010155	MINI COMPUTERS WTR	31,273	(14,768)	16,505	869	10,424
551.	1010156	MINI COMPUTERS WTR	36,718	(17,339)	19,379	1,020	12,239
552.	1010157	MINI COMPUTERS WTR	685	(323)	362	19	228
553.	1010158	MINI COMPUTERS WTR	86	(41)	45	2	29
554.	1010159	MINI COMPUTERS WTR	247	(116)	130	7	82
555.	1010196	MINI COMPUTERS WTR	6,818	(3,027)	3,792	189	2,273
556.	1010197	MINI COMPUTERS WTR	1,582	(702)	880	44	527
557.	1010198	MINI COMPUTERS WTR	8,373	(3,717)	4,656	233	2,791
558.	1010199	MINI COMPUTERS WTR	3,672	(1,630)	2,042	102	1,224
559.	1010202	MINI COMPUTERS WTR	23,206	(10,301)	12,905	645	7,735
560.	1010203	MINI COMPUTERS WTR	12,182	(5,408)	6,774	338	4,061
561.	1010221	MINI COMPUTERS WTR	2,556	(1,069)	1,487	71	852
562.	1010222	MINI COMPUTERS WTR	206	(86)	120	6	69
563.	1010223	MINI COMPUTERS WTR	19,144	(8,009)	11,135	532	6,381
564.	1010251	MINI COMPUTERS WTR	204	(85)	119	6	68
565.	1010446	MINI COMPUTERS WTR	39,534	(15,420)	24,115	1,098	13,178
566.	1010447	MINI COMPUTERS WTR	265	(103)	162	7	88

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Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
567.	1010448	MINI COMPUTERS WTR	163	(63)	99	5	54
568.	1010464	MINI COMPUTERS WTR	213,925	(83,437)	130,488	5,942	71,308
569.	1010465	MINI COMPUTERS WTR	993	(387)	606	28	331
570.	1010486	MINI COMPUTERS WTR	138	(50)	88	4	46
571.	1010487	MINI COMPUTERS WTR	3,920	(1,421)	2,498	109	1,307
572.	1010488	MINI COMPUTERS WTR	3,364	(1,220)	2,144	93	1,121
573.	1010489	MINI COMPUTERS WTR	228	(83)	145	6	76
574.	1010501	MINI COMPUTERS WTR	2,971	(1,078)	1,894	83	990
575.	1010502	MINI COMPUTERS WTR	16,810	(6,096)	10,714	467	5,603
576.	1010503	MINI COMPUTERS WTR	453	(164)	288	13	151
577.	1010504	MINI COMPUTERS WTR	295	(107)	188	8	98
578.	1010519	MINI COMPUTERS WTR	11	(4)	7	0	4
579.	1010520	MINI COMPUTERS WTR	4,377	(1,587)	2,790	122	1,459
580.	1010521	MINI COMPUTERS WTR	140	(51)	89	4	47
581.	1010522	MINI COMPUTERS WTR	63,205	(22,920)	40,285	1,756	21,068
582.	1010523	MINI COMPUTERS WTR	3,334	(1,209)	2,125	93	1,111
583.	1010538	MINI COMPUTERS WTR	180	(60)	120	5	60
584.	1010539	MINI COMPUTERS WTR	7,504	(2,509)	4,995	208	2,501
585.	1010540	MINI COMPUTERS WTR	13,577	(4,539)	9,038	377	4,526
586.	1010565	MINI COMPUTERS WTR	20,708	(6,923)	13,785	575	6,903
587.	1010566	MINI COMPUTERS WTR	1,349	(451)	898	37	450
588.	1010567	MINI COMPUTERS WTR	98	(33)	65	3	33
589.	1010568	MINI COMPUTERS WTR	258	(86)	171	7	86
590.	1010591	MINI COMPUTER WTR	2,786	(855)	1,931	77	929
591.	1010611	MINI COMPUTER WTR	8,210	(2,520)	5,690	228	2,737
592.	1010612	MINI COMPUTERS WTR	219	(67)	152	6	73
593.	1010613	MINI COMPUTERS WTR	9,194	(2,822)	6,372	255	3,065

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Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
594.	1010639	MINI COMPUTERS WTR	16,537	(4,607)	11,929	459	5,512
595.	1010640	MINI COMPUTERS WTR	78	(22)	56	2	26
596.	1010665	MINI COMPUTERS WTR	630	(176)	455	18	210
597.	1010667	MINI COMPUTERS WTR	5,123	(1,427)	3,695	142	1,708
598.	1010668	MINI COMPUTERS WTR	7,111	(1,981)	5,130	198	2,370
599.	1010671	MINI COMPUTERS WTR	564	(157)	407	16	188
600.	1010679	MINI COMPUTERS WTR	305	(76)	229	8	102
601.	1010700	MINI COMPUTERS WTR	228	(57)	171	6	76
602.	1010703	MINI COMPUTER WTR	6,764	(1,693)	5,071	188	2,255
603.	1010704	MINI COMPUTER WTR	468	(117)	351	13	156
604.	1010705	MINI COMPUTER WTR	1,086	(272)	814	30	362
605.	1010706	MINI COMPUTER WTR	925	(232)	694	26	308
606.	1010707	MINI COMPUTER WTR	6,697	(1,676)	5,021	186	2,232
607.	1010708	MINI COMPUTER WTR	515	(129)	386	14	172
608.	1010709	MINI COMPUTER WTR	9,257	(2,317)	6,940	257	3,086
609.	1010711	MINI COMPUTER WTR	43,407	(10,865)	32,542	1,206	14,469
610.	1010712	MINI COMPUTERS WTR	184	(46)	138	5	61
611.	1010713	MINI COMPUTERS WTR	197	(49)	148	5	66
612.	1010714	MINI COMPUTERS WTR	156	(39)	117	4	52
613.	1010715	MINI COMPUTERS WTR	168	(42)	126	5	56
614.	1010725	MINI COMPUTERS WTR	21,014	(4,684)	16,330	584	7,005
615.	1010726	MINI COMPUTERS WTR	59,313	(13,221)	46,092	1,648	19,771
616.	1010727	MINI COMPUTERS WTR	179	(40)	139	5	60
617.	1010779	MINI COMPUTER WTR	16,230	(3,618)	12,612	451	5,410
618.	1010782	MINI COMPUTERS WTR	10,921	(2,434)	8,487	303	3,640
619.	1010785	MINI COMPUTERS WTR	22,443	(4,367)	18,076	623	7,481
620.	1010786	MINI COMPUTERS WTR	242	(47)	195	7	81

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	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
621.	1010793	MINI COMPUTERS WTR	1,092	(213)	880	30	364
622.	1010800	MINI COMPUTER WTR	48,981	(9,532)	39,450	1,361	16,327
623.	1010801	MINI COMPUTERS WTR	290	(56)	234	8	97
624.	1010826	MINI COMPUTERS WTR	448	(87)	361	12	149
625.	1010827	MINI COMPUTERS WTR	836	(163)	673	23	279
626.	1010828	MINI COMPUTERS WTR	732	(142)	590	20	244
627.	1010829	MINI COMPUTERS WTR	15,916	(3,097)	12,818	442	5,305
628.	1010830	MINI COMPUTERS WTR	50	(10)	41	1	17
629.	1010838	MINI COMPUTERS WTR	200	(33)	166	6	67
630.	1010859	MINI COMPUTERS WTR	18,159	(3,036)	15,122	504	6,053
631.	1010860	MINI COMPUTERS WTR	1,941	(324)	1,616	54	647
632.	1010861	MINI COMPUTERS WTR	10,906	(1,823)	9,082	303	3,635
633.	1010880	MINI COMPUTER WTR	5,742	(960)	4,782	160	1,914
634.	1010892	PROMAPP SOLUTIONS LIMITED	122,326	(15,340)	106,986	2,548	30,582
635.	1010894	MINI COMPUTERS WTR	367	(61)	306	10	122
636.	1010911	MINI COMPUTERS WTR	8,879	(1,233)	7,646	247	2,960
637.	1010912	MINI COMPUTERS WTR	-	-	-	-	-
638.	1010913	MINI COMPUTERS WTR	30,140	(4,186)	25,954	837	10,047
639.	1010914	MINI COMPUTERS WTR	1,684	(234)	1,450	47	561
640.	1010920	MINI COMPUTER WTR	7,561	(1,050)	6,511	210	2,520
641.	1010922	MINI COMPUTER WTR	37,981	(5,275)	32,706	1,055	12,660
642.	1010923	MINI COMPUTER WTR	17,681	(2,456)	15,225	491	5,894
643.	1010924	MINI COMPUTER WTR	-	(180)	(180)	-	-
644.	1010925	MINI COMPUTERS WTR	(1,475)	164	(1,311)	-	-
645.	1010926	MINI COMPUTERS WTR	857	(95)	762	24	286
646.	1010943	MINI COMPUTERS WTR	5,894	(654)	5,240	164	1,965
647.	1010946	MINI COMPUTERS WTR	37,726	(4,184)	33,542	1,048	12,575

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Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
648.	1010948	MINI COMPUTERS WTR	123	(10)	113	3	41
649.	1010978	MINI COMPUTERS WTR	2,389	(200)	2,188	66	796
650.	1010981	MINI COMPUTERS WTR		(25)	(25)	-	-
651.	1010985	MINI COMPUTERS WTR	24,370	(2,043)	22,326	677	8,123
652.	1010986	MINI COMPUTERS WTR	40,204	(3,371)	36,833	1,117	13,401
653.	1010987	MINI COMPUTERS WTR	2,177	(182)	1,994	60	726
654.	1010993	PO 274672		(2,806)	(2,806)	-	-
655.	1010996	MINI COMPUTERS WTR	1,250	(70)	1,180	35	417
656.	1010997	MINI COMPUTERS WTR	1,095	(61)	1,034	30	365
657.	1010998	MINI COMPUTERS WTR	100,428	(5,605)	94,823	2,790	33,476
658.	1011021	MINI COMPUTERS WTR	23,540	(1,314)	22,227	654	7,847
659.	1011022	MINI COMPUTERS WTR	10,481	(585)	9,896	291	3,494
660.	1011023	MINI COMPUTERS WTR	337	(19)	318	9	112
661.	1011024	MINI COMPUTERS WTR	3,253	(182)	3,072	90	1,084
662.	1011029	MINI COMPUTERS WTR	116	(6)	109	3	39
663.	1011030	MINI COMPUTERS WTR	5,805	(324)	5,481	161	1,935
664.	1011040	MINI COMPUTERS WTR	11,335	(633)	10,702	315	3,778
665.	1011041	MINI COMPUTERS WTR	261	(7)	253	7	87
666.	1011068	MINI COMPUTERS WTR	1,210	(34)	1,176	34	403
667.	1011092	MINI COMPUTERS WTR	36,895	(1,032)	35,863	1,025	12,298
668.	1011104	MINI COMPUTERS WTR	1,830	(51)	1,779	51	610
669.	1011105	MINI COMPUTERS WTR	68,921	(1,928)	66,994	1,914	22,974
670.	2001010	CDW COMPUTER CENTERS INC	2,922	(2,922)	-	-	-
671.		Account Total	5,087,396	(3,415,055)	1,672,341	83,419	1,001,030
672.		Allocated to WSC of KY %	2.4%	2.4%	2.4%	2.4%	2.4%
673.		Total Allocated to WSC of KY	122,223	(82,045)	40,177	2,004	24,049
674.							

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675.	102.1590 - Computer System Costs						
676.	103048	SE1D MAINFRAME COMPUTER AMORT	738,810	(738,810)	-	-	-
677.	103049	SE1D MAINFRAME COMPUTER AMORT	2,265	(2,265)	-	-	-
678.	103050	SE1D MAINFRAME COMPUTER AMORT	26,618	(26,618)	-	-	-
679.	103051	SE1D MAINFRAME COMPUTER AMORT	3,600	(3,600)	-	-	-
680.	103052	SE1D MAINFRAME COMPUTER AMORT	45,542	(45,542)	-	-	-
681.	103053	SE1D MAINFRAME COMPUTER AMORT	5,912	(5,912)	-	-	-
682.	103054	SE1D MAINFRAME COMPUTER AMORT	14,240	(14,240)	-	-	-
683.	150154	002*REVERSE.JE*01*82	(441,500)	441,500	-	-	-
684.	150155	002*MISC.JE.A*08*05	(441,500)	441,500	-	-	-
685.	150156	002*MISC.JE.A*08*05	(39,428)	39,428	-	-	-
686.	150157	002*MISC.JE.A*08*05	(27,794)	27,794	-	-	-
687.	150158	002*MISC.JE.A*08*05	(27,625)	27,625	-	-	-
688.	150159	002*AP.INVD*02*69	27,625	(27,625)	-	-	-
689.	150160	002*AP.INVD*01*76	441,079	(441,079)	-	-	-
690.	1000084	COMP SYS COST WTR	151	(151)	-	-	-
691.	1000085	COMP SYS COST WTR	289	(289)	-	-	-
692.	1000089	COMP SYS COST WTR	81	(81)	-	-	-
693.	1000513	PROJECT PHOENIX-JDE	15,066,608	(15,066,608)	-	-	-
694.	1000775	CDW COMPUTER CENTERS INC	584	(584)	-	-	-
695.	1000776	CORVALLIS MICROTECHNOLOGY INC	1,692	(1,692)	-	-	-
696.	1000779	CDW COMPUTER CENTERS INC	1,983	(1,983)	-	-	-
697.	1000781	CDW COMPUTER CENTERS INC	9,838	(9,838)	-	-	-
698.	1000985	CDW COMPUTER CENTERS INC	82	(82)	-	-	-
699.	1001583	CDW COMPUTER CENTERS INC	315	(315)	-	-	-
700.	1001584	CDW COMPUTER CENTERS INC	141	(141)	-	-	-
701.	1001585	CDW COMPUTER CENTERS INC	315	(315)	-	-	-

WATER SERVICE CORPORATION OF KENTUCKY

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Case No. 2018 - 00208

Allocation of State and WSC Computers

Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
702.	1001590	CDW COMPUTER CENTERS INC	47	(47)	-	-	-
703.	1001735	CDW COMPUTER CENTERS INC	594	(594)	-	-	-
704.	1001736	CDW COMPUTER CENTERS INC	592	(592)	-	-	-
705.	1001738	CDW COMPUTER CENTERS INC	1,173	(1,173)	-	-	-
706.	1002043	CDW COMPUTER CENTERS INC	1,219	(1,219)	-	-	-
707.	1002165	T61	1,200	(1,200)	-	-	-
708.	1002240	T61 CUSTOM	1,583	(1,583)	-	-	-
709.	1002314	XEROX PHASER 5500DX	7,360	(7,360)	-	-	-
710.	1002633	DESKTOP COMPUTER	596	(596)	-	-	-
711.	1002921	T61	1,466	(1,466)	-	-	-
712.	1002981	CDW COMPUTER CENTERS INC	843	(843)	-	-	-
713.	1002982	CDW COMPUTER CENTERS INC	843	(843)	-	-	-
714.	1002984	CDW COMPUTER CENTERS INC	1,466	(1,466)	-	-	-
715.	1002985	CDW COMPUTER CENTERS INC	642	(642)	-	-	-
716.	1002986	CDW COMPUTER CENTERS INC	1,450	(1,450)	-	-	-
717.	1003550	CDW COMPUTER CENTERS INC	1,403	(1,403)	-	-	-
718.	1003551	CDW COMPUTER CENTERS INC	1,403	(1,403)	-	-	-
719.	1003552	CDW COMPUTER CENTERS INC	1,634	(1,634)	-	-	-
720.	1003553	CORVALLIS MICROTECHNOLOGY INC	3,385	(3,385)	-	-	-
721.	1003555	CDW COMPUTER CENTERS INC	2,216	(2,216)	-	-	-
722.	1003556	CDW COMPUTER CENTERS INC	2,216	(2,216)	-	-	-
723.	1003579	ACER VERITONS	2,370	(2,370)	-	-	-
724.	1003617	CDW COMPUTER CENTERS INC	1,557	(1,557)	-	-	-
725.	1003618	COMP SYS COST WTR	1,144	(1,144)	-	-	-
726.	1003619	COMP SYS COST WTR	1,403	(1,403)	-	-	-
727.	1003620	COMP SYS COST WTR	1,403	(1,403)	-	-	-
728.	1003621	COMP SYS COST WTR	1,403	(1,403)	-	-	-

WATER SERVICE CORPORATION OF KENTUCKY

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Case No. 2018 - 00208

Allocation of State and WSC Computers

Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
729.	1003859	COMP SYS COST WTR	408	(408)	-	-	-
730.	1003903	CDW COMPUTER CENTERS INC	1,610	(1,610)	-	-	-
731.	1004104	CDW COMPUTER CENTERS INC	2,559	(2,559)	-	-	-
732.	1004191	LENOVO X200	1,818	(1,818)	-	-	-
733.	1004207	Lenovo x200	2,035	(2,035)	-	-	-
734.	1004365	COMP SYS COST WTR	2,108	(2,108)	-	-	-
735.	1005082	Image Scanning System	90,526	(87,701)	2,825	943	11,316
736.	1005922	DOUBLE TAKE AVAILABILITY	3,295	(2,608)	687	34	412
737.	1005932	SHORETEL OUTBOUND CAMPAIGN IVR	16,496	(13,056)	3,439	172	2,062
738.	1006470	COMP SYS COST WTR	880	(596)	284	9	110
739.	1007267	JDE Upgrade 9.1	898,790	(898,790)	-	-	-
740.	1008084	ORACLE	4,392	(2,059)	2,333	46	549
741.	1008712	AGC NETWORKS INC.	16,308	(6,792)	9,517	170	2,039
742.	1008744	CDW COMPUTER CENTERS INC	6,784	(2,760)	4,023	71	848
743.	1010058	COMP SYS COST WTR	489	(102)	387	5	61
744.	1010213	COMP SYS COST WTR	545	(91)	455	6	68
745.	1010252	COMP SYS COST WTR	1,043	(164)	879	11	130
746.	1010253	COMP SYS COST WTR	110	(17)	93	1	14
747.	1010466	COMP SYS COST WTR	20	(3)	17	0	2
748.	1010881	COMP SYS COST WTR	529	(33)	495	6	66
749.	1010927	COMP SYS COST WTR	1,093	(57)	1,036	11	137
750.	1010928	COMP SYS COST WTR	63	(3)	60	1	8
751.	1011051	COMP SYS COST WTR	219	(5)	214	2	27
752.	1011067	COMP SYS COST WTR	55	(1)	55	1	7
753.	2002038	COMP SYS COST WTR	149,720	(149,720)	-	-	-
754.	2002039	COMP SYS COST WTR	314	(314)	-	-	-
755.	2002041	COMP SYS COST WTR	361	(361)	-	-	-

WATER SERVICE CORPORATION OF KENTUCKY

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Case No. 2018 - 00208

Allocation of State and WSC Computers

Test Year Ended 12/31/2017

Line	A Asset Number	B Asset Description	C Cost	D Accumulated Depreciation	E Net Book Value	F Monthly Depreciation	G 2018 Depreciation Expense
756.	2002051	COMP SYS COST WTR	(149,720)	149,720	-	-	-
757.	2002490	COMP SYS COST WTR	87	(87)	-	-	-
758.	2002493	COMP SYS COST WTR	8,380	(8,380)	-	-	-
759.	2002494	COMP SYS COST WTR	15,518	(15,518)	-	-	-
760.	2002496	COMP SYS COST WTR	280	(280)	-	-	-
761.	2002497	COMP SYS COST WTR	250	(250)	-	-	-
762.	2002498	COMP SYS COST WTR	1,175	(1,175)	-	-	-
763.	2003520	PROJECT PHOENIX-CC&B	7,757,309	(7,757,309)	-	-	-
764.	5000569	DATA CENTER RELOCATION PROJECT	732,003	(350,981)	381,022	7,625	91,500
765.	5000570	DATA CENTER RELOCATION PROJECT	312,941	(192,489)	120,452	3,260	39,118
766.	5000701	ORACLE DATABASE UPGRADE	20,938	(7,200)	13,738	218	2,617
767.	5000816	MPLS FACULTIES WORK	44,407	(12,505)	31,902	463	5,551
768.	5001048	BI PUBLISHER IMPLEMENTATION	525,849	(54,776)	471,073	5,478	65,731
769.	5001049	FBS WEB PORTAL	18,151	(1,891)	16,260	189	2,269
770.	5001127	SHAREPOINT 2013	51,342	(1,604)	49,738	535	6,418
771.	5001128	WATERMAIN (SHAREPOINT 2013)	62,109	(1,866)	60,244	647	7,764
772.	5001129	WATERMAIN (SHAREPOINT 2013)	48,243	(1,508)	46,735	503	6,030
773.	5001130	TOKAY BACKFLOW SOFTWARE	45,869	(1,433)	44,435	478	5,734
774.	5001131	ENTERPRISE ASSET MANAGEMENT	1,465,000	(60,935)	1,404,065	15,260	183,125
775.	SS CP 2018	Meter to Cash Dashboard	175,000	-	175,000	1,823	21,875
776.	CP2016042	EAM/OMS Phase II	1,069,923	-	1,069,923	11,145	133,740
777.	CP2017136	SEW Platform	1,606,584	-	1,606,584	33,471	401,646
778.		Account Total	30,466,742	(24,948,772)	5,517,970	82,581	990,974
779.		Allocated to WSC of KY %	2.40%	2.40%	2.40%	2.40%	2.40%
780.		Total Allocated to WSC of KY	731,951	(599,384)	132,567	1,984	23,808
781.							
782.	102.1595	Micro Systems Costs					

WATER SERVICE CORPORATION OF KENTUCKY

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Case No. 2018 - 00208

Allocation of State and WSC Computers

Test Year Ended 12/31/2017

	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
783.	103056	SE1D PC SOFTWARE MICRO SYS AMO	115,738	(115,738)	-	-	-
784.	103057	SE1D PC SOFTWARE MICRO SYS AMO	8,312	(8,312)	-	-	-
785.	103058	SE1D PC SOFTWARE MICRO SYS AMO	5,069	(5,069)	-	-	-
786.	103059	SE1D PC SOFTWARE MICRO SYS AMO	30,906	(30,906)	-	-	-
787.	103060	SE1D PC SOFTWARE MICRO SYS AMO	20,310	(20,310)	-	-	-
788.	150161	002*AP.INVD*03*76	30	(30)	-	-	-
789.	150162	002*AP.INVD*03*78	30	(30)	-	-	-
790.	150163	002*AP.INVD*11*74	211	(211)	-	-	-
791.	150164	002*AP.INVD*06*85	215	(215)	-	-	-
792.	150165	002*AP.INVD*11*78	235	(235)	-	-	-
793.	150166	002*AP.INVD*09*91	319	(319)	-	-	-
794.	150167	002*AP.INVD*02*74	374	(374)	-	-	-
795.	150168	002*AP.INVD*05*82	397	(397)	-	-	-
796.	150169	002*AP.INVD*05*86	503	(503)	-	-	-
797.	150170	002*AP.INVD*06*91	503	(503)	-	-	-
798.	150171	002*AP.INVD*09*91	591	(591)	-	-	-
799.	150172	002*AP.INVD*11*74	613	(613)	-	-	-
800.	150173	002*AP.INVD*09*96	769	(769)	-	-	-
801.	150174	002*AP.INVD*11*78	790	(790)	-	-	-
802.	150175	002*AP.INVD*04*66	1,006	(1,006)	-	-	-
803.	150176	002*AP.INVD*02*72	1,330	(1,330)	-	-	-
804.	150177	002*AP.INVD*02*74	1,671	(1,671)	-	-	-
805.	150178	002*AP.INVD*11*81	1,686	(1,686)	-	-	-
806.	150179	002*AP.INVD*02*74	4,048	(4,048)	-	-	-
807.	150180	002*AP.INVD*03*75	19,203	(19,203)	-	-	-
808.	150181	002*AP.INVD*11*74	125,024	(125,024)	-	-	-
809.	150182	002*AP.INVD*03*75	159,078	(159,078)	-	-	-

WATER SERVICE CORPORATION OF KENTUCKY

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Case No. 2018 - 00208

Allocation of State and WSC Computers

Test Year Ended 12/31/2017

Line	A Asset Number	B Asset Description	C Cost	D Accumulated Depreciation	E Net Book Value	F Monthly Depreciation	G 2018 Depreciation Expense
810.	2000118	MICRO SYS COST WATER	44,192	(44,192)	-	-	-
811.	2002037	MICRO SYS COST WTR	44,192	(44,192)	-	-	-
812.	2002052	MICRO SYS COST WTR	(41,430)	41,430	-	-	-
813.	2002642	MICRO SYS COST WTR	211	(211)	-	-	-
814.	2002651	MICRO SYS COST WTR	16,201	(16,201)	-	-	-
815.		Account Total	562,326	(562,326)	-	-	-
816.		Allocated to WSC of KY %	2.40%	2.40%	2.40%	2.40%	2.40%
817.		Total Allocated to WSC of KY	13,510	(13,510)	-	-	-
818.							
819.		860.1585 - Mini Computers					
820.	102439	SE1C MINICOMPUTER	15,307	(15,307)	-	-	-
821.	163069	160*AP.INVD*06*29	29	(29)	-	-	-
822.	163070	160*AP.INVD*02*26	87	(87)	-	-	-
823.	163071	160*AP.INVD*02*26	96	(96)	-	-	-
824.	163072	160*AP.INVD*11*34	120	(120)	-	-	-
825.	163073	160*AP.INVD*06*29	129	(129)	-	-	-
826.	163074	160*AP.INVD*11*34	482	(482)	-	-	-
827.	163075	160*AP.INVD*02*25	786	(786)	-	-	-
828.	163076	160*AP.INVD*11*34	1,793	(1,793)	-	-	-
829.	163077	160*AP.INVD*04*23	2,151	(2,151)	-	-	-
830.	163078	160*AP.INVD*06*26	2,178	(2,178)	-	-	-
831.	163079	160*AP.INVD*11*34	19,116	(19,116)	-	-	-
832.	2001441	CDW COMPUTER CENTERS INC	154	(154)	-	-	-
833.	2002644	MINI COMPUTERS WTR	151	(151)	-	-	-
834.		Account Total	42,579	(42,579)	-	-	-
835.		Allocated to WSC of KY %	100.00%	100.00%	100.00%	100.00%	100.00%
836.		Total Allocated to WSC of KY	42,579	(42,579)	-	-	-

WATER SERVICE CORPORATION OF KENTUCKY

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Case No. 2018 - 00208

Allocation of State and WSC Computers

Test Year Ended 12/31/2017

Line	A Asset Number	B Asset Description	C Cost	D Accumulated Depreciation	E Net Book Value	F Monthly Depreciation	G 2018 Depreciation Expense
837.							
838.	860.1590 - Computer System Costs						
839.	2018081	GIS SYSTEM***	26,141	-	26,141	726	8,714
840.		Account Total	26,141	-	26,141	726	8,714
841.		Allocated to WSC of KY %	100.00%	100.00%	100.00%	100.00%	100.00%
842.		Total Allocated to WSC of KY	26,141	-	26,141	726	8,714
843.							
844.	860.1595 - Micro Systems Costs						
845.	102466	SE1D PC SOFTWARE MICRO SYS AMO	3,237.48	(3,237.48)	-	-	-
846.		Account Total	3,237	(3,237)	-	-	-
847.		Allocated to WSC of KY %	100.0%	100.0%	100.0%	100.0%	100.0%
848.		Total Allocated to WSC of KY	3,237	(3,237)	-	-	-
849.							
850.	Totals - WSC of Kentucky computers		Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Expense
851.		Total Computers	965,754	(766,866)	198,889	4,714	56,572
852.							
853.	***Captive Associated With the GIS System (860.1590 Micro Systems Cost)		\$	1,423.00			

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Allocation of Vehicles
Test Year Ended 12/31/2017

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	A	B	C	D	E	F	G
Line	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
860.1555 - Transportation Equipment							
1.	102637	03 FORD F150 PICKUP	20,004	(20,004)	-	-	-
2.	102697	04 CHEV KODIAK 7500	55,943	(55,943)	-	-	-
3.	102758	06 CHEV C15 4X4	23,334	(23,334)	-	-	-
4.	102945	WSC KY VEHICLES	250,699	(250,699)	-	-	-
5.	110040	2018 CHEV COLORADO	27,347	(2,737)	24,610	456	5,469
6.	163068	08 CHV SILVERADO 15	25,564	(25,564)	-	-	-
7.	1003734	BREDEMANN CHEVROLET	23,418	(23,418)	-	-	-
8.	1005436	2011 CHEVROLET K1500 EXT CAB	30,499	(30,499)	-	-	-
9.	1005444	2011 CHEVROLET SILVERADO	31,608	(31,608)	-	-	-
10.	1005689	2011 TOYOTA PRIUS	25,556	(25,556)	-	-	-
11.	1007046	2014 CHEVY SILVERADO 1500	34,599	(31,843)	2,757	577	6,920
12.	1007051	2014 CHEVY SILVERADO 1500	32,498	(29,909)	2,589	542	6,500
13.	1007128	2016 CHEV COLORADO 4X4	31,870	(15,938)	15,932	531	6,374
14.	1007129	2016 TOYOTA TACOMA 4X4	27,628	(13,817)	13,812	460	5,526
15.	1007130	2016 TOYOTA TACOMA 4X4	27,628	(13,817)	13,812	460	5,526
16.	1007132	2015 CHEV SILVERADO 1500	27,964	(13,525)	14,439	466	5,593
17.	2003092	KUBOTA RTV 900 (4X4)	8,221	(8,221)	-	-	-
18.	110106	2018 KY VEHICLE PURCHASE	51,477	-	51,477	858	10,295
19.		Account Total	755,859	(616,431)	139,427	4,350	52,202
20.		Allocated to WSC of KY %	100.00%	100.00%	100.00%	100.00%	100.00%
21.		Total Allocated to WSC of KY	755,859	(616,431)	139,427	4,350	52,202
22.							
23.							
24.	700.1555 - Transportation Equipment						
25.	110042	2018 CHEV EQUINOX	30,350	(2,539)	27,811	506	6,070
26.	110043	2018 CHEV EQUINOX	30,350	(2,539)	27,811	506	6,070
27.	1007004	2014 CHEVY EQUINOX	26,247	(24,342)	1,905	437	5,249
28.		Account Total	86,947	(29,420)	57,527	1,449	17,389
29.		Allocated to WSC of KY %	13.55%	13.55%	13.55%	13.55%	13.55%
30.		Total Allocated to WSC of KY	11,778	(3,985)	7,793	196	2,356
31.							
32.							
33.	800.1555 - Transportation Equipment						
34.	110044	2018 CHEV EQUINOX	30,350	(2,539)	27,811	506	6,070
35.		Account Total	30,350	(2,539)	27,811	506	6,070
36.		Allocated to WSC of KY %	20.45%	20.45%	20.45%	20.45%	20.45%
37.		Total Allocated to WSC of KY	6,206	(519)	5,687	103	1,241
38.							
39.	Totals - WSC of Kentucky Vehicles						
	Asset Number	Asset Description	Cost	Accumulated Depreciation	Net Book Value	Monthly Depreciation	2018 Depreciation Expense
40.		Total Vehicles	773,843	(620,936)	152,907	4,650	55,799

WATER SERVICE CORPORATION OF KENTUCKY

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Case No. 2018 - 00208

Computation of Pro-forma GL Spending

Test Year Ended 12/31/2017

	A	B	C
			1/1/2018-6/25/2018
Line No.	OBJ Account	Account Description	Pro Forma GL Additions
1.	1020	ORGANIZATION	\$ -
2.	1040	LAND & LAND RIGHTS TRAN	-
3.	1050	STRUCT & IMPRV SRC SUPP	-
4.	1055	STRUCT & IMPRV WTR TRT	9,654
5.	1060	STRUCT & IMPRV TRANS DI	-
6.	1080	WELLS & SPRINGS	-
7.	1090	SUPPLY MAINS	-
8.	1100	ELECTRIC PUMP EQUIP SRC	444
9.	1105	ELECTRIC PUMP EQUIP WTP	767
10.	1110	ELECTRIC PUMP EQUIP TRA	-
11.	1115	WATER TREATMENT EQPT	122
12.	1120	DIST RESV & STANDPIPES	-
13.	1125	TRANS & DISTR MAINS	277
14.	1130	SERVICE LINES	3,800
15.	1135	METERS	-
16.	1140	METER INSTALLATIONS	123
17.	1145	HYDRANTS	-
18.	1150	BACKFLOW PREVENTION DEV	-
19.	1175	OFFICE STRUCT & IMPRV	-
20.	1180	OFFICE FURN & EQPT	-
21.	1190	TOOL SHOP & MISC EQPT	3,382
22.	1195	LABORATORY EQUIPMENT	5,305
23.	1200	POWER OPERATED EQUIP	1,153
24.	Total		<u>\$ 25,027</u>

WATER SERVICE CORPORATION OF KENTUCKY

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Case No. 2018 - 00208

Revenue - Pro Forma Change Bridge

Test Year Ended 12/31/2017

	A	B	C	D	E
Line No.	Account #	Account Name	12/31/2017 Test Year	Remove: Other	Pro Forma Present Service Revenues
1	5025	WATER REVENUE-RESIDENTIAL	2,371,900	(37)	2,371,862
2	5030	WATER REVENUE-ACCRUALS	(2,053)	2,053	-
3	5035	WATER REVENUE-COMMERCIAL	2,661	-	2,661
4	5040	WATER REVENUE-INDUSTRIAL	-	-	-
5	5045	WATER REVENUE-PUBLIC AUTH	3,499	-	3,499
6	5050	WATER REVENUE-MULT FAM DWE	-	-	-
7	5052	WATER REVENUE-GUARANTEE	-	-	-
8	5060	PUBLIC FIRE PROTECTION	38,581	-	38,581
9	5100	SEWER REVENUE-RESIDENTI	-	(20)	(20)
10		Service Revenues - Water	2,414,588	1,995	2,416,584

	A	B	C	D
Line	Liscense N	Audit No.	Location	Cost
1.	NS141245	RHN 4001-024	Middlesboro	\$ 1,273.08
2.	NS141252	RHN 4001-012	Middlesboro	515.00
3.	NS141254	RHN 4001-014	Middlesboro	822.20
4.	NS141263	RHN 4001-026	Middlesboro	515.00
5.	NS141267	RHN 4001-022	Arbor	515.00
6.	NS141268	RHN 4001-041	Middlesboro	515.00
7.	NS141277	RHN 4001-037	Arbor	515.00
8.	NS141278	RHN 4001-020	Middlesboro	515.00
9.	NS141281	RHN 4001-016	Middlesboro	515.00
10.	NS141296	RHN 4001-039	Middlesboro	515.00
11.	NS141237	RHN 4001-035	Middlesboro	515.00
12.	NS141239	RHN 4001-033	Fern Lake	515.00
13.	NS141242	RHN 4001-004	Arbor	515.00
14.	NS141244	RHN 4001-031	Stony Fork Junction	515.00
15.	NS141247	RHN 4001-043	Arbor	515.00
16.	NS141250	RHN 4001-029	Arbor	515.00
17.	NS141251	RHN 4001-006	Stony Fork Junction	515.00
18.	NS141255	RHN 4001-001	Stony Fork Junction	515.00
19.	NS141282	RHN 4001-010	Belt Juntion	1,030.00
20.				<u>\$ 11,365</u>

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Pro-forma Leases & Insurance - Caterpillar Financial Services
Test Year Ended 12/31/2017

	A	B	C	D	E	F	G	H	I	K
Line	Model	ADR Code	Annual Hours	Qty	Amount Financed	Monthly Lease	Monthly Insurance	Annual Leases	Annual Insurance	Total Operating Leases Backhoe
1.	416F2	15	1000	2	\$ 178,460	\$ 2,826	\$ 254	\$ 33,917	\$ 3,049	\$ <u>36,966</u>

WATER SERVICE CORPORATION OF KENTUCKY

w/p [q]

Case No. 2018 - 00208

Pro-forma Rent Expense - Midwest Office Space

For the Test Year Ended December 31, 2017

	A	B	C	D	E	F	G
Line No.	Building Address	Office Option	Available Square Footage	Base Rate/Sq Ft	Base Expense/ Sq Ft	Base Total/Sq Ft	Annual Rent
1.	9450 W Bryn Mawr Ave - Columbia Centre II - Columbia Centre	5a	4,253	\$ 19.00	\$ 11.35	\$ 30.35	\$ 129,079
2.	5600 N River Rd - Columbia Centre I - Columbia Centre	29a	3,270	17.50	15.45	32.95	107,747
3.	Average Square Footage		3,762				
4.	Average Rent per Square Foot					\$ 31.65	
5.	Annual Rent						\$ <u>119,051</u>
6.						USI % to WSCKY	13.55%
7.						Pro-forma Rent	\$ 16,127

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Pro-forma Fuel Expense
For the Test Year Ended December 31, 2017

w/p [r]
Page 1 of 2

A	B	C	
<u>KY Adjustment - Fuel Price Increase</u>			
Line	Month	Gasoline Retail Price Incl Taxes - Midwest (Dollars per Gallon)	
1.	Dec-18	\$	2.89 [1]
2.	Nov-18	\$	2.89 [1]
3.	Oct-18	\$	2.89 [1]
4.	Sep-18	\$	2.86 [1]
5.	Aug-18	\$	2.86 [1]
6.	Jul-18	\$	2.86 [1]
7.	Jun-18	\$	2.78 [2]
8.	May-18	\$	2.77 [2]
9.	Apr-18	\$	2.60 [2]
10.	Mar-18	\$	2.46 [2]
11.	Feb-18	\$	2.44 [2]
12.	Jan-18	\$	2.46 [2]
13.	Dec-17	\$	2.35 [2]
14.	Nov-17	\$	2.48 [2]
15.	Oct-17	\$	2.38 [2]
16.	Sep-17	\$	2.47 [2]
17.	Aug-17	\$	2.27 [2]
18.	Jul-17	\$	2.19 [2]
19.	Jun-17	\$	2.22 [2]
20.	May-17	\$	2.26 [2]
21.	Apr-17	\$	2.32 [2]
22.	Mar-17	\$	2.21 [2]
23.	Feb-17	\$	2.19 [2]
24.	Jan-17	\$	2.26 [2]
25.	Average TTM Fuel Price in WSKY Test Year	\$	2.30
26.	Average Fuel Price in Effect After Suspension Period	\$	2.73
27.	Fuel Price Increase \$		0.43
28.	Proforma Increase %		18.73%
29.	2017 Per Book Fuel Cost	\$	17,062
30.	2018 Fuel Cost After Suspension Period	\$	20,258
31.	Proforma Fuel Adjustment	<u>\$</u>	<u>3,196</u>

A	B	C
<u>WSCKY Service Truck Replacement Fuel Adjustment</u>		
1.	2017 January to December	
2.	Service Truck per books miles driven	7,298
3.	Per books total gas expense	\$ 3,081
4.	Per books number of gallons	1,461
5.	Service Truck average miles per gallon	4.99
6.	Average price per gallon	\$ 2.11
7.	2018 Jan - May Actuals	
8.	Service Truck per books miles driven	3,783
9.	Per books total gas expense	\$ 1,340
10.	Per books number of gallons	574
11.	New Service Truck Estimated Miles per Gallon	6.59
12.	Average Price per Gallon	\$ 2.34
13.	2018 June - Dec Forecast	
14.	Service Truck forecasted miles driven	5,296
15.	Forecasted total gas expense	\$ 877
16.	Forecasted number of gallons	279
17.	New Service Truck Estimated Miles per Gallon	19.00
18.	Average Price per Gallon	\$ 3.15 [3]
19.	2017 Per Book Fuel Cost - Old Truck	\$ 3,081
20.	2018 Jan- May Fuel Cost - Old Truck	\$ 1,340
21.	2018 Forecasted Fuel Cost - New Truck	\$ 877
22.	Proforma Fuel Adjustment	<u><u>\$ (864)</u></u>

[1] Source : Table SF01. U.S. Motro Gasoline Summer Outlook
2018 Q2 and Q3 Regular Gasoline Retail Price forecast (Dollars per gallon) for Line 1-6
<https://www.eia.gov/outlooks/steo/pdf/SF01.pdf>

[2] Source: Weekly Retail Gasoline and Diesel Prices
Gasoline retail price incl taxes Midwest (PADD 2) for lines 8-24 Monthly Average
Gasoline retail price incl taxes Midwest (PADD 2) for line 7 June weekly Average for
06/04/18, 06/11/18 & 06/18/18.
https://www.eia.gov/dnav/pet/pet_pri_gnd_dcus_r20_m.htm

[3] Source : Midwest (PADD 2) Gasoline and Diesel Retail Prices
2018 Q2 and Q3 Diesel Fuel Retail Price forecast (Dollars per gallon)
<https://www.eia.gov/outlooks/steo/pdf/SF01.pdf>

Application

Exhibit 5

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Application of Water Service Corporation)	
of Kentucky for a General Adjustment)	Case No. 2018-00208
in Existing Rates)	

DIRECT TESTIMONY OF STEVEN M. LUBERTOZZI

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INTRODUCTION OF WITNESSES 10
PRIVATE FIRE HYDRANT CHARGES 12
TAX CUT AND JOBS ACT 13

WATER SERVICE CORPORATION OF KENTUCKY

CASE NO. 2018-00208

Direct Testimony of Steven Lubertozi

INTRODUCTION AND QUALIFICATIONS

1

2 **Q1. Please state your name, present position and business address.**

3 A1. My name is Steven Lubertozi. I am the President of Water Service Corporation of
4 Kentucky (“WSCK” or “Company”). My business address is 2335 Sanders Road,
5 Northbrook, IL 60062.

6 **Q2. What are the duties of your current position?**

7 A2. As President of WSCK, I am responsible for all aspects of the Company’s business,
8 culminating in the ongoing provision of safe drinking water and environmentally
9 responsible wastewater service to all of our customers.

10 **Q3. Please describe your professional background.**

11 A3. I graduated from Indiana University in 1990, and I am a Certified Public Accountant. I
12 earned my Master of Business Administration from Northwestern University’s Kellogg
13 School of Management. I am a member of the American Institute of Certified Public
14 Accountants. I have been employed by Utilities, Inc. since June of 2001.

15 **Q4. Have you testified previously before the Public Service Commission of Kentucky?**

16 A4. Yes. I have provided written and oral testimony before public utilities commissions
17 throughout the United States, including the Public Service Commission of Kentucky
18 (“Commission”), on topics ranging from cost of equity, capital structure, cost of debt,
19 acquisition adjustments, divestment strategies, appropriate levels of operations and
20 maintenance expense, parent company allocations, affiliate transactions, income taxes

21 and most every aspect of utility operations. The other state commissions where I have
22 presented testimony include Florida, Illinois, Indiana, Maryland, Nevada, New Jersey,
23 New Mexico, North Carolina and South Carolina.

24 **Q5. What is the purpose of your testimony in this proceeding?**

25 A5. My testimony will provide an overview of the reasons for the rate increase requested by
26 WSCK, and introduce the other witnesses who will testify in support of our requested
27 rate increase.

28 **Q6. Why is WSCK requesting rate relief at this time?**

29 A6. Under present rates, WSCK is not able to cover its operating expenses and earn a
30 reasonable return on its system investments. The utility's current operating income
31 statement for twelve months ended December 31, 2017, is shown in Schedule B of
32 Petitioner's Exhibit RG-1. The current rates for WSCK's systems do not reflect rising
33 operational costs and capital investments in infrastructure which have been realized since
34 WSCK's water rates were last established. Without rate relief, WSCK may not be able to
35 meet its obligations as they come due.

36

37

ALLOCATIONS

38 **Q7. Are costs allocated to WSCK from Water Service Corp. ("WSC")?**

39 A7. Yes, costs are allocated to WSCK are from Utilities, Inc.'s ("UI") shared services
40 organization, WSC.

41 **Q8. Please describe WSC and the type of services it provides to WSCK.**

42 A8. WSC is a wholly owned subsidiary of UI. WSC manages the operation of all of UI's
43 water and wastewater systems, including WSCK. WSC provides management,

44 administration, engineering, accounting, billing, customer relations, data processing, and
45 regulatory services for its subsidiaries. WSC's expenses and rate base items are assigned
46 directly to a utility, when applicable, or distributed to the various companies pursuant to a
47 formula. The formula is the number of Equivalent Residential Connections ("ERCs") for
48 the specific subsidiary divided by the total number of ERCs served by WSC. Expenses
49 specific to the Mid-Atlantic and Midwest Regions and state-cost centers are allocated to
50 WSCK using the same methodology. The distribution of expenses and rate base is
51 automatically calculated by WSC's billing and accounting information system
52 (commonly referred to as Project Phoenix) on a monthly basis.

53 **Q9. How does WSCK and WSC account for these transactions, and does WSC charge a**
54 **fee for these services?**

55 A9. These allocated costs are accounted for via intercompany transactions, and services
56 provided by WSC to WSCK do not include any markup for profit.

57 **Q10. Are the services that WSC provides to WSCK directly related to providing water**
58 **service?**

59 A10. Yes. For example, WSC provides accounts payable ("AP") and accounts receivable
60 ("AR") services to WSCK. If the AP function of WSC was not providing services to
61 WSCK, the vendors that provide critical services (e.g., purchased power and chemicals)
62 would not be paid for their services, and would be unwilling and/or unable to provide
63 service. Without their services WSCK would be unable to provide water service to its
64 customers.

65 **Q11. How do the services that WSC provides benefit the ratepayers of WSCK?**

66 A11. There are many benefits, but one primary example is that all of WSCK's operators are
67 employed by WSC, and without these operators, WSCK would not be able to function.
68 In addition, the customer service function that WSC provides to WSCK is used directly
69 by WSCK's customers.

70 **Q12. How do WSCK customers use the customer service function that WSC provides?**

71 A12. WSCK customers call WSC customer service representatives to inquire about their bills,
72 payment options, consumption questions, and other billing related issues.

73 **Q13. If WSC did not provide customer service functionality to WSCK, do you know who
74 would provide these services?**

75 A13. No, I do not. These services would nevertheless have to be provided in order for WSCK
76 to operate as a water utility.

77 **Q14. Do you have any other examples of services that WSC provides that benefit the
78 ratepayers of WSCK?**

79 A14. Another example would be the accounting services that WSC provides. Without these
80 accounting services, WSCK would not be able to pay vendors, accept customer
81 payments, pay income taxes, pay property taxes, pay gross receipts taxes, or file an
82 annual report, which are vital to WSCK's operations and its customers.

83 **Q15. If WSC did not provide any services to WSCK, how would WSCK continue to
84 operate?**

85 A15. If WSC did not provide any services to WSCK, WSCK would be required to obtain and
86 provide management, administration, engineering, accounting, billing, customer
87 relations, data processing, and regulatory services through its in-house operations or
88 third-party vendors.

89 **Q16. Does WSCK review the monthly expenses allocated to WSCK from WSC?**

90 A16. Yes, WSCK receives a monthly report of the expenses being allocated or billed to
91 WSCK. Then WSCK's Area Manager, who is assigned exclusively to WSCK operations,
92 reviews the amounts, expenses and information received from WSC's accounting
93 department and questions any expense that he determines may not be appropriate for
94 allocation to WSCK. Additionally, for the purposes of this rate case, WSCK reviewed all
95 expense report-related expenses allocated from WSC to WSCK and removed certain
96 expenses regardless of WSCK's position that these expenses were prudently incurred.

97 **Q17. Is this adjustment similar to the adjustment that WSCK made in its last rate case?**

98 A17. Yes, it is, and similar to last case WSCK reviewed every expense report and removed
99 certain expenses.

100

101

PRO FORMA ADJUSTMENTS

102 **Q18. Are there any specific pro forma adjustments WSCK made to its income statement**
103 **that you want to address?**

104 A18. Yes, there are two pro forma adjustments that I will address. The first is our pro forma
105 adjustment to capitalized time, and the second is a pro forma adjustment to salaries and
106 benefits for new operational staffing.

107 **Q19. Please describe the pro forma adjustment to capitalized time.**

108 A19. WSCK made an adjustment to remove capitalized time not associated with capital
109 projects, as without this adjustment WSCK was not fully recovering its annual salary
110 expense.

111 **Q20. Can you please elaborate on what is meant by not fully recovering salary expense?**

112 A20. Yes, I can, and I will provide an example. Assume WSCK has an operator who is paid
113 \$50,000 per year in salary and benefits and this operator recorded \$20,000 of capitalized
114 time in the test year. The salary expense not capitalized (\$30,000) would be recovered
115 dollar-for-dollar with an allowable operating margin. The capitalized portion would be
116 capitalized and depreciated over the useful life of the asset, and for this example assume
117 50 years. Therefore, the \$20,000 of capitalized salary expense would be recovered over
118 50 years or \$400 per year. Excluding the operating margin component, WSCK would be
119 paying its employee \$50,000 each year but only collecting \$30,400 via customer rates,
120 which is not a sustainable business practice. From a standalone cash flow perspective,
121 this is not a sustainable business practice. The pro forma adjustment to capitalized time
122 can be found in Schedule B of Petitioner's Exhibit RG-1.

123 **Q21. Please list the additional operation's staffing, since WSCK's last base rate case.**

124 A21. Below is a listing of new positions since WSCK's last base rate case, along with their
125 salary allocation weights to WSCK.

126 1. Director of Capital Planning & Asset Management – 13.55%

127 2. Compliance Manager – 13.55%

128 3. GIS Analyst – 13.55%

129 4. Administrative Assistant – 20.45%

130 5. Water Field Tech – 100%

131 6. Utility Operations Intern (x2) – 100%

132 **Q22. Please explain the role and benefit of the Director of Capital Planning & Asset**
133 **Management position.**

134 A22. The Director of Capital Planning & Asset Management is responsible for all water and
135 wastewater utility construction projects from initial contract negotiations through
136 warranty termination while leading the development and implementation of the asset
137 management plan and capital investment plan. The Director of Capital Planning & Asset
138 Management will direct and manage the following activities regarding capital planning
139 and asset management:

- 140 a. Identify, manage and select consulting engineering services and construction
141 inspectors.
- 142 b. Obtain engineering proposals, monitor project budgets, construction activities and
143 coordinate timing with operations.
- 144 c. Ensure the success of projects, while remaining in-line with time and budget
145 parameters.
- 146 d. Develop and present business cases to support projects utilizing the information
147 from various sources including the input from Operations, Regulatory and
148 Finance.
- 149 e. Lead the development and implementation of the capital plan, including the
150 development of the justification and scope for each project and managing tasks
151 from planning and modeling through final commissioning.
- 152 f. Evaluate the operation of the treatment, distribution and collection systems to
153 provide a high level of efficiency. Seek methods to increase operational
154 efficiencies. Educate and instruct operation staff on the strategies to implement
155 to enhance efficiency.

156 **Q23. Please explain the role and benefit of the Compliance Manager position.**

157 A23. The Compliance Manager is responsible for implementing and administering water and
158 wastewater compliance programs per Federal, State, Local and internal compliance
159 programs. The Compliance Manager will manage the following activities regarding
160 compliance and safety:

- 161 a. Ensure compliance with the continued rollout of new initiatives from our internal
162 Health, Safety and Environmental (“HS&E”) department.
- 163 b. Ensure permit compliance and ensure any/all exceedances are appropriately
164 recorded and reported.
- 165 b. Perform internal auditing to ensure compliance with internal and external
166 sampling requirements.
- 167 c. Develop and implement appropriate compliance and safety standards across all
168 systems.
- 169 d. Develop, implement, and ensure appropriate compliance and safety training for
170 Operations Management and Staff.

171 **Q24. Please explain the role and benefit of the GIS Analyst position.**

172 A24. The GIS Analyst is responsible for GIS database management, map creation, spatial
173 analysis, and supporting the development, implementation, and maintenance of the asset
174 management plan and capital plan. The GIS Analyst will manage the following activities
175 related to Geographic Information Systems:

- 176 a. Develop, collect, maintain, organize, and distribute accurate data to support the
177 planning, design, construction, operation, maintenance, and evaluation of water
178 and wastewater systems, utilizing the computerized maintenance management
179 system (CMMS).

- 180 b. Ensure attribute and location data is correctly captured in our GIS software and
181 change requests are captured appropriately.
- 182 c. Provide continued support and training for operations, to appropriately utilize the
183 Lucity interface.
- 184 d. Provide analytics and visual support for capital planning which targets
185 problematic linear assets.
- 186 e. Supports the Director of Capital Planning & Asset Management and collaborates
187 with the Compliance Manager, in the development, implementation, and revision
188 of asset maintenance-related policies and procedures.

189 **Q25. Please explain the role and benefit of the Administrative Assistant position.**

190 A25. This Administrative Assistant role supports the Midwest Regional Manager position
191 through:

- 192 a. Performing clerical and administrative work, including state-level reporting.
- 193 b. Implementing a cross-connection program.
- 194 c. Driving customer communication initiatives, including social media outreach.
- 195 d. Assisting with data gathering for operations and maintenance budgeting.

196 **Q26. Please explain the role and benefit of the Field Tech position.**

197 A26. The Company has created one new operator position to help ensure our operations are
198 adequately staffed at all times and to focus on the Automated Meter Reading testing.

199 **Q27. Please explain the role and benefit of the utility operations intern positions.**

200 A27. Beginning in 2017, the Company initiated a summer internship program for students
201 located around its existing service areas. The Company plans to continue this program,
202 by hiring two interns each summer to work at the two service territories.

203 The intent of the internship program is to attract and recruit new talent to the Company
204 and the industry. These internship positions provide great value-added support to the
205 Company's Operations through:

- 206 a. Performing clerical and administrative work for operations management.
- 207 b. Performing asset locates (GPS) in the field to correctly align assets for our
208 OMS/GIS mapping initiative.
- 209 c. Allowing existing staff more flexibility to take vacations, as many of our systems
210 become short-staffed even if one operator needs to take time off.
- 211 d. Bringing new and innovative ideas to the Company and the industry through their
212 studies in engineering, resource conservation, etc.

213

214

INTRODUCTION OF WITNESSES

215 **Q28. Would you please introduce all the Company's other witnesses?**

216 A28. Yes, testimony on behalf of WSCK will also be presented by Robert Guttormsen, Mike
217 Miller, Andrian Dmitrenko, John F. Guastella, and Connie Heppenstall.

- 218 1. Robert Guttormsen, Finance Manager, will sponsor the Petitioner's application
219 and provide details regarding pro forma adjustments made to the Company's rate
220 filing, including revenue, expenses and capital investment.
- 221 2. Michael Miller, Regional Manager, will discuss capital projects and their benefits
222 to customers, overall operations, and the new operational positions.
- 223 3. Andrian Dmitrenko, Senior Financial Analyst, will discuss WSCK's overall
224 salaries and how they compare to other similarly situated regulated utilities.

225 4. John F. Guastella of Guastella Associates, LLC presents the results of his
226 depreciation analysis. He explains that his depreciation rates are consistent with
227 industry standards, are reasonable, and should be approved.

228 5. Connie Heppenstall Project Manager, Rate Studies of Gannett Fleming Valuation
229 and Rate Consultants, LLC will present the results of her cost of service study and
230 rate design.

231 **Q29. Would you please describe why the Company retained John Guastella to perform a**
232 **depreciation study?**

233 A29. Yes. In the Company's last rate case (Case No. 2015-00382), the Company advised the
234 parties and the Commission that it anticipated amending its depreciation rates from a
235 composite two percent rate to rates that are consistent with the National Association of
236 Regulatory Utility Commissioners Study of Depreciation Practices for Small Water
237 Utilities. This was a provision in the settlement agreement that was adopted by the
238 parties and approved by the Commission. Accordingly, the Company engaged Guastella
239 to perform a study that was consistent with the NARUC manual.

240 **Q30. Did the Company give any instructions to Connie Heppenstall for her work on this**
241 **matter?**

242 A30. Yes, generally speaking, the Company asked that Heppenstall establish rates for the
243 Middleboro and Clinton Service Areas that have the same volumetric rates. The two rate
244 districts already have the same monthly service charges. In addition, we asked that the
245 increased customer charges and volumetric charges produce revenues among the classes
246 in conformity with or toward the indicated cost of service and to generate sufficient
247 revenues to recover the total cost of service.

248 **Q31. Why did the Company want to propose volumetric rates that were the same for the**
249 **Middleboro and Clinton Service Areas?**

250 A31. There are multiple benefits to having a consolidated rate structure. In the Company's last
251 rate case (Case No. 2015-00382), the Company initially proposed a consolidated rate
252 design for the two service areas. During the case, the Attorney General's witness, Scott
253 J. Rubin, acknowledged benefits to a consolidated rate structure in response to a
254 Commission Staff data request. Ultimately, the Company reached a settlement
255 agreement with the Attorney General, which the Commission approved, that
256 implemented the increases to the service charges and volumetric rates in a manner that
257 was agreed to by the parties and was based upon the model proposed by Rubin.
258 Although the approved rate structure did not completely consolidate the two rate
259 structures, the rates moved significantly in that direction. On page 13 of his testimony in
260 that case, Rubin specifically stated that he recommended that "the Commission begin
261 moving toward consolidated rates." The Company's proposal in this case is the next step
262 in that process.

263

264 **PRIVATE FIRE HYDRANT CHARGES**

265 **Q32. Would you describe the proposed tariff change related to the Ambleside area and**
266 **why the Company is proposing the change?**

267 A32. The Company is requesting that a Private Fire Surcharge rate be implemented be
268 implemented for the homeowners in the Ambleside area. Instead of having the developer
269 billed for each individual Private Fire hydrant, the Company seeks a surcharge to be
270 placed on the individual customers within the subdivision. As it currently stands, there

271 are few enforcement mechanisms the Company can do to require the developer to pay
272 tariffed rates for the Private Fire Hydrants. Implementation of a surcharge will help
273 better ensure that the Company's expenses are collected without unnecessary litigation
274 costs.

TAX CUT AND JOBS ACT

276 **Q33. Please summarize the Tax Cuts and Jobs Act.**

277 A33. On December 22, 2017, President Donald Trump signed into law the Tax Cuts and Jobs
278 Act of 2017 ("Tax Act"). The Tax Act can impact the WSCK customers in a few ways.
279 First, the Tax Act reduces the corporate income tax rates from 35% to 21%. Second,
280 Contributions in Aid of Construction are now included in taxable income for tax purposes
281 and third, bonus depreciation was eliminated.

282 **Q34. Did WSCK use the lower corporate income tax rate for this filing?**

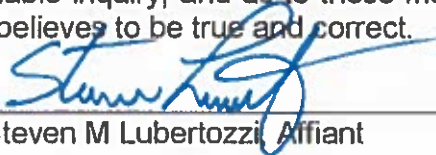
283 A34. Yes, WSCK used the 21% corporate income tax rate and eliminated bonus depreciation
284 going forward.

285 **Q35. Does this conclude your prepared direct testimony?**

286 A35. Yes, it does.

AFFIDAVIT

The undersigned, Steven M Lubertozi., being duly sworn, deposes and says that he is the President of Water Service Corporation of Kentucky, that is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his knowledge, information and belief, after reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.



Steven M Lubertozi, Affiant

NOTARY CERTIFICATE

STATE OF ILLINOIS

COUNTY OF COOK

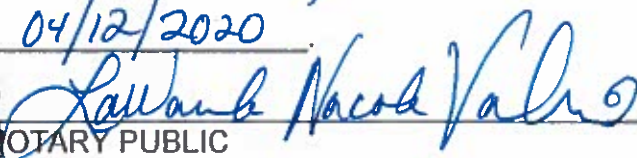
Subscribed, acknowledged and sworn to before me by

Steven M. Lubertozi on this 2nd day of July, 2018.

My commission expires:

04/12/2020





NOTARY PUBLIC

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Application of Water Service Corporation)
of Kentucky for a General Adjustment) Case No. 2018-00208
in Existing Rates)

DIRECT TESTIMONY OF ROBERT GUTTORMSEN

WATER SERVICE CORPORATION OF KENTUCKY

CASE NO. 2018-00208

Direct Testimony of Robert Guttormsen

INTRODUCTION AND QUALIFICATIONS

- 1
- 2 **Q1. Please state your name and business address.**
- 3 A1. My name is Rob Guttormsen. I am the Financial Planning & Analysis Manager of Water
4 Service Corporation of Kentucky (“WSCK” or “Company” of “Petitioner”). My business
5 address is 2335 Sanders Road, Northbrook, IL 60062.
- 6 **Q2. What is your educational and professional background?**
- 7 A2. I graduated from the University of Wisconsin - Whitewater in 2007, with a Bachelor of
8 Business Administration degree in Accounting. I have been employed by Utilities, Inc.
9 since December of 2011.
- 10 **Q3. Please describe your job responsibilities with UI.**
- 11 A3. As the Financial Planning & Analysis Manager I am responsible for all aspects of the
12 Company’s daily management of all state level accounting and finance operations, as
13 well as reporting monthly and quarterly consolidated results. I also am responsible for the
14 preparation of all budgets and forecasts. My duties include the management of the
15 regulatory accounting process, which involves directing, planning, managing and
16 organizing rate filings for the Company.

1 **Q4. Have you previously testified before the Kentucky Public Service Commission or**
2 **any other State Commission.?**

3 A4. I have not previously testified before the Kentucky Public Service Commission, but I
4 have provided written and oral testimony in Illinois, Pennsylvania, Virginia, and
5 Maryland.

6 **Q5. What is the purpose of your testimony?**

7 A5. The purpose of my testimony is to sponsor the Petitioner's application for an adjustment
8 of certain rates and charges for the provision of water services. I will provide an
9 overview of the pro forma changes to the Petitioner's financial schedules, affiliate
10 transactions, and rate case expense.

11 **Q6. Are you sponsoring any Exhibits?**

12 A6. Yes

13 Petitioner's Exhibit RG-1. This exhibit contains the following pro forma financial
14 schedules:

15 Schedule A – Balance Sheet

16 Schedule B – Income Statement

17 Schedule C – Rate Base and Rate of Return

18 Schedule D – Revenue Requirement

19 Schedule E – Revenues at Present Rates

20 Schedule F – Revenues at Proposed Rates

21

22 Petitioner's Exhibit RG-2. This exhibit consists of the Petitioner's proposed tariffs.

1 Petitioner’s Exhibit RG-3. This exhibit contains support bridges for the pro forma
2 changes included in Petitioner’s Exhibit RG-1.

3 **Q7. Were the Exhibits that you’re sponsoring prepared by you and/or under your**
4 **supervision?**

5 A7. Yes, and I am incorporating these Exhibits into my testimony by reference and the
6 exhibits were prepared by me.

RELIEF REQUESTED

7 **Q8. What test year is WSCK using to request rate relief?**

8 A8. WSCK is requesting rate relief using a test year of twelve months ended December 31,
9 2017 so that it can continue to provide safe, reliable and efficient water utility services to
10 its customers while earning a reasonable return for its investors.

11 **Q9. Please summarize the relief sought by WSCK.**

12 A9. As discussed in greater detail below, WSCK is requesting a water rate increase to
13 produce additional revenues of \$852,743 per year, or 35.29%. WSCK used an 88%
14 operating ratio, which is pursuant to prior PSC decisions, to calculate the revenue
15 requirement.

REVENUE: PRO FORMA CHANGES

16 **Q10. Please explain how test year revenues were adjusted.**

17 A10. Pro forma changes were made to the test year revenues based on known and measurable
18 changes to actual revenues.

1 **Q11. Please summarize the pro forma changes made to water service revenues.**

2 A11. The test year total level of water service revenues was increased by a total of \$1,992 to
3 remove the impact of revenue accruals. The Company proved out revenues at present
4 rates in Schedule E.

OPERATING EXPENSE: PRO FORMA CHANGES

**SUPPORT BRIDGES FOR ALL PRO FORMA CHANGES TO OPERATING
EXPENSE CAN BE FOUND IN PETITIONER'S EXHIBIT RG-3.**

5 **Q12. Please explain how test year operating expenses were adjusted.**

6 A12. Pro forma adjustments were made to the test year operating expenses based on known
7 and measurable changes to test year expenses.

8 **Q13. Please explain the pro forma change made to salaries and wages expense.**

9 A13. Salaries and Wage expense has been adjusted for projected salaries, taxes, and benefits
10 for employees. The changes in employee salaries, taxes, and benefits resulted in an
11 increase of \$182,292 to test-year expense. Salaries, benefits, and payroll taxes were
12 calculated using the same methodologies used in the Company's past rate cases. The
13 Company utilized employee's 2018 known-and-measurable pay rates in its calculation of
14 annualized salary expense. The most current state and federal payroll tax assumptions, as
15 well as test-year benefit expenses incurred at the parent company level, were used to
16 calculate insurance and payroll taxes on a per-employee basis. The Company used its 3%
17 employee-match corporate-contribution rate as well as the non-elective annual
18 contribution of 4% for employee 401K expenses on a per-employee basis. Test-year
19 levels of overtime expense by employee are included in salary expense.

1 Company witnesses Miller and Lubertozzi describe new positions since WSCK's last
2 base rate case. Company witness Dmitrenko puts forth exhibits and testimony
3 demonstrating the reasonableness of WSCK's salary level included in its claim in this
4 case.

5 **Q14. Did WSCK perform an analysis of salary and wage reasonableness as previously**
6 **performed in the prior rate case?**

7 A14. Yes, WSCK recognizes that it is imperative to validate the reasonableness of salary
8 expense before the Commission so it performed comparative salary analysis on two
9 fronts. First, the Company completed an analysis that compares WSCK salary expense
10 per customer to similar utility company's salary expense per customer in Kentucky, in the
11 same manner as what the WSCK presented before the PSC in the past two WSCK base
12 rate cases. Second, the Company further demonstrated the reasonableness of its salary
13 expense by providing a comparison of WSCK's salary levels to market cost of services
14 available by outside service providers.

15 **Q15. Please explain the pro forma change made to maintenance and repair expense.**

16 A15. Test-year maintenance and repair expense has been adjusted based on actual and
17 projected deferred maintenance projects for which the Company has bids. Deferred
18 Maintenance is discussed more fully in witness Miller's testimony however the largest
19 drivers of pro forma maintenance expense are two tank painting projects that will be
20 undertaken in Middlesboro for which WSCK has received cost estimates of \$605,000.
21 The Company expects to incur approximately \$6,000 in internal captime related to these
22 two projects. These two deferred projects will be amortized over 12 years and will result

1 in an increase of approximately \$61,000 over test-year expense maintenance expenses.
2 The disallowance of additional deferred maintenance expense will result in an
3 understated operating expense.

4 **Q16. Please explain the pro forma change made to transportation expense.**

5 A16. The Company included a pro forma adjustment to increase transportation expense
6 \$2,332. The Company reduced the test year fuel expense \$864 as a result of the purchase
7 of a more fuel-efficient vehicle included in pro forma capital additions. Also included
8 was a \$3,196 pro forma increase to fuel expense driven by the rising cost of fuel.

9 **Q17. Please explain the pro forma change made to operating expense charged to plant.**

10 A17. Operating expense charged to plant has been changed to reflect a decrease in the
11 capitalized time. The change resulted in a increase of \$103,218 to test-year expense. On
12 a going forward basis, WSCK will only record capitalized time for capital projects and
13 deferred maintenance projects. The Company in this case has included captime related to
14 its GIS and deferred maintenance projects in its pro forma levels of operating expenses.
15 Company witness Lubertozi expounds on the Company's position regarding captime in
16 his direct testimony.

17 **Q18. Please explain the pro forma change made to office supplies and other office
18 expense.**

19 A18. The test-year balance for office supplies and other office expense included items from
20 employee expense reports at various levels of the organization. WSCK removed these
21 costs from the test-year balance for ratemaking purposes. Company witness Lubertozi

1 discusses the removal of costs related to employee expense reports. This change resulted
2 in a decrease of \$1,171 to test-year expense.

3 **Q19. Please explain the pro forma change made to regulatory commission expense.**

4 A19. The test year level of regulatory expense was increased to reflect the anticipated costs of
5 this proceeding based on past experience and expert estimates. The Company has made
6 every effort to reduce rate expense in this proceeding by soliciting multiple bids for both
7 its COSS study and depreciation study. In addition, WSCK performed its salary analyses
8 internally, saving ratepayers in excess of \$30,000 in rate-case expenses. The
9 unamortized portion of the balance of the prior rate case as of 12/31/2018, or the end of
10 the expected suspension period, of \$23,215 has been included in the Company's pro
11 forma rate-case expense as this will allow WSCK to fully recover prudently expended
12 costs in relation to Case 2015-00382. The total unamortized rate case expense is
13 estimated to be \$23,215 at the anticipated effective date of the new order, 1/1/2019. The
14 total cost of the new case will total \$195,410. The costs associated with the current case
15 are summarized below:

Table 2 - Rate Case Expense

<u>Category</u>	<u>Estimated Cost</u>
Legal Fees	\$ 90,000
Consulting Fees	\$ 86,000
Customer Notices	\$ 7,210
Newspaper Publication	\$ 6,400
Travel	\$ 5,800
Total Estimated Cost	<u>\$ 195,410</u>

16

1 Total rate-case expense for this rate case, which includes the unamortized balance of the
2 prior case and the total estimated costs of the new case, is \$218,625. This balance will be
3 amortized over a 30-month period, which will create an annual amortization expense of
4 \$87,450. The Company believes that 30 months is a more realistic estimate of the time
5 that will elapse between rate cases and will leave less unamortized rate case expense to
6 recover in subsequent cases. This will result in an increase of \$17,805 to test year
7 expense.

8 **Q20. Please explain the pro forma change made to Other Employee Benefits.**

9 A20. Outside of the adjustment described in the discussion of pro forma changes to salary
10 expenses above, the test-year balance for benefits included items from employee expense
11 reports at various levels of the organization. WSCK removed these costs from the test
12 year balance for ratemaking purposes. Company witness Lubertozi discusses the
13 removal of costs related to employee expense reports. This change resulted in a decrease
14 of \$2,204 to the test-year balance.

15 **Q21. Please explain the pro forma change made to rent expense.**

16 A21. The Company included a pro forma adjustment to rent expense in the amount of \$16,127.
17 This amount represents WSCK's allocated portion of the annualized anticipated rent
18 expense for the office space that will serve as the Midwest/Mid-Atlantic operations
19 headquarters. The Midwest/Mid-Atlantic operations team currently works out of Water
20 Service Corporation's ("WSC") office located in Northbrook, Illinois. WSC currently
21 owns the office located in Northbrook, Illinois, and it is intended to be used for "Shared
22 Services" or the pieces of the business whose primary purpose is to serve other parts of

1 the business such as corporate accounting and tax, human resources, billing, information
2 technology, etc. It has been announced that WSC will be relocating its offices near
3 downtown Chicago. The Midwest/Mid-Atlantic operations and leadership team, to which
4 WSCK is a part, needs new office space.

5 Company representatives visited three locations on May 8, 2018, narrowed the choice to
6 two locations, and received proposals for the two final locations. Executing a lease
7 agreement and moving our team from our existing location to a new building will occur
8 shortly after the location is selected and the lease agreement is executed, and the
9 proposals indicate a lease commencement date of October 1, 2018. The rent adjustment is
10 calculated using the average expense per square foot multiplied by the average square
11 footage for the two office spaces that the Company is considering. The new office space
12 will not replace any existing expense, as it is a new expense. The annual rent expense is
13 allocated to WSCK based on the Regional Vice President Equivalent Residential
14 Connection (“ERC”) percentage.

15 **Q22. Please explain the rationale for allocating the office space used by the Midwest/Mid-**
16 **Atlantic operations and leadership team to WSCK using the Regional Vice**
17 **President ERC percentage.**

18 A22. It is appropriate that WSCK receives a portion of the annual level of rent expense related
19 to the new office space so that costs incurred for rent expense are fully and
20 proportionately recovered from ratepayers in the Midwest/Mid-Atlantic region. Since
21 Midwest/Mid-Atlantic operations and leadership will use the office and the actual costs
22 will be recorded to Regional Vice President it is appropriate to use the Regional Vice

1 President ERC count in the denominator to calculate the percentage of costs that should
2 be allocated to WSKK. To derive the appropriate allocation percentage, WSKK's ERCs
3 of 7,107 are divided by the ERCs in the Midwest/Mid-Atlantic region of 52,465 to obtain
4 the correct percentage of 13.55%. This percentage is then multiplied by the annual cost
5 of \$119,051 to arrive at the appropriate cost to WSKK rate payers of \$16,127 for the
6 necessary office space.

7 **Q23. Please describe the current facility that WSKK personnel operate out of.**

8 A23. The current facility was constructed circa 1960 with additions in 1987 and 2000. While it
9 has been optimized through capital investment to provide the lowest cost alternative
10 possible to customers, the workspace has many limitations due to being repurposed from
11 a residential to a commercial building. Currently, the building does not have an ADA
12 accessible bathroom or a conference room that could be accessed with a wheelchair. The
13 building does not have a fire sprinkler system which would limit loss in a fire. The
14 largest conference room currently seats 9 people with very little room to move around,
15 this has presented the need for offsite hosting of meetings at local hotels.

16 **Q24. Please explain the pro forma change made to operating lease expense**

17 A24. The Company included a pro forma adjustment to reflect operating lease expenses for
18 which the Company has agreements in place of \$48,332. This adjustment includes the
19 annual leasing cost for two backhoes totaling \$36,966. Each backhoe has an annual lease
20 expense of \$16,959, and annual insurance expense of \$1,525. The Company also
21 included a pro forma adjustment of \$11,365 for known future railroad lease agreements.

22 **Q25. Please explain the pro forma change made to office utilities expense.**

1 A25. The test-year balance for office utilities expense included items from employee expense
2 reports at various levels of the organization. WSCK removed these costs from the test-
3 year balance for rate making purposes. Company witness Lubertozi discusses the
4 removal of costs related to employee expense reports. This change resulted in a decrease
5 of \$31 to the test-year balance.

6 **Q26. Please explain the pro forma change made to fuel expense and why it is necessary to**
7 **adjust fuel expense?**

8 A26. It is necessary to adjust the fuel expense because WSCK's fuel expense fluctuates based
9 on the market cost of fuel per gallon. WSCK's average fuel cost per gallon for the test
10 period January 1, 2017 to December 31, 2017 of \$2.30 is expected to increase through the
11 end of the suspension period of December 31, 2018. Also, WSCK replaced an old
12 inefficient service truck with a new model which decreases fuel cost.

13 **Q27. How did the Company determine that the cost of fuel is expected to rise from the**
14 **end of the test period to the end of the expected suspension period?**

15 A27. The Company utilized the U.S. Energy Information Administration's website eia.gov, for
16 independent statistics & analysis for petroleum & other liquids seasonal forecast for Q2
17 and Q3 of 2018 which shows an increase in gasoline retail prices in the Midwest.

18 **Q28. What is your pro forma fuel adjustment for cost per gallon and how did you come**
19 **up with the adjustment?**

20 A28. The Company has calculated a pro forma fuel adjustment amount of \$3,196. The
21 adjustment was determined by applying an increase factor to the test year fuel expense.
22 The increase factor was derived by comparing the average fuel cost per gallon for each

1 month of 2017 to the average actual and forecasted 2018 fuel cost per month and
2 forecasted cost per gallon from eia.gov for the Midwest region.

3 **Q29. How much fuel savings are you projecting from the new service truck and how did**
4 **you determine the amount?**

5 A29. The Company has calculated a savings of \$864 which is the difference between the 2017
6 actual fuel cost for the old service truck and 2018 actual and expected fuel cost for the
7 new service truck. WSCK's personnel drove the old service truck 7,298 miles while
8 utilizing 1,461 gallons with an average purchase price of \$2.11 per gallon giving the old
9 truck an average 4.99 miles per gallon. Total test year actual per book cost of fuel was
10 \$3,081. WSCK's 2018 January to May actual miles driven on the old truck were 3,783
11 using 574 gallons with average price of \$2.34 per gallon giving the old truck an average
12 of 6.59 miles per gallon. Total January to May 2018 actual per books total gas expense
13 was \$1,340. 2018 June to December forecasted miles to be driven are 5,296 estimated by
14 annualizing January to May actuals $(3,783/5) \times 7 = 5,296$. Expected average price per
15 gallon for 2nd and 3rd quarter of 2018 for diesel fuel is \$3.15. The new service truck has
16 an estimated 19 miles per gallon fuel efficiency thus needing only 279 gallons of diesel to
17 drive the 5,296 miles. With the estimated fuel price of \$3.15 per gallon and needing to
18 purchase 279 gallons would cost WSCK \$877 for the remaining June to December
19 months. 2018 January to May actual fuel cost is \$1,340 and estimated June to December
20 fuel cost is \$877 totaling \$2,217 where 2017 actual fuel expense for the old truck was
21 \$3,081. The resulting difference between \$3,081 and \$2,217 gives WSCK a \$864
22 forecasted savings with the new service truck.

1 **Q30. Please explain the pro forma change made to uncollectible accounts.**

2 A30. Uncollectible accounts were adjusted based on the percentage of uncollectible accounts
3 to revenues in the test year applied to annualized and pro forma proposed revenues.
4 WSCK calculated its pro forma uncollectible percentage by first reducing the booked
5 uncollectible expenses by the amount that it expects to collect from WSCK's Ambleside
6 fire surcharge and then dividing the resulting amount by the amount of test-year service
7 revenues, \$2,414,588, which results in an uncollectible percentage of 1.63%. WSCK
8 uses 1.63% in the calculation of the gross-up factor used to develop WSCK's revenue
9 requirement on Schedule D.

10 **Q31. Please explain the pro forma change made to miscellaneous expense.**

11 A31. The test-year balance for miscellaneous expense included items from employee expense
12 reports at various levels of the organization. WSCK removed these costs from the test-
13 year balance for rate making purposes. Company witness Lubertozi discusses the
14 removal of costs related to employee expense reports. This change resulted in a decrease
15 of \$276 to the test-year balance.

16 **Q32. Please explain the pro forma change to depreciation.**

17 A32. Depreciation expense was annualized based upon gross depreciable plant at the end of the
18 test year plus pro forma additions. The depreciation rates proposed are result of a
19 depreciation study conducted by Company witness John Guastella. Please refer to the
20 direct testimony of Company witness Guastella for an in-depth explanation of the
21 Company's proposed depreciation rates. By incorporating these proposed depreciation
22 rates from the study, WSCK will increase test year depreciation expense by \$165,317.

1 **Q33. Please explain the pro forma change to the amortization of PAA.**

2 A33. As accepted in Case No. 2013-00237, WSCK is proposing to increase pro forma
3 operating expenses by \$3,660 to eliminate the amortization of Plant Acquisition
4 Adjustment.

5 **Q34. Please explain the pro forma change made to Taxes Other Than Income (“TOTI”)**
6 **and Federal and State income taxes.**

7 A34. TOTI was adjusted for annualized payroll taxes, Utility Commission Taxes, and known-
8 and-measurable property taxes from Hickman and Bell counties, as well as Clinton and
9 Middlesboro. Pro forma Federal and State income taxes were both calculated on
10 proposed taxable income at the current rates of 21% and 6% respectively.

NET ORIGINAL COST RATE BASE

11 **Q35. Is all of the property that is included in WSCK’s rate base used and useful for**
12 **service to the public?**

13 A35. All of the utility’s property included in rate base, including plant adjustments, is used and
14 useful, and is currently, or will be in service no later than October 31, 2018 to provide
15 quality service to WSCK’s customers.

16 **Q36. Please describe the adjustments being made to the rate base.**

17 A36. As shown on Schedule C of Petitioner’s Exhibit RG-1, the Company is proposing a
18 number of adjustments to its rate base, resulting in a net decrease in rate base of
19 \$173,716. The specific adjustments are discussed in greater detail below.

20 **Q37. Please explain the adjustment to gross plant in service.**

1 A37. The adjustment to gross plant in service reflects the total of two adjustments. First, an
2 adjustment was made to include known-and-measurable post-test-year general-ledger
3 plant additions from January 1, 2018 to June 25, 2018. Second, an adjustment was made
4 to include one additional vehicle replacement which was placed in service May 30, 2018
5 and computer additions through October 31, 2018. The total change will result in an
6 increase of \$217,565 to gross plant in service.

7 **Q38. Please explain the adjustment to accumulated depreciation.**

8 A38. The accumulated depreciation balance was adjusted to include accumulated depreciation
9 associated with capital additions, computers, and vehicle additions through the end of the
10 expected suspension period, or December 31, 2018. The total change will result in an
11 increase of \$462,488 to accumulated depreciation.

12 **Q39. Please explain the cash working capital calculation.**

13 A39. Working capital has been calculated based on pro forma expenses. This results in an
14 increase of \$56,580 to rate base. Working capital is calculated using 1/8th of maintenance
15 expense, general expenses and taxes other than income presented on Schedule B of
16 Exhibit RG-1.

17 **Q40. Please explain the adjustment to Contributions in Aid of Construction (“CIAC”).**

18 A40. The Company included a \$14,627 pro forma adjustment as a reduction to CIAC. This
19 adjustment represents amortization of CIAC rolled through the end of the expected
20 suspension period of December 31, 2018.

RATE DESIGN

1 **Q41. What rates are WSCK proposing?**

2 A41. The proposed charges for WSCK customers have been included in Petitioner's Exhibit
3 RG-2.

4 **Q42. Has the Company complied with the prior order with regard to rate design?**

5 A42. Yes, ordering paragraph 5 of the final order issued in Case No. 2015-00382 stated
6 “WSCK will engage an expert to prepare a cost-of-service and rate design study to be
7 filed in WSCK's next case for a general adjustment of rates. The AG and Clinton shall
8 not object to the recovery of reasonably incurred, associated expert costs in WSCK's
9 rates.” The Company has retained the services of Gannett Fleming Valuation and Rate
10 Consultants LLC to perform a cost of service study. Company witness Heppenstall
11 utilized the revenue requirement proposed by the Company of \$852,743 as shown on
12 Schedule E. Proposed revenue at the rates recommended by witness Heppenstall is shown
13 on Schedule F.

14 **Q43. Has the Company published notice of the rates and charges recommended by**
15 **Company witness Heppenstall as reflected in Petitioner’s Exhibit RG-2?**

16 A43. Yes, the Company has published notices in newspapers of general circulation in both
17 Clinton and Middlesboro of the rates proposed by the Company.

18 **Q44. Does this conclude your prepared direct testimony?**

19 A44. Yes.

AFFIDAVIT

The undersigned, Robert Guttormsen, being duly sworn, deposes and says that he is the Financial Planning and Analysis Manager of Utilities, Inc., that is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his knowledge, information and belief, after reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.



Robert Guttormsen, Affiant

NOTARY CERTIFICATE

STATE OF ILLINOIS

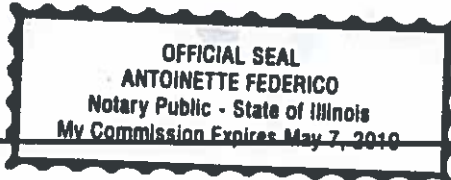
COUNTY OF COOK

Subscribed, acknowledged and sworn to before me by Robert Guttormsen on
this 2 day of July, 2018.

My commission expires: 5-7-19.

Antoinette Federico

NOTARY PUBLIC



Petitioner's

Exhibit RG-1

WATER SERVICE CORPORATION OF KENTUCKY

Schedule A

Case No. 2018 - 00208

Balance Sheet

Test Year Ended 12/31/2017

Line No.	ASSETS	A	B	C	D
				<u>LIABILITIES AND OTHER CREDITS</u>	
1.	Plant In Service			Capital Stock and Retained Earnings	
2.	Water		\$ 12,723,289		
3.	Sewer		-	Common Stock and Paid In Capital	\$ 5,068,438
4.			<u> </u>	Retained Earnings	562,823
5.	Total		\$ 12,723,289	Total	\$ <u>5,631,261</u>
6.					
7.	Accumulated Depreciation-Water		(5,702,602)	Current and Accrued Liabilities	
8.	Accumulated Depreciation-Sewer		-	Accounts Payable-Trade	342,454
9.				Taxes Accrued	94,663
10.	Total		\$ (5,702,602)	Deferred Credits	47,416
11.				Customer Deposits - Interest	1,051
12.				A/P - Assoc. Companies	1,210,660
13.	Net Utility Plant		\$ 7,020,687	Deferred Revenue	-
14.				Total	\$ <u>1,696,244</u>
15.					
16.				Advances In Aid of Construction	
17.	Plant Acquisition Adjustment-Water		(128,117)	Water	0
18.	Plant Acquisition Adjustment-Sewer		-	Sewer	-
19.			<u> </u>	Total	\$ <u>0</u>
20.	Total		\$ (128,117)		
21.				Contributions In Aid of Construction	
22.				Water	268,212
23.	Construction Work In Process-Water		(0)	Sewer	-
24.	Construction Work In Process-Sewer		-	Total	\$ <u>268,212</u>
25.			<u> </u>		
26.	Total		\$ (0)	Accumulated Deferred Income Tax	
27.				Unamortized ITC	-
28.	Current Assets			Deferred Tax - Federal	768,072
29.	Cash		108,453	Deferred Tax - State	(98,309)
30.	Accounts Receivable - Net		1,042,284	Total	\$ <u>669,763</u>
31.	Other Current Assets		14,782		
32.			<u> </u>	TOTAL LIABILITIES AND OTHER CREDITS	\$ <u>8,265,480</u>
33.	Total		\$ 1,165,519		
34.					
35.					
36.	Deferred Charges		207,391		
37.			<u> </u>		
38.	TOTAL ASSETS		\$ <u>8,265,480</u>		

WATER SERVICE CORPORATION OF KENTUCKY

Case No. 2018 - 00208

Combined Operations

Test Year Ended 12/31/2017

	A	B	C	D	E	F
Line No.	12/31/2017 Test Year	Pro Forma Changes	Pro Forma Present	Proposed Increase	Pro Forma Proposed	
1.						
2.	\$ 2,414,588	\$ 1,992 [a]	\$ 2,416,580	\$ 852,743 [k]	\$ 3,269,323	
3.	-	-	-	-	-	
4.	62,803	-	62,803	-	62,803	
5.						
6.	\$ 2,477,391	\$ 1,992	\$ 2,479,383	\$ 852,743	\$ 3,332,126	
7.						
8.						
9.	\$ 653,429	\$ 92,505 [c]	\$ 745,934	-	\$ 745,934	
10.	123,204	-	123,204	-	123,204	
11.	101,367	-	101,367	-	101,367	
12.	127,934	70,935 [i] [j]	198,869	-	198,869	
13.	43,482	-	43,482	-	43,482	
14.	-	-	-	-	-	
15.	108,012	-	108,012	-	108,012	
16.	28,507	2,332 [o]	30,839	-	30,839	
17.	(110,733)	103,218 [d]	(7,515)	-	(7,515)	
18.	39,770	-	39,770	-	39,770	
19.						
20.	\$ 1,114,973	\$ 268,990	\$ 1,383,962	-	\$ 1,383,962	
21.						
22.						
23.	\$ 137,409	\$ 13,327 [c]	\$ 150,736	-	\$ 150,736	
24.	63,578	(1,171) [l]	62,407	-	62,407	
25.	69,645	17,805 [e]	87,450	-	87,450	
26.	183,280	55,241 [c] [l]	238,521	-	238,521	
27.	12,269	16,127 [m]	28,396	-	28,396	
28.	-	48,332 [n]	48,332	-	48,332	
29.	75,288	-	75,288	-	75,288	
30.	50,335	(31) [l]	50,304	-	50,304	
31.	45,687	(6,383) [b]	39,304	13,869 [b]	53,173	
32.	33,336	(276) [l]	33,060	-	33,060	
33.						
34.	\$ 670,828	\$ 142,969	\$ 813,797	\$ 13,869	\$ 827,666	
35.						
36.						
37.	\$ 290,060	\$ 172,428 [f]	\$ 462,488	\$ -	\$ 462,488	
38.	(3,660)	3,660 [p]	-	-	-	
39.	156,799	26,816 [g]	183,615	1,702 [g]	185,317	
40.	(177,741)	-	(177,741)	-	(177,741)	
41.	53,891 [h]	(123,383) [h]	(69,491)	166,705 [h]	97,214	
42.	16,380 [h]	(30,168) [h]	(13,788)	43,336 [h]	29,548	
43.	(7,516)	(7,111) [f]	(14,627)	-	(14,627)	
44.						
45.	\$ 328,214	\$ 42,242	\$ 370,456	\$ 211,744	\$ 582,199	
46.	\$ 2,114,014	\$ 454,201	\$ 2,568,215	\$ 225,613	\$ 2,793,828	
47.						
48.	\$ 363,378	\$ (452,209)	\$ (88,832)	\$ 627,130	\$ 538,299	
49.						
50.	\$ (4,277)	\$ 4,277 [q]	\$ -	\$ -	\$ -	
51.	(1,025)	-	(1,025)	-	(1,025)	
52.	156,983	15,605 [j]	172,588	-	172,588	
53.						
54.	\$ 211,696	\$ (472,091)	\$ (260,394)	\$ 627,130	\$ 366,736	

Line No.

1. [a] Test year revenues are recalculated using current rates on Schedule D.

- 2.
3. [b] Adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues and Ambleaside. Support can be found on w/p [a].
- 4.
5. [c] Salaries, Wages and Benefits are adjusted to annualize as of April 30, 2018. Support for this change can be found on w/p [b].
- 6.
7. [d] Test year operating expense charged to plant has been removed with the exception of capitalized time related to pro forma GIS and tank painting projects.
- 8.
9. [e] Regulatory commission expense has been adjusted. Support for this change can be found on w/p [d].
- 10.
11. [f] Depreciation and Amortization Expense are annualized. Support for this change can be found on w/p [f].
- 12.
13. [g] Taxes Other than Income is adjusted for annualized payroll taxes, known and measurable property taxes, and pro forma PSC assessments. Support can be found on w/p [e].
- 14.
15. [h] Income taxes are computed on taxable income at current rates. Support for this change can be found on w/p [g].
- 16.
17. [i] Support for this change can be found on w/p [i].
- 18.
19. [j] Support for this change can be found on w/p [h].
- 20.
21. [k] Revenues are annualized at proposed rates using test year consumption and billing determinates. Refer to Sch. D for the calculation of the revenue requirement.
- 22.
23. [l] Support for this change can be found on w/p [k].
- 24.
25. [m] Pro forma rent expense is calculated on w/p [q].
- 26.
27. [n] Pro forma operating leases are calculated on w/p [p].
- 28.
29. [o] Support for this change can be found on w/p [r].
- 30.
31. [p] Amortization of PAA has been removed for rate making purposes.
- 32.
33. [q] Other income has been removed for rate making purposes.

WATER SERVICE CORPORATION OF KENTUCKY

Case No. 2018 - 00208

Rate Base and Rate of Return

Test Year Ended 12/31/2017

Schedule C
Page 1 of 1

Line No.	A	B	C	D	E	F
		12/31/2017 Test Year	Pro Forma Changes	As Adjusted	Proposed Increase	Effect of Proposed Increase
1.	Net Operating Income	\$ 363,378	\$ (452,209)	\$ (88,832)	\$ 627,130	\$ 538,299
2.	Gross Plant In Service	\$ 12,723,289	\$ 217,565	\$ 12,940,854	\$ -	\$ 12,940,854
3.	Accumulated Depreciation	(5,702,602)	(462,488)	(6,165,090)	-	(6,165,090)
4.	Net Plant In Service	\$ 7,020,687	\$ (244,923)	\$ 6,775,764	-	\$ 6,775,764
5.	Cash Working Capital	242,825	56,580	299,405	-	299,405
6.	Contributions In Aid of Construction	(268,212)	14,627	(253,585)	-	(253,585)
7.	Advances in Aid of Construction	-	-	-	-	-
8.	Accumulated Deferred Income Taxes	(669,763)	-	(669,763)	-	(669,763)
9.	Customer Deposits	(47,416)	-	(47,416)	-	(47,416)
10.						
11.						
12.	Total Rate Base	\$ 6,278,121	\$ (173,716)	\$ 6,104,405	\$ -	\$ 6,104,405
13.						
14.						
15.	Return on Rate Base	5.79%		-1.46%		8.82%
16.						
17.						
18.						
19.						
20.						
21.						

Explanation of Adjustments to Rate Base

[a] Gross plant in service and Accumulated Depreciation and Amortization adjustments per w/p [c].

[b] Working capital is calculated based on pro forma maintenance expenses, general expenses, and taxes other than income per w/p [i].

WATER SERVICE CORPORATION OF KENTUCKY

Schedule D

Case No. 2018 - 00208

Revenue Requirement

Test Year Ended 12/31/2017

Line No.	Item	A	B
			Operating Ratio Method
1.	Total Operating Expenses		(d)
2.	Less: Federal & State Income Taxes	\$ 2,568,215	
3.		83,279	
4.	Operating Expenses Net of Income Taxes	\$ 2,651,494	
5.	Divide by: Operating Ratio	88%	
6.			
7.	Revenue to Cover Operating Ratio	\$ 3,013,061	
8.	Less: Operating Expenses Net of Income Taxes	\$ (2,651,494)	
9.			
10.	Net Operating Income After Income Taxes	\$ 361,567	
11.	Less: Pro Forma Net Income	260,394	
12.			
13.	Net Operating Income Adjustment	\$ 621,962	
14.	Multiplied by Gross-up Factor	1.371054133	
15.			
16.	Revenue Requirement	\$ 852,743	
17.			
18.	Percentage Increase/Decrease	35.29%	

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Revenues at Present Rates
Test Year Ended 12/31/2017

Schedule E

Line No.	A	B	C	D	E	F	G	H	I	J	K	L
MIDDLESBORO												
1.	1"	1,090	\$ 17.50	\$ 19,081	13,485,362	\$ 4.06	\$ 54,724	187,673	\$ 3.13	\$ 588	\$ -	\$ 74,392
2.	1.5"	325	\$ 30.00	\$ 9,755	8,484,625	\$ 4.06	\$ 34,431	2,720,131	\$ 3.13	\$ 8,522	\$ -	\$ 52,708
3.	2"	592	\$ 45.00	\$ 26,621	19,467,671	\$ 4.06	\$ 79,000	32,132,004	\$ 3.13	\$ 100,670	\$ -	\$ 206,290
4.	3"	96	\$ 85.00	\$ 8,160	4,991,447	\$ 4.06	\$ 20,255	16,306,039	\$ 3.13	\$ 51,087	\$ -	\$ 79,502
5.	3/4"	13	\$ 10.00	\$ 130	-	\$ 4.06	\$ -	-	\$ 3.13	\$ -	\$ -	\$ 130
6.	4"	36	\$ 130.00	\$ 4,680	2,609,547	\$ 4.06	\$ 10,590	970,006	\$ 3.13	\$ 3,039	\$ -	\$ 18,309
7.	5/8"	64,033	\$ 10.00	\$ 640,333	236,083,753	\$ 4.06	\$ 958,028	630,415	\$ 3.13	\$ 1,975	\$ 263	\$ 1,600,072
8.	6"	36	\$ 255.00	\$ 9,180	3,206,999	\$ 4.06	\$ 13,014	39,145,308	\$ 3.13	\$ 122,642	\$ -	\$ 144,836
9.	Municipally Owned Hydrants	3,300	\$ 5.40	\$ 17,820	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 17,820
10.	Private Hydrants	496	\$ 24.30	\$ 12,062	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 12,062
11.	Sprinkler Systems	358	\$ 24.30	\$ 8,699	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 8,699
12.	Total	70,376		\$ 756,520	288,329,404		\$ 1,170,041	92,091,577		\$ 288,523	\$ 263	\$ 2,214,821

Line No.	A	B	C	D	E	F	G	H	I	J	K	L
CLINTON												
13.	1"	159	\$ 17.50	\$ 2,791	1,922,299	\$ 4.36	\$ 8,385	-	\$ -	\$ -	\$ -	\$ 11,176
14.	1.5"	60	\$ 30.00	\$ 1,800	3,854,590	\$ 4.36	\$ 16,814	-	\$ -	\$ -	\$ -	\$ 18,614
15.	2"	60	\$ 45.00	\$ 2,700	2,495,394	\$ 4.36	\$ 10,885	-	\$ -	\$ -	\$ -	\$ 13,585
16.	3"	-	\$ 85.00	\$ -	-	\$ 4.36	\$ -	-	\$ -	\$ -	\$ -	\$ -
17.	3/4"	6,170	\$ 10.00	\$ 61,697	19,154,752	\$ 4.36	\$ 83,553	-	\$ -	\$ -	\$ 13	\$ 145,237
18.	4"	-	\$ 130.00	\$ -	-	\$ 4.36	\$ -	-	\$ -	\$ -	\$ -	\$ -
19.	5/8"	315	\$ 10.00	\$ 3,151	869,097	\$ 4.36	\$ 3,791	-	\$ -	\$ -	\$ 1	\$ 6,942
20.	6"	-	\$ 255.00	\$ -	-	\$ 4.36	\$ -	-	\$ -	\$ -	\$ -	\$ -
14.	Municipally Owned Hydrants	648	\$ 5.40	\$ 3,499	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 3,499
15.	Private Hydrants	32	\$ 24.30	\$ 770	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 770
16.	Sprinkler Systems	80	\$ 24.30	\$ 1,937	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 1,937
17.	Total	7,524		\$ 78,345	28,296,133		\$ 123,428	-	\$ -	\$ -	\$ 13	\$ 201,759
18.	WSCKY Total	77,899		\$ 834,865	316,625,536		\$ 1,293,468	92,091,577		\$ 288,523	\$ 277	\$ 2,416,580

Petitioner's

Exhibit RG-2

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. 13

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

(N)
(N)
(N)
(N)
(N)
(N)
(N)

- (c) Where a street service connection is already laid to the curb line, or meter box, the Customer shall connect with the street service connection as laid.
- (d) The meter box shall be set in sidewalk or just inside customer's property on a level with the grade of sidewalk or yard and shall be kept accessible at all times.
- (e) The street service connection from the main to and including the meter box will be maintained by the Company at its expense.
- (f) The Company can recover all costs associated with having to re-locate WSCK's portion of a water service line based on a customer's request. WSCK portion includes tap, service to meter setter, meter box and any landscaping and or pavement replacements. The customer will be billed on a time and materials basis.
- (g) The Company can recover all costs associated with having to raise a water service line based on a customer's request. WSCK portion includes tap, service to meter setter, meter box and any landscaping and or pavement replacements. The customer will be billed on a time and materials basis.

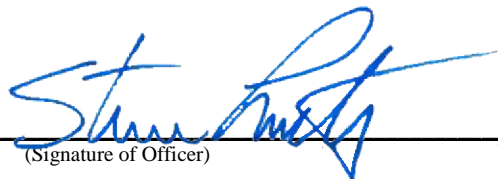
7. CUSTOMER'S SERVICE PIPES:

- (a) The company will specify the size, kind and quality of the materials which shall be laid between the curb line and the structure on the premises to be supplied.
- (b) The service pipe from the meter box to the place of consumption shall be furnished and installed by the Customer at his expense and risk.
- (c) The Customer's service pipe and all connections and fixtures attached thereto shall be subject to the inspection and approval of the Company before the water will be turned on.
- (d) The service pipe shall be laid below the frost line at all points and shall be placed on firm continuous earth so as to give unyielding and permanent support, and shall be installed in a trench at least two feet in a horizontal direction from any other trench wherein are laid gas pipe, sewer pipe, or other facilities, public or private, unless specifically authorized and approved by the Company.

DATE OF ISSUE July 5, 2018
Month / Date / Year

DATE EFFECTIVE August 4, 2018
Month / Date / Year

ISSUED BY Steve Lubertozzi



(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. **19**

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

- A. Non-reporting user shall also be assessed a penalty of \$20.00 for each failure to submit a report in a timely manner.
- B. 14. DISCONTINUANCE OF WATER SERVICE:
- (a) Service rendered under any application, contract or agreement may be discontinued by the Company after proper notification in accordance with 807 KAR 5:006, Section 14 for any of the following reasons:
- (1) For willful or indifferent waste of water.
- (2) For failure to protect the meter and its connections from injury or damage, or for failure to protect and maintain the service pipe or fixtures on the property of the Customer in a condition satisfactory to the Company.
- (b) The water service will be discontinued to any premises on account of temporary vacancy upon request of the Customer, without in any way affecting the agreement in force, after the payment of all charges and fees due as provided for in the rates, rules and regulations of the Company.
- (N) (c) Discontinuing the supply of water to any premises for any reason shall not prevent the Company from pursuing lawful remedies by action at law or otherwise for the collection of moneys due from the Customer.
- (d) Water service may be terminated for non-payment per section 18(d)

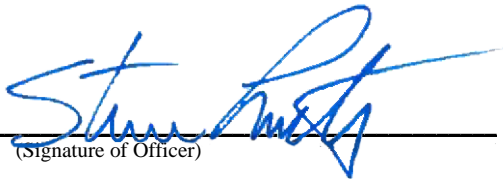
15. RENEWAL OF WATER SERVICE AFTER DISCONTINUANCE:

When water service to any premises has been terminated for any reason other than

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ISSUED BY Steve Lubertozi


(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. 34

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

1. Public Service Commission rules and regulations as set forth in 807 KAR 5 and Kentucky Department for Natural Resources, Division of Water standards and laws must be observed and adhered to, and may be viewed upon request by the applicant.
2. The applicant agrees to pay a \$_____ meter deposit, which will be refunded with interest when the applicant ceases to be a water customer and all accounts are paid in full.
3. One household may be served by one meter. The company reserves the right to terminate service at the meter if addition of other houses or mobile homes is suspected.
4. Company employees, possessing proper identification have right of egress and ingress for meter reading, maintenance and repair activities as they are warranted.
5. Water bills are due to be paid between the first and the tenth of each month at the Company office. If not paid by the tenth, a ten percent penalty is added to the amount due. If not paid in full by the twentieth, service is subject to disconnection. An additional meter deposit may be required and a service charge must be paid before service may be restored.
6. The water customer is responsible for water service lines from the meter to the dwelling. Installation, repair, and water loss are the responsibility of the Customer.
7. Customer service lines and connections must be inspected by Company personnel to insure against cross-connections and inadequate materials for drinking water.
8. Customer service lines shall be of at least ¾ inch pipe or larger, and shall be at least 160 pounds pressure with 200 psi preferred. Service line shall be buried at least 24 inches to prevent freezing. Encasement pipe may be required at the discretion of the Company.
9. No galvanized fittings may be used on Customer lines.
10. A cut-off valve outside the meter box must be installed on the Customer's service line for the Customer's use.
11. A check valve to prevent back flow in case of water outage must be installed in Customer's service line

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TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. 37

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

or back billing in accordance with 807 KAR 5:006, Section 10(4) and (5).

In addition the annual monitoring, the Company will immediately investigate usage deviations brought to its attention as a result of its on-going meter reading or billing process or customer inquiry.

SCHEDULE OF SPECIAL SERVICE CHARGES

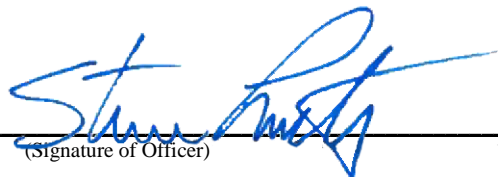
The following charges for special services shall be made:

1. Service Reconnection Charge. A charge of \$27.00 shall be made for all service reconnections made during regular working hours, except that there shall be no connection charges made for service on the original installation of facilities.
2. Meter Reading Recheck Charge. Withdrawn
3. Non Sufficient Funds Charge: Any check returned for NSF shall incur a charge of \$15.00
4. Tampering Fee: Applies when it is deemed a customer willfully took action to interfere, alter or compromise the accuracy, registration or indication of a service meter or service facility or willfully caused damage to such a device of facility to obtain illicit service. The Company can recover all costs associated with having to replace and or repair such meter and fixtures attached. The customer will be billed on a time and materials basis.
(N)
(N)
(N)
5. Meter Test. Upon request and payment of \$20.00 the Customer may have his meter tested provided request by the Customer is not more frequent than once each twelve months. If such test shows the meter to be more than two percent fast, a refund of \$15.00 charge shall be made and bill adjusted accordingly. If the periodic testing requirement of 807 KAR 5:006 has not been met for the meter tested, no charge will be made for the test regardless of results of the test
6. PSC Meter Test Complaint. Any Customer of the Company may request a meter test by written application to the Kentucky Public Service Commission.

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(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 9

SHEET NO. 38

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 8

CONTENTS

RATES

The following rates and charges are prescribed for the customers in the area served by Water Service Corporation of Kentucky. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the effective date of this Order.

Monthly Water
Rates

Service Charge Per Month
Rates For All Service Areas

Volumetric

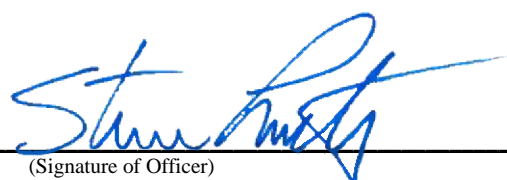
<u>Meter Size</u>	<u>Monthly Charge</u>	<u>Middlesboro Service Area</u>	
(I) 5/8"	\$12.50	First 100,000 gals.	\$5.565 per 1,000 gals. (I)
(I) 3/4"	\$12.50	All over 100,000 gals.	\$3.920 per 1,000 gals. (I)
(I) 1"	\$31.30		
(I) 1.5"	\$62.50		
(I) 2"	\$100.00		
(I) 3"	\$187.50		
(I) 4"	\$312.50		
(I) 6"	\$1000.00		

		<u>Clinton Service Area</u>	
		All usage	\$5.565 per 1,000 gals. (I)
		All over 100,000 gals.	\$3.920 per 1,000 gals. (D)

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(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

FOR Middlesboro and Clinton and Adjacent Territory
Community, Town or City

P.S.C. KY. NO. 4

SHEET NO. **39**

Water Service Corporation of Kentucky
(Name of Utility)

CANCELLING P.S.C. KY. NO. 3

CONTENTS

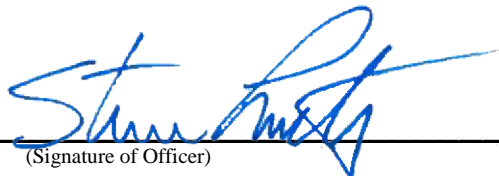
Monthly Fire Protection Charges

(I)	Middlesboro municipally owned hydrants	8.10 per hydrant
(I)	Private Hydrants or Sprinkler Systems	36.50 per hydrant or sprinkler
(N)	Ambleside Private Fire Surcharge (Middlesboro)	\$3.63 per hydrant

DATE OF ISSUE July 5, 2018
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(Signature of Officer)

TITLE President

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION

IN CASE NO. DATED

Petitioner's

Exhibit RG-3

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Summary of Operating Expense Pro Forma Changes
Test Year Ended 12/31/2017

Petitioner's Exhibit RAG-3

A	B	
Line No.	Description	Amount
1.	Test Year - Total Operating Expense	\$ 2,114,014
2.		
3.	<i>General & Maintenance Expense Change:</i>	
4.	Salaries and Wages	\$ 105,832
5.	Maintenance and Repair	70,935
6.	Transportation	2,332
7.	Operating Exp. Charged to Plant	103,218
8.	Office Supplies & Other Office Expense	(1,171)
9.	Regulatory Commission Expense	17,805
10.	Pension & Other Benefits	55,241
11.	Uncollectible Accounts	7,486
12.	Office Utilities	(31)
13.	Miscellaneous	(276)
14.	Operating Leases	48,332
15.	Rent Expense	16,127
16.	<i>General & Maintenance Expense Change Total</i>	\$ 425,828
17.		
18.	<i>Depreciation and Amortization Change:</i>	
19.	Depreciation	\$ 172,428
20.	Amortization of PAA	3,660
21.	Amortization of CIAC	(7,111)
22.	<i>Depreciation and Amortization Change Total</i>	\$ 168,977
23.		
24.	<i>Tax Change:</i>	
25.	Taxes Other Than Income	\$ 28,518
26.	Income Taxes - Federal	43,323
27.	Income Taxes - State	13,168
28.	<i>Tax Change Total</i>	\$ 85,009
29.		
30.	Pro Forma Present - Total Operating Expense	\$ 2,793,828

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Application of Water Service Corporation)
of Kentucky for a General Adjustment)
in Existing Rates) Case No. 2018-00208

DIRECT TESTIMONY OF MICHAEL A. MILLER JR.

1 **Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A1. My name is Michael A. Miller, Jr. My business address is 2235 Sanders Rd.,
3 Northbrook, Illinois, 60062.

4 **Q2. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5 A2. I am the Regional Manager (“RM”) for the Midwest and Region of Utilities, Inc. (“UI”),
6 which includes Illinois, Indiana and Kentucky. Water Service Corporation of Kentucky,
7 Inc. (“WSCK” or “Petitioner” or “Company”) is a wholly-owned subsidiary of UI.

8 **Q3. WHAT DO YOUR JOB RESPONSIBILITIES INCLUDE?**

9 A3. In my current position, I am responsible for leading the operations team to ensure
10 compliance with all applicable local, state, and federal regulations to ensure our
11 customers receive safe and reliable water and wastewater services at low-cost. I am also
12 responsible for managing the preparation and execution of all Commission related
13 activities in coordination with the Company’s Financial and Regulatory department,
14 budgeting and forecasting operating and maintenance expenses, and monitoring the
15 financial performance throughout the year. I also oversee the development and execution
16 of developer agreements, payment of applicable fees, maintenance of facilities, company
17 vehicles, and equipment.

18 I collaborate with the local Kentucky Area Manager (“AM”) and Vice President –
19 Midwest/Mid-Atlantic Operations regarding the capital and operating expense budgets,
20 acquisitions, and provides stewardship of legal issues ensuring that all issues are reported
21 through the management hierarchy. In addition, I am responsible for recruiting and
22 training employees, and providing leadership to the operations staff.

1 **Q4. PLEASE DESCRIBE YOUR PROFESSIONAL BACKGROUND.**

2 A4. In March 2006, I began my employment with Utilities, Inc. as the Midwest Regional
3 Manager. On behalf of Water Service Corporation, a wholly owned subsidiary of Utilities
4 Inc., I have provided service to Utilities, Inc. I have been involved in the operation and
5 management of water and wastewater systems for over 33 years. I have operated and
6 managed water systems ranging from a single-well system up to a 3.0 MGD water
7 system. I have managed and operated wastewater plants from .034 MGD to 1.1 MGD.
8 My duties included day-to-day operating decisions on the changes related to chemicals,
9 detention times, waste flows, digester management, and air requirements. I currently hold
10 the highest water and wastewater certifications in the state of Illinois, Wisconsin and
11 Indiana.

12 **Q5. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE KENTUCKY PUBLIC**
13 **SERVICE COMMISSION (“COMMISSION”)?**

14 A5. No, I have not.

15 **Q6. HAVE YOU TESTIFIED BEFORE ANY OTHER PUBLIC UTILITY**
16 **COMMISSIONS?**

17 A6. Yes. I have previously provided written testimony before the commission in Illinois
18 during my tenure with UI.

19 **Q7. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS PROCEEDING?**

20 A7. My testimony provides support for WSCK’s request to adjust water rates. I will describe
21 our service territories, our water operations, justification for certain proforma operating
22 costs and justification for certain tariff changes.

1 **Q8. PLEASE GENERALLY DESCRIBE WSCK'S SERVICE TERRITORIES.**

2 A8. WSCK currently owns and operates two water systems in Kentucky. As part of the
3 operations we deliver safe, potable water through distribution systems with filtration and
4 chemical addition. WSCK has a surface water facility in Middlesboro, Kentucky where
5 we provide water service to approximately 6,000 connections. In Clinton, Kentucky we
6 serve approximately 600 water connections. In addition to water operations we are under
7 a contractual basis with the City of Clinton for wastewater treatment, maintenance and
8 operation.

9 **Q9. PLEASE GENERALLY DESCRIBE WSCK'S WATER OPERATIONS.**

10 A9. The system in Middlesboro, Kentucky consists of a 3 MGD conventional surface water
11 treatment plant. The plant has two 1.25 MG storage tanks. There is one booster station
12 that supplies a remote 15,000-gallon storage tank. The distribution system consists of
13 approximately 86 miles of water mains varying in size from .75 inches to 24 inches. In
14 addition, the system has over 1,000 valves and 366 fire hydrants for use in public fire
15 protection and water main maintenance.

16 The system in Clinton, Kentucky has a .75 MGD groundwater plant. The plant has one
17 clear well with a capacity of 30,000 gallons that supplies two 178,000 ground storage
18 tanks. The distribution system consists of approximately 11.5 miles of water mains
19 varying in size from .75 inches to 8 inches. In addition, the system has 91 valves and 56
20 fire hydrants for use in public fire protection and water main maintenance.

21 **Q10. PLEASE GENERALLY DESCRIBE WSCK'S WASTEWATER OPERATIONS.**

1 A10. As stated above the wastewater for Clinton, Kentucky is contracted through WSCK for
2 treatment, maintenance and operations. WSCK does not own the City's assets, however,
3 the current facility is made up of a collection system that is connected to one main lift
4 station that pumps directly to the wastewater treatment plant ("WWTP"). The WWTP
5 consists of five treatment lagoons. There is a final pumping station that pumps directly to
6 Obion Creek water shed.

7 **Q11. PLEASE DESCRIBE THE DUTIES OF THE STAFF AT WSCK.**

8 A11. WSCK's operational staff consists of an Area Manager, Lead Operators, Operators, Field
9 Technicians, and an Administrative Assistant.

10 Staff is responsible for the daily operation and maintenance of our water facilities. Staff
11 completes daily monitoring and testing activities in conjunction with needed and
12 scheduled preventative maintenance activities. Staff is responsible for maintaining
13 accurate records that are submitted to the Kentucky Department of Environmental
14 Protection and Kentucky Division of Water on monthly basis. Staff also maintains the
15 distribution and collection systems; chemical usage for inventory and treatment
16 requirements are also monitored by staff. Field Activities are completed by staff which
17 are recorded and documented through our Customer Care Billing System.

18 **Q12. WHAT ARE THE UNACCOUNTED-FOR-WATER RATES IN WSCK?**

19 A12. The below two tables depict the 2017 unaccounted-for-water ("UFW") for Middlesboro
20 and Clinton respectively. Middlesboro UFW rate was 9% and Clinton's UFW rate was
21 9%.

Middlesboro					
Total Water Pumped	Water Sold	% Pumped	Revenue Water	UFW Per System	UFW Gallons
413,690,000	375,517,000	100%	91%	9%	38,173,000

1

2

Clinton					
Total Water Pumped	Water Sold	% Pumped	Revenue Water	UFW Per System	UFW Gallons
31,269,000	28,563,000	100%	91%	9%	2,726,000

6 **Q13. DOES WSCK CURRENTLY HAVE ANY ISSUES REGARDING ITS WATER**
 7 **QUALITY?**

8 A13. No, in fact our regional DOW inspector won best tasting water at an annual contest, using
 9 a sample of water from our Middlesboro facility. During the Kentucky Rural Water
 10 Association’s annual conference, the DOW inspectors have an informal, best tasting
 11 water contest. Each inspector brings a sample of water from the one plant, that they feel
 12 has the best chance of winning for them. The sample from Middlesboro was judged the
 13 best and our inspector won the contest.

14 During our annual meeting, there were a few customers that stated that we really have
 15 great tasting water, and those customers have never seen any issues nor raised any
 16 complaints about the water quality. WSCK staff takes pride in the water quality. We are
 17 currently in compliance with state water quality standards.

18 **Q14. PLEASE SUMMARIZE ANY CUSTOMER COMPLAINTS RECEIVED WITHIN**
 19 **THE LAST 18 MONTHS.**

1 A14. During the last 18 months, WSCK has received 12 water quality complaints related to
2 discoloration or taste and odor concerns. The discoloration may have been due to
3 possible iron leaching from unlined cast-iron water mains.

4 **Q15. PLEASE DESCRIBE WHAT ACTIONS WERE TAKEN TO RECTIFY THESE**
5 **WATER QUALITY SITUATIONS?**

6 A15. In 11 of the instances, water was flushed to clear up the water. The remaining instance,
7 no problem was found. A more stringent flushing plan was put in place for problematic
8 areas.

9 **Q16. DOES WSCK PROPOSE PROFORMA ADJUSTMENTS TO ITS OPERATING**
10 **EXPENSES?**

11 A16. Yes, the Company is proposing to include costs related to the following:

- 12 • “GIS Conversion” Project
- 13 • “Middlesboro GST Reconditioning” Projects
- 14 • Two new backhoes
- 15 • New service truck acquisition
- 16 • New Field Technician headcount
- 17 • New Administrative Assistant headcount

18 **Q17. PLEASE DETAIL THE “GIS CONVERSION” PROJECT.**

19 A17. The Geographic Information System (“GIS”) conversion will include surveying of
20 additional assets and conversion of paper maps and other data sources to the GIS
21 database. This project will complete GIS database to allow for the use of modern

1 Operations Management Software (“OMS”) tools which will assist in operations
2 management, asset maintenance and asset management. In addition, development of the
3 GIS database and implementation of OMS will improve Operation’s ability to maintain
4 assets by providing accurate asset locations and maintenance records.

5 Costs were determined by competitive bid from among qualified contractors, and the low
6 bid of \$26,141 was selected for the GIS conversion, which is specific to WSCK
7 operations. The OMS software and tools project is completed at UI and allocated to
8 WSCK, these allocated costs amount to \$60,900.

9 **Q18. PLEASE DETAIL THE “MIDDLESBORO GST RECONDITIONING”**
10 **PROJECTS.**

11 A18. The Middlesboro system has two 1,250,000 Gallon ground storage tanks. The tanks were
12 respectively built in 1978 and 1997. Work was last performed on Tank 1 in 2005 when it
13 was spot blasted and painted. Work was last performed on Tank 2 in 2004 when it had
14 lead abatement efforts performed on the outside of the tank whereby the paint was
15 stripped to bare metal and repainted with primer and two top coats.

16 In September 2017, the two tanks were inspected by Pittsburg Tank and Tower at a total
17 cost of \$3,500, and any Health, Safety and Environmental conditions were noted and
18 immediately corrected. The Health, Safety and Environmental conditions that were noted
19 were potentially “blocked” roof vents and an inspector estimated 1 to 3 inches of built-up
20 sediment. We hired Utility Service Company at a cost of \$18,370 to perform the repairs
21 and cleanings, which were completed by late November/early December 2017 for the two
22 tanks. The inspection reports also made mention of potential buckling of the tank floors.

1 In order to provide prudent management of the ground storage tanks, we undertook a full
2 engineering inspection of the tanks. This engineering inspection, performed by Dixon
3 Engineering, also included an estimate of contractor costs for tank reconditioning and
4 inspection services, for which the Company has used to for rate-case purposes. The
5 estimated costs for reconditioning Tank 1 and Tank 2 are \$295,000 and \$310,000
6 respectively. These costs will be updated once bids are solicited later in 2018.

7 **Q19. PLEASE DETAIL THE TWO NEW BACKHOES AND WHY THEY ARE**
8 **NEEDED.**

9 A19. We are leasing two backhoes to replace two existing backhoes which are at the end of
10 their service lives. The existing backhoe in Clinton is approximately 24 years old and the
11 one in Middlesboro is 14 years old. These backhoes were used for heavy concrete and
12 asphalt removal work over the course of replacing broken water mains and other
13 infrastructure. The new backhoes will be used for similar type activities. Because of the
14 sparsity of external contractors, WSCK has found that having backhoes in-house greatly
15 improves system reliability and allowing quicker return to service after emergency
16 efforts.

17 Operations staff have found that while the aged backhoes are more frequently out of
18 service due to maintenance issues, considerable delays (multiple days) may be recognized
19 before performing the needed repair and replace tasks to return and maintain water
20 service for our customers. Similarly, one-off machine rentals add considerable costs,
21 along with timing delays, to make the repairs in a timely fashion. Additionally, the two
22 systems are 6 hours' drive time apart so the need to share machines is not an option.

1 **Q20. PLEASE DETAIL THE ACQUISITION OF THE NEW SERVICE TRUCK.**

2 A20. We acquired a new service truck in Middlesboro to replace an old service truck,
3 purchased in 1999. The old service truck was in very poor shape and well past end of life.
4 The service truck is necessary for containing and transporting all the tools and materials
5 needed for all field work and repairs performed on the water distribution system. We also
6 use the truck to power emergency tools and to provide safety lighting during night time
7 operations. Like the in-house backhoes, the service truck is important to maintain quick
8 return to operation during emergency field repairs. A solid work truck, in good working
9 condition, is very important to maintaining system performance by providing the ability
10 to quickly respond to system emergencies. Due to the number of parts and equipment,
11 plus the ability to provide emergency lighting and power, there are no suitable
12 alternatives to having a stocked service truck available. In addition, the older service
13 truck was first generation V-10 technology and resulted in higher maintenance costs.
14 Similar to the aged backhoes, when the aged service truck is more frequently out of
15 service for maintenance issues, maintaining high levels of water service for our
16 customers is at risk. Total cost of the new service truck is \$51,477.

17 **Q21. PLEASE DETAIL THE RESPONSIBILITIES OF THE NEW FIELD**
18 **TECHNICIAN POSITION.**

19 A21. This position will be staffed in the Middlesboro service area and will help ensure all
20 required maintenance activities are met, including internal and external standards. In
21 addition to the meter testing requirements required by 807 KAR 5:066 Section 16, this
22 position will ensure WSCK can adhere to the preventative maintenance guidelines
23 attached as Attachment A.

1 **Q22. PLEASE DETAIL THE RESPONSIBILITIES OF THE NEW ADMINISTRATIVE**
2 **ASSISTANT POSITION.**

3 A22. This position is allocated amongst Illinois, Indiana and Kentucky operations and supports
4 the Midwest Regional Manager position through:

- 5 a. Performing clerical and administrative work, including state-level reporting.
- 6 b. Implementing a cross-connection program.
- 7 c. Driving customer communication initiatives, including social media outreach.
- 8 d. Assisting with data gathering for operations and maintenance budgeting.

9 **Q23. DOES WSCK PROPOSE CHANGES OR MODIFICATION TO IS TARIFF?**

10 A23. Yes, in addition to the proposed change to rate design supported by the Cost-of-Service-
11 Study, shown below is a list of proposed modifications to our existing tariff:

- 12 • WSCK proposes to include language to its tariff to allow recovery of relocating
13 water services at the customer's request.
- 14 • WSCK proposes to include language to cover the costs of raising a service line
15 when a customer wants to increase or raise the current grade or elevation of their
16 property.
- 17 • WSCK proposes to modify the tariff language for Tampering Fee.
- 18 • WSCK proposes to include language in the tariff to allow the company to request
19 encasing of service line installations.

20 **Q24. WHY DOES WSCK WANT TO INCLUDE A NEW RULE TO THE EXISTING**
21 **TARIFF TO COVER COSTS OF RELOCATING WATER SERVICES?**

1 A24. There are additional costs for relocating a water service to the company if the premise
2 owner requests that the service needs to be moved for reasons like building additions or
3 easement issues, etc. WSCK should be able to recover these costs. The proposed rule
4 addition is included within the tariff as Rule 6 (f) and is stated below.

5 “The Company can recover all costs associated with having to re-locate WSCK’s portion
6 of a water service based on a customer’s request. WSCK portion includes tap, service to
7 meter setter, meter box and any landscaping and or pavement replacements. The
8 customer will be billed on a time and materials basis.”

9 **Q25. WHY DOES WSCK WANT TO INCLUDE A NEW RULE IN THE TARIFF TO**
10 **COVER COSTS FOR RAISING WATER SERVICE LINES TO A DIFFERENT**
11 **GRADE OR ELEVATION?**

12 A25. There are additional costs for raising a water service line for the utility if the property
13 owner needs to raise their water service line do to elevation modifications to their
14 property. The proposed rule addition is included within the tariff as Rule 6 (g) and is
15 stated below.

16 “The Company can recover all costs associated with having to raise a water service line
17 based on a customer’s request. WSCK portion includes tap, service to meter setter, meter
18 box and any landscaping and or pavement replacements. The customer will be billed on a
19 time and materials basis.”

20 **Q26. WHY DOES WSCK WANT TO CHANGE THE CURRENT LANGUAGE IN THE**
21 **TARIFF REGARDING TAMPERING FEES?**

1 A26. The current language in the tariff is unclear of the total charges. If the Company needs to
2 replace more than just the water meter such as piping and or valves this should be
3 included into the tariff language, in addition to all labor to make any necessary repairs.
4 The proposed rule modification is included within the tariff as Item 4 within the Schedule
5 of Special Service Charges of Sheet 37 of the tariff. The proposed language is, “The
6 Company can recover all costs associated with having to replace and or repair such meter
7 and fixtures attached. The customer will be billed on a time and materials basis.”

8 **Q27. WHAT CHANGE DOES WSCK WANT TO INCLUDE ADDITIONAL**
9 **LANGUAGE FOR SERVICE LINE CASING TO ITS EXISTING TARIFF**
10 **(“CONTRACT OF WATER SERVICE” ITEM #8)?**

11 A27. Currently within the Contract of water Service, Item 8 states:

12 “Customer service lines shall be of at least ¾ inch pipe or larger, and shall be at least 160
13 pounds pressure with 200 psi preferred. Service line shall be buried at least 24” to prevent
14 freezing. WSCK proposes to add the following language, “Encasement pipe may be
15 required at the discretion of the Company.”

16 **Q28. WHAT CHANGE IS THE COMPANY PROPOSING TO SHEET 19?**

17 A28. There was an omission of a word on Sheet 19 that we caught in our review of the tariff.
18 The intent of Rule 14(c) was undoubtedly to provide notice that the Company was
19 authorized to pursue lawful remedies, such as collection actions, in order to recover
20 amounts owed by customers regardless of whether the Company disconnected service.
21 We are inserting the word “not” to reflect the intent of the provision.

1 **Q29. HAS WSCK CONSIDERED OPERATIONAL COSTS SAVINGS FOR THE RATE**
2 **PAYERS?**

3 A29. Yes, WSCK has implemented a cost reduction in the type of carbon material the
4 Company uses to control taste and order. Below are the comparable costs from 2016 to
5 2017.

6 2016 total \$17,952

7 2017 total \$7,736

8 In addition, WSCK is actively reviewing costs and working to implement cost savings
9 where achievable within the operating margin business framework.

10 **Q30. HAVE YOU REVIEWED THE DEPRECIATION ANALYSIS CONDUCTED BY**
11 **JOHN GUASTELLA IN THIS CASE?**

12 A30. Yes.

13 **Q31. BASED ON YOUR EXPERIENCE, ARE THE AVERAGE SERVICE LIVES AND**
14 **NET SALVAGE VALUE IN THE DEPRECIATION ANALYSIS CONDUCTED**
15 **BY JOHN GUASTELLA REASONABLE FOR THE ASSETS OF THE**
16 **COMPANY?**

17 A31. Yes.

18 **Q32. DOES THIS CONCLUDE YOUR PREPARED DIRECT TESTIMONY?**

19 A32. Yes, it does.

AFFIDAVIT

The undersigned, Michael A. Miller Jr., being duly sworn, deposes and says that he is the Regional Manager for the Midwest Region of Utilities, Inc., that is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his knowledge, information and belief, after reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.

Michael A Miller JR

Michael A. Miller Jr., Affiant

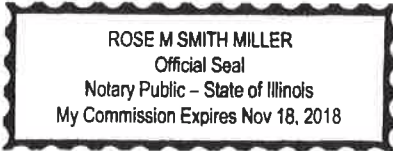
NOTARY CERTIFICATE

STATE OF Illinois

COUNTY OF McHenry

Subscribed, acknowledged and sworn to before me by Michael A Miller on this 2nd day of July, 2018.

My commission expires: 11-18-18.



Rose M Smith Miller
NOTARY PUBLIC

Maintenance Guidelines

Purpose: The intent of these Maintenance Guidelines is to document Utilities, Inc. maintenance policies and guidelines. These guidelines are intended as a minimum requirement; however, unique local conditions (e.g. water quality, sun, salt water air, type of equipment, etc.) may dictate a more frequent inspection. As always, guidelines are just that and judgment should always prevail in their application. To the extent state regulations dictate stricter maintenance guidelines, the state regulations shall prevail.

Type of Equipment	Maintenance Schedule
1. Towers / GSTs	Internal and external inspection at 5 year intervals
2. Hydrants	Exercise annually Paint as needed
3. Distribution Valves	Exercise critical valves annually (Critical valves are those that may cause significant environmental or service damage and are defined by BU Asset Management teams) Exercise all other valves on a 1-3 year frequency
4. Hydrotanks	Internal and external inspections consistent with FL DEP Reg 62-555 (5 year intervals internally and externally)
5. Collection Line Cleaning / Inspection	All sections 1x in 10 years (e.g. 100% of the system every 10 years or 100% 1 year in 10). More frequent as circumstances dictate (e.g. clay pipe, aged systems).
6. Lift Stations	Annual inspection and cleaning per checklist
7. Internal Backflow Prevention	Inspect annually
8. Wells & Intake Pumps	Annual inspection and cleaning per checklist
9. Main Replacement	Based on break frequency, pressure problems, customer complaints (should be on capital plan)
10. Manholes	Receiving manholes receiving flow from force mains = annual inspection All others in conjunction with cleaning
11. PRVs	Inspect annually
12. Air Release Valves (Water & Sewer Mains)	Inspect annually

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Application of Water Service Corporation)
of Kentucky for a General Adjustment) Case No. 2018-00208
in Existing Rates)

DIRECT TESTIMONY OF ANDRIAN DMITRENKO

1 WATER SERVICE CORPORATION OF KENTUCKY

2 CASE NO. 2018-00208

3 **Direct Testimony of Andrian Dmitrenko**

4 INTRODUCTION AND QUALIFICATIONS

5
6 **Q1. Please state your name and business address.**

7 A1. My name is Andrian Dmitrenko. My business address is 2335 Sanders Road,
8 Northbrook, IL 60062.

9 **Q2. By whom are you employed and in what capacity?**

10 A2. I am employed by Water Service Corporation as a Senior Financial Analyst in the
11 Financial Planning and Analysis department.

12 **Q3. What is your educational and professional background?**

13 A3. I have a bachelor's degree from Northern Illinois University in Business Finance.
14 Additionally, I have five years of experience in Financial Planning and Analysis.

15 **Q4. Please describe your job responsibilities with UI.**

16 A4. I am responsible for performing financial and business-related analysis and research
17 in areas such as financial and expense performance, rate of return, depreciation,
18 working capital and investments at the state level. Additionally, I prepare regulatory
19 analysis as requested by supervisor.

20 **Q5. Have you previously testified before the Public Service Commission of Kentucky?**

21 A5. No.

1 **Q6. What is the purpose of your testimony?**

2 A6. The purpose of my testimony is to sponsor analysis and opine on the reasonableness
3 of Water Service Corporation of Kentucky's ("WSCK") level of salary expense
4 included in its application for this rate increase. I will provide a comparative salary
5 analysis for WSCK amongst 20 other similarly sized water utility companies
6 operating within Kentucky. This analysis is very similar to what was presented in the
7 Company's prior rate proceeding in docket 2015-00382.

8 **Q7. Are you sponsoring any Exhibits?**

9 A7. Yes.

10 Petitioner's Exhibit AD-1. This exhibit contains methodology used to identify
11 comparable companies operating within Kentucky.

12 Petitioner's Exhibit AD-2. This exhibit contains a salary adjustment as a result of
13 management fee reimbursement for City of Clinton, Kentucky.

14 Petitioner's Exhibit AD-3. This exhibit contains an analysis of the monthly cost of total
15 salaries and wages, pension and benefits, and payroll taxes per customer and provides the
16 salary comparison of similar water utility companies operating in Kentucky. Exhibit AD-
17 3 also contains methodology used to project Salaries and Wages of the sampled
18 companies for years 2017 and 2018 based on the sampled companies' historical data.

19 Petitioner's Exhibit AD-4. This exhibit provides a comparison of WSCK to market cost
20 of services available by outside service providers to whom these services could be

1 outsourced to demonstrate the reasonableness. Exhibit AD-4 contains the following
2 schedules:

3 Schedule 1. – shows the cost pool that contains the same type of expenses outside
4 providers recover in their hourly billing rates.

5 Schedule 2. – shows the assignment of the test year’s WSCK management and
6 professional hours by salary-related account to the three outside service-provider cost
7 pools.

8 Schedule 3. – shows the calculation of WSCK’s hourly rates for each of the three
9 categories of outside service providers for the test year.

10 Schedule 4. – provides comparison of average billing rates for each category between
11 WSCK and outside service providers.

12 Schedule 5. – provides calculation of average hourly rate was calculated for a range of
13 accountant positions.

14 Schedule 6. – provides calculation of average hourly rate by consultant positions.

15 Schedule 7. – provides an average hourly rate for information technology consultants and
16 contractors.

17 Schedule 8. – provides comparison table of costs per hour between WSCK and outside
18 service providers.

19 **Q8. Were the Exhibits that you are sponsoring prepared by you and/or under your**
20 **supervision?**

21 A8. Yes, and I am incorporating these Exhibits into my testimony by reference.

1
2 Utility Comparative Analysis

3 **Q9. Did WSCK perform an analysis of salary and wage reasonableness as previously**
4 **performed in the prior rate case?**

5 A9. Yes. In an effort to reduce the amount of rate-case expense that would eventually be
6 passed onto customers, the analysis was conducted internally rather than hiring an
7 outside consultant to perform the study. WSCK saved ratepayers more than \$30,000
8 in rate-case expenses by preparing and supporting its salary levels in-house, as it had
9 done in the 2015 docket. WSCK sampled 20 water utility companies, similar in size
10 and operating within Kentucky, and used 2012-2016 historical data that was reported
11 in Kentucky Annual Reports to project 2017 and 2018 salary levels.

12 **Q10. Was comparative salary data for the sampled Kentucky water/wastewater**
13 **companies available for 2017 and 2018?**

14 A10. No.

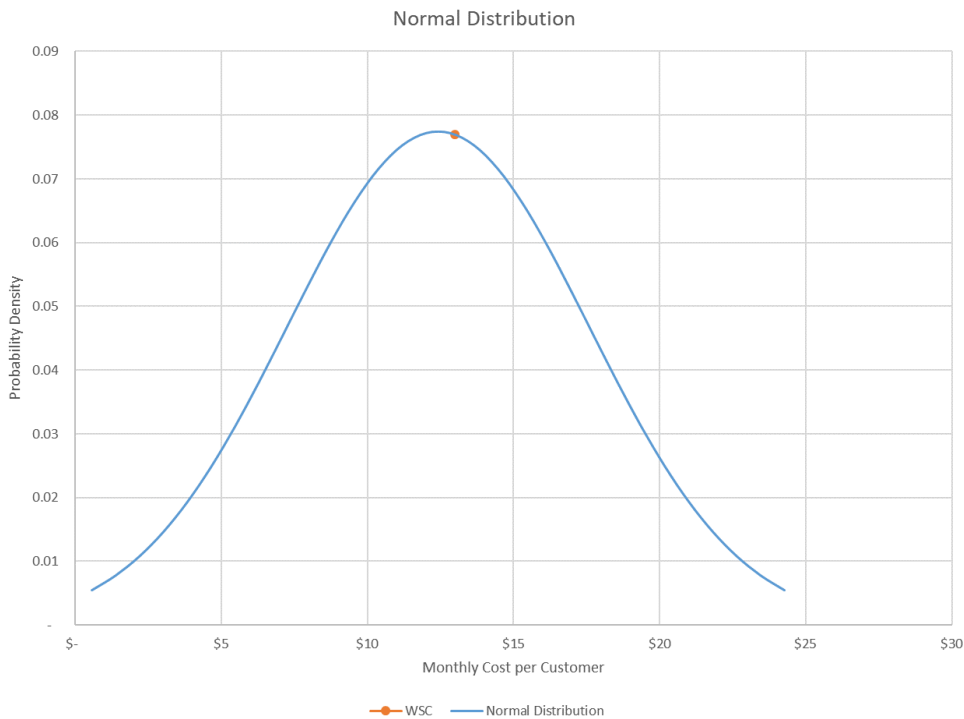
15 **Q11. Why was it necessary to forecast the 2017 and 2018 salary levels for the sample**
16 **companies?**

17 A11. WSCK is requesting to recover known-and-measurable salary expenses based on
18 actual hourly wages and annual salaries for current employee positions. It is
19 necessary to forecast 2017 and 2018 salary levels for the sampled companies to be
20 comparable. Thus, it would not be reasonable to compare WSCK's 2018 level of
21 salary, benefits, and payroll taxes to the sampled companies in 2016 data.

22 (The analysis is presented as Petitioner's Exhibit AD-3.)

1 **Q12. Please discuss your conclusions and findings from this salary and wage**
 2 **reasonableness analysis.**

3 A12. The proposed level of total salaries and wages is reasonable and comparable to the
 4 sampled water utilities in Kentucky. As presented in Petitioner’s Exhibit AD-3, and in
 5 the graph below, the monthly cost of total salaries and wages, pension and benefits,
 6 and payroll taxes per customer is close to the average of similarly sized utility
 7 companies and is well within one standard deviation of the sample size.



8

2018 Annual Report Data	Customers		Salaries & Wages				Statistics	
	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)
Minimum	5,097	\$ 259,953	\$ (16,325)	\$ 32,079	\$ 21,841	\$ 383,418	\$ 67.17	\$ 5.60
Maximum	8,704	\$ 1,032,783	\$ 150,736	\$ 634,905	\$ 82,705	\$ 1,684,733	\$ 254.88	\$ 21.24
Average	6,565	\$ 586,863	\$ 33,266	\$ 309,104	\$ 48,031	\$ 973,670	\$ 149.77	\$ 12.48

Per 2018 KY RC Filing	Year End Customers	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)
Water Service Corporation of Kentucky	7,107	\$ 745,934	\$ 150,736	\$ 240,725	\$ 77,401	\$ 1,139,323	\$ 160.31
WSC vs. Average of Sample - B/(W)	(542)					\$ (165,652)	\$ (10.54)
						Standard Deviation	5.16

9

1 As indicated in the chart above year-end customers for WSCK is 542 or 7.6% greater
2 than the year-end average customer-count of the comparable companies, while the total
3 monthly cost per customer for WSCK is \$0.88 or 6.6% higher than the year-end average
4 customer-count of the comparable companies. With the average cost per customer equal
5 to \$12.48 and the standard deviation of \$5.16 WSCK is well within the reasonable
6 salaries and wages range.

7 **Q13. What assumptions were made in the model that were specific to WSCK?**

8 A13. I prepared a financial model that takes into account the Direct Labor and Benefits
9 amount reimbursed by the city of Clinton, Kentucky. This reimbursement of fees
10 effectively reduces Total Salaries & Wages for WSCK.

11 **Q14. Why is it appropriate to remove the Direct Labor and Benefits amount reimbursed**
12 **by the city of Clinton, Kentucky?**

13 A14. It is appropriate because WSCK's customers never incur the cost of the Direct Labor
14 and Benefits due to the cost being reimbursed by the city of Clinton, Kentucky.

15 **Q15. How did you choose a sample from a population of Kentucky companies?**

16 A15. First, the population of water companies in Kentucky was analyzed by looking at all
17 companies whose Annual Reports were available on Kentucky's Commission
18 website. The companies with the size of customer base similar to WSCK's size were
19 selected from the population for comparison. Next, the companies with ambiguous or
20 missing data from their corresponding Annual Reports for any of the years beginning
21 in the year 2012, and through the year 2016 were removed from the sample.

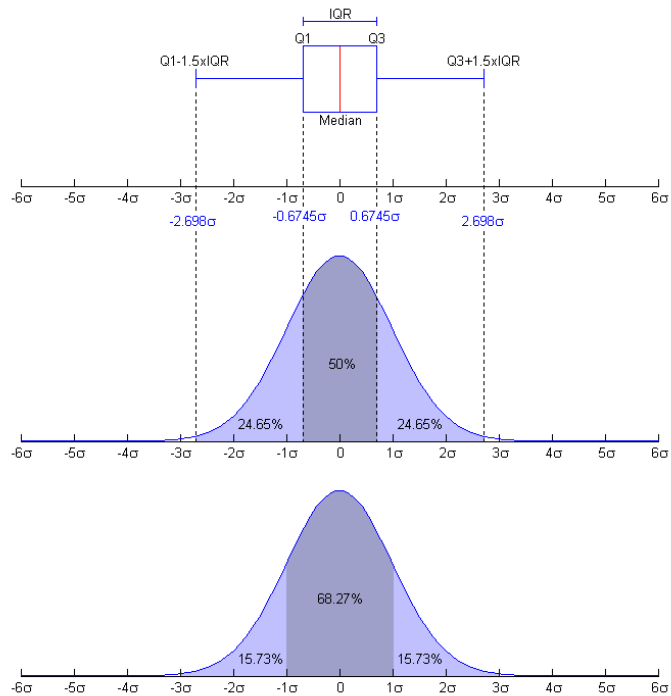
	Companies Removed From The Sample	Reason For Removal
1	Big Sandy Water District	Reported Zero For Payroll Taxes (2014 - 2016)
2	Butler County Water System Inc	Reported Zero For Payroll Taxes (2012 - 2016)
3	East Laurel Water District	Missing Crucial Data For Every Year
4	Grayson County Water District	Missing Crucial Data For Every Year
5	Green-Taylor Water District	Reported Zero For Officers & Directors (2012 - 2016)
6	North Marshall Water District	Reported Zero For Payroll Taxes And Officers & Director (2012 - 2016)
7	Harrison County Water Association Inc	Reported Zero For Payroll Taxes (2012 - 2014)
8	Ohio County Water District	Reported Zero For Officers & Directors (2012 - 2016); Reported Zero For Payroll Taxes (2015 - 2016)
9	Southeast Daviess County Water District	Has A High Fluctuation In ERCs During The Period Of 2012 - 2016
10	West Daviess County Water District	Has A High Fluctuation In ERCs During The Periods 2012 Through 2016
11	West Laurel Water Association Inc	Missing Crucial Data For Every Year
12	Wood Creek Water District	Reported Zero For Payroll Taxes, Officers & Director, And Pension & Benefits (2012 - 2016)

Subsequently, the sampled companies were checked for any remaining outliers using the Interquartile Range Rule for Outliers (IQR Rule). IQR Rule is used in detecting the presence of outliers by implementing the following steps:

1. The data is arranged in order
2. Quartiles one, two, and three (Q1, Q3, and Q3) are calculated
3. Interquartile range (IQR) – a measure of statistical dispersion is calculated and is equal to the difference between the upper and lower quartiles (IQR = Q3 – Q1).
4. Next, the upper and the lower bounds are identified using the following formulas:

$$\text{Lower Bound} = Q1 - (1.5 \times \text{IQR}) = 5,929 - (1.5 \times 1,347) = 3,908$$

$$\text{Upper Bound} = Q3 + (1.5 \times \text{IQR}) = 7,276 - (1.5 \times 1,347) = 9,296$$



1

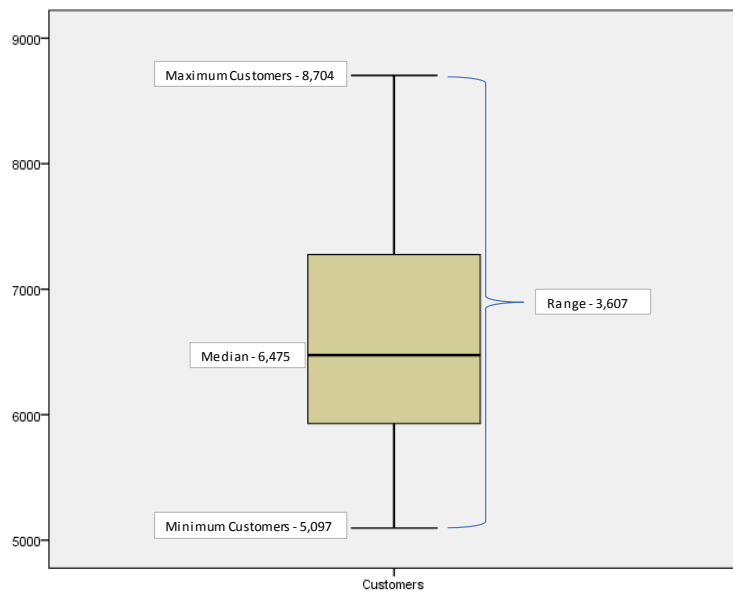
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3

Customers of Comparable Companies

Statistics

Customers		
N	Valid	21
	Missing	0
Mean		6565.29
Std. Deviation		1014.459
Variance		1029126.314
Range		3607
Minimum		5097
Maximum		8704
Percentiles	10	5294.80
	20	5516.20
	25	5794.00
	30	5990.20
	40	6129.60
	50	6475.00
	60	6593.40
	70	7174.60
	75	7281.00
	80	7367.60
90	8299.00	

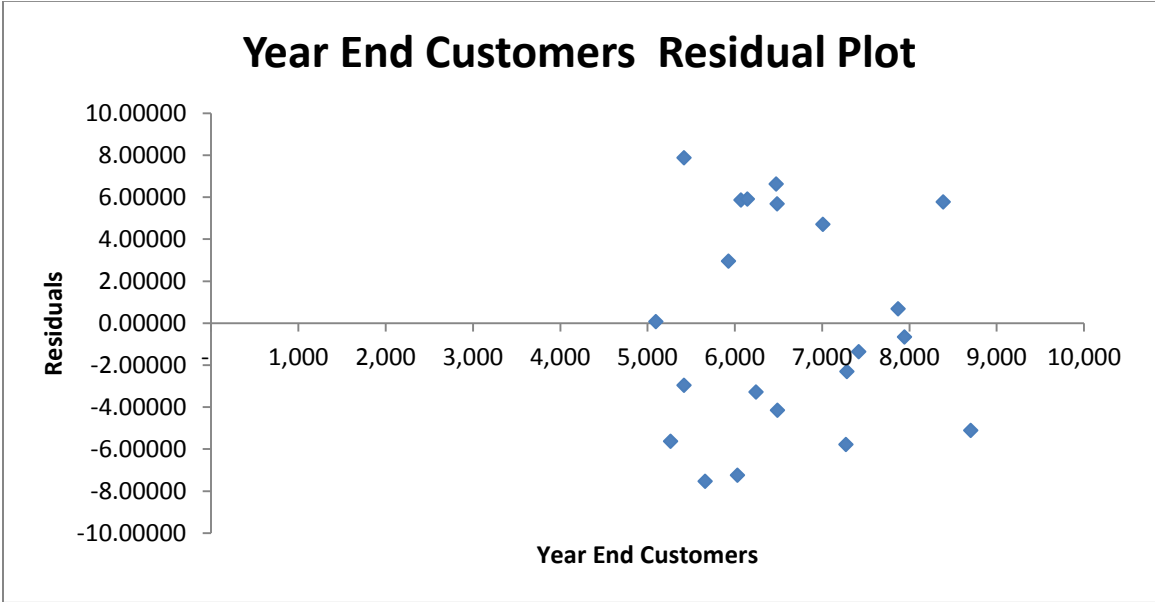


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1 The chart above indicates that the maximum and the minimum customers' values are
2 contained within the lower and the upper bounds of the dataset concluding that the final
3 sample of similarly sized companies holds no outliers.

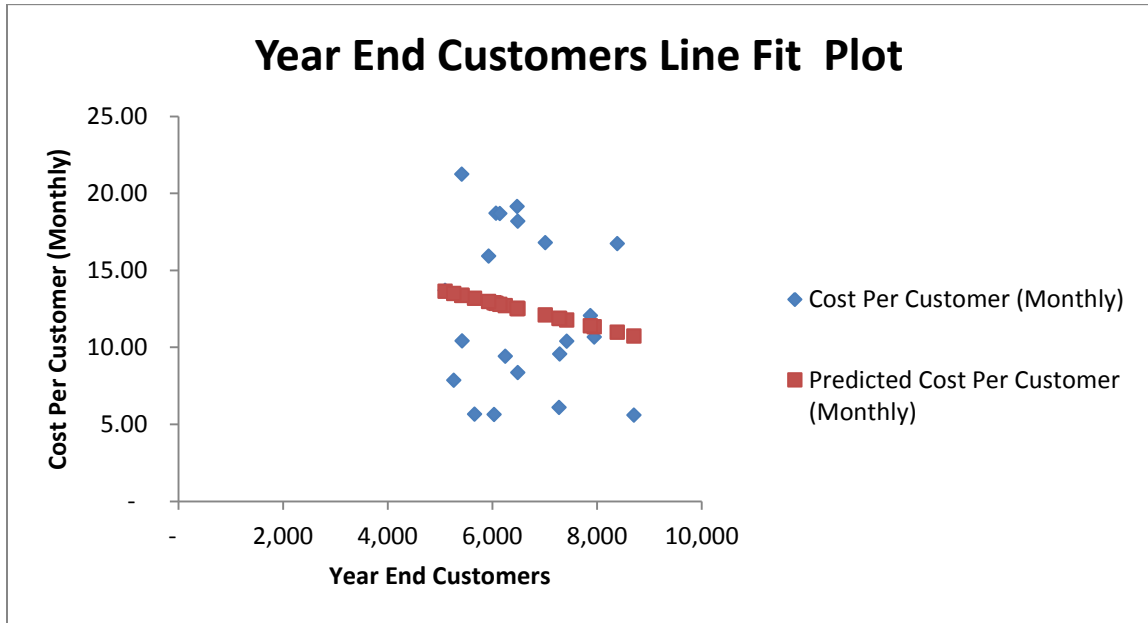
4 Finally, the statistical analysis for the companies remaining in the sample size was
5 performed to identify any possible discrepancies ultimately resulting in a final sample
6 size of 20 comparable companies.

7 After selecting the sample size for comparison, statistical analysis was performed to
8 validate that the companies selected were, in fact, comparable. Therefore, to support the
9 assumption that the cost per customer is driven in part by the number of customers, a
10 regression analysis beginning with a residual plot was conducted with the results
11 demonstrated below.



12
13 2016 Year End Customers Residual Plot demonstrates that the points in the residual plot
14 are randomly dispersed around the horizontal axis, which indicates that a linear

1 regression model is appropriate for data analysis. The next chart demonstrates linear
2 regression output to show a correlation between the number of customers and the
3 monthly cost per customer.



4
5 The slightly downward-sloping line in the chart above reveals an inverse correlation
6 between the number of customers and monthly cost per customer, concluding that as the
7 number of customers increases the monthly cost per customer decreases.

8 (Complete regression analysis is available in Exhibit AD-3)

9 The following charts below provide descriptive statistics and demonstrate an inverse
10 correlation between the number of customers and the monthly cost per customer.

Descriptive Statistics

	Mean	Std. Deviation	N
Customers	6565.29	1014.459	21
MonthlyCostPerCustomer	12.4819	5.15767	21

Correlations

		Customers	MonthlyCostPerCustomer
Customers	Pearson Correlation	1	-.160
	Sig. (2-tailed)		.488
	N	21	21
MonthlyCostPerCustomer	Pearson Correlation	-.160	1
	Sig. (2-tailed)	.488	
	N	21	21

1

2

3

Utility Market Analysis

4 **Q16. Did WSCK provide services to its customers at or below the market cost during the**
5 **test year?**

6 A16. Yes, services provided by WSCK during the test year were at a significantly lower
7 cost compared to average market cost. On average, the hourly rate of outside service
8 providers would have been 60% higher than the comparable hourly rate charged by
9 WSCK. If all the managerial and professional services now provided by WSCK had
10 been outsourced during the test year, WSCK's customers would have incurred
11 approximately \$236,729 in additional expenses.

1 **WSCK Hourly Rates**

2 First, WSCK's 2017 charges were analyzed to determine to which category associated
3 with the provision of management and professional services they belong. This process is
4 directed at creating a cost pool that contains the same type of expenses outside providers
5 recover in their hourly billing rates. Schedule 1 shows the results of this analysis.
6 WSCK-assigned expenses of \$395,676 are associated with the provision of management
7 and professional services and subject to a lower of cost or market comparison.

8 The next step in calculating WSCK's hourly rates was to determine how to create cost
9 and hour pools for the three categories of outside service providers of management and
10 professional services-certified public accountant, management consultant and information
11 technology consultant. This is accomplished based on salary-related accounts and the
12 nature of services associated with each account. The table below shows the assignment
13 of salary-related accounts to outside providers. Account 6115 Salaries-Admin contains
14 salaries for administrative assistants who support WSCK management and professional
15 staff. For purposes of the hourly rate calculation, 6115 Salaries-Admin are included in
16 the cost pool (numerator) but the associated hours are not included in the hour pool
17 (denominator). Some, but not all, outside service providers bill customers for
18 administrative personnel. This study chose to be conservative in this regard. By
19 excluding administrative staff hours from the hourly rate denominator, there are fewer
20 hours to divide into the cost pools. The effect of this methodology is to increase
21 somewhat WSCK's hourly rates.

1 Schedule 2 shows the assignment of the test year's WSCK management and professional
2 hours by salary-related account to the three outside service-provider cost pools.

3 Finally, Schedule 3 shows the calculation of WSCK's hourly rates for each of the three
4 categories of outside service providers for the test year. Overhead items (e.g., benefits,
5 other personnel expenses and administrative staff salaries) are allocated to salaries for
6 each of the three outside provider cost pools. Management and professional hours are
7 then divided into the cost pool totals to arrive at WSCK's hourly rate for performing the
8 three categories of service.

9 **Outside Service Provider Hourly Rates**

10 The next step in the lower of cost or market comparison was to calculate the average
11 billing rates for each category of outside service provider. The source of this information
12 and the determination of the average rates are presented in Schedule 4 and described in
13 detail in the paragraphs that follow.

14 Certified Public Accountants

15 The average hourly rate for Kentucky certified public accountants was developed from a
16 2016 survey conducted by the American Institute of Certified Public Accountants
17 (AICPA) every two years. Hourly rates in the AICPA survey are the average of firms in
18 Kentucky. The average hourly rate was calculated for a range of accountant positions, as
19 shown in Schedule 5.

20 Management Consultants

1 The cost per hour for management consultants was developed from the 2015 annual
 2 survey performed by the Association of Management Consulting Firms - an industry
 3 trade organization. The first step in the calculation, presented in Schedule 6, was to
 4 determine an average rate by consultant position. From these rates, a single weighted
 5 average hourly rate was calculated based upon the percent of time that is typically applied
 6 to a consulting assignment by each consultant position. Consultants typically do not limit
 7 their practice to any one region and must travel to a client's location. Thus, the U.S.
 8 national average is appropriate for comparison. This survey includes rates that were in
 9 effect at December 31, 2015 for firms in the United States.

10 Information Technology Consultants

11 The average hourly rate for information technology consultants and contractors was
 12 developed from Donnelly & Moore Corporation 2016 IT Rate Consultant Rate Guide. As
 13 shown in Schedule 7, that data was compiled and a weighted average was calculated
 14 based on a percent of time that is typically applied to an IT consulting assignment. This
 15 survey covered hourly rates in effect during 2016.

16 **WSCK - Outside Provider Hourly Cost Comparison**

17 As shown in the table below, WSCK's costs per hour are considerably lower than those
 18 of outside providers.

Service Provider	WSCK Hours Charged	WSCK Hourly Rate	Outsider Provider Hourly Rate	Greater(Less) Than Outside Provider	Dollar Difference
Certified Public Accountant	3,379	\$ 88	\$ 157	\$ (68)	\$ (230,526)
Management Consultant	320	\$ 232	\$ 244	\$ (12)	\$ (3,695)
IT Consultant	327	\$ 69	\$ 77	\$ (8)	\$ (2,509)

1 As calculated below, based on these cost per hour differentials and the number of hours
 2 that WSCK billed its customers during the test year, the services would cost roughly
 3 \$236,729 more from the outside providers. This is 60% more ($\$236,729 / \$395,676 =$
 4 60%) than WSCK's total testable test year billings to its customers.

Service Provider	WSCK Dollar Charge	Outsider Provider Dollar Charge	Dollar Difference	Percent Difference
Certified Public Accountant	298,662	\$ 529,188	\$ (230,526)	-77%
Management Consultant	74,375	\$ 78,070	\$ (3,695)	-5%
IT Consultant	22,639	\$ 25,148	\$ (2,509)	-11%
Total	395,676	\$ 632,406	\$ (236,729)	-60%

5 *In Total WSCK Charges \$236,729 or 60% Less Than Outside Providers*
 6

7 **Q17. Does this conclude your direct testimony?**

8 A17. Yes.

AFFIDAVIT

The undersigned, Andrian Dmitrenko, being duly sworn, deposes and says that he is the Senior Financial Analyst of Utilities, Inc., that is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his knowledge, information and belief, after reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.



Andrian Dmitrenko, Affiant

NOTARY CERTIFICATE

STATE OF ILLINOIS

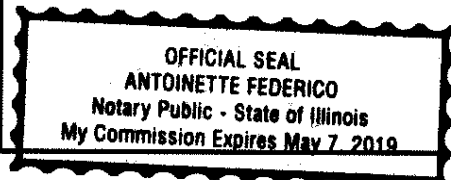
COUNTY OF COOK

Subscribed, acknowledged and sworn to before me by Andrian Dmitrenko on
this 3 day of July, 2018.

My commission expires: 5-7-19

Antoinette Federico

NOTARY PUBLIC



Petitioner's

Exhibit AD-1

Petitioner's Exhibit AD-1

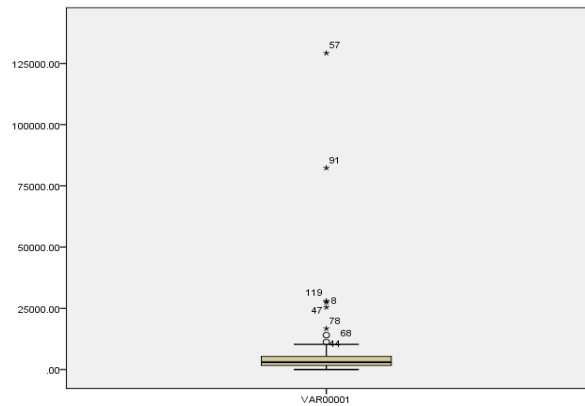
In total 133 companies operating in KY were reviewed in selecting the appropriate sample size.

Case Processing Summary

	Valid		Cases Missing		Total	
	N	Percent	N	Percent	N	Percent
VAR00001	133	100.0%	0	0.0%	133	100.0%

Descriptives

		Statistic	Std. Error
VAR00001	Mean	5661.5038	1170.24329
95% Confidence Interval for Mean		Lower Bound	3346.6469
		Upper Bound	7976.3607
5% Trimmed Mean		3618.8931	
Median		2958.0000	
Variance		182139426.1	
Std. Deviation		13495.90405	
Minimum		1.00	
Maximum		129232.00	
Range		129231.00	
Interquartile Range		3803.50	
Skewness		7.397	.210
Kurtosis		61.068	.417



Removed the companies containing the following:

- Companies with ERCs that are more than 2500 greater than the WSKY ERCs.
- Companies with ERCs that are more than 2500 less than the WSKY ERCs.
- Outliers.
- Missing data.
- Zeros and Negatives.

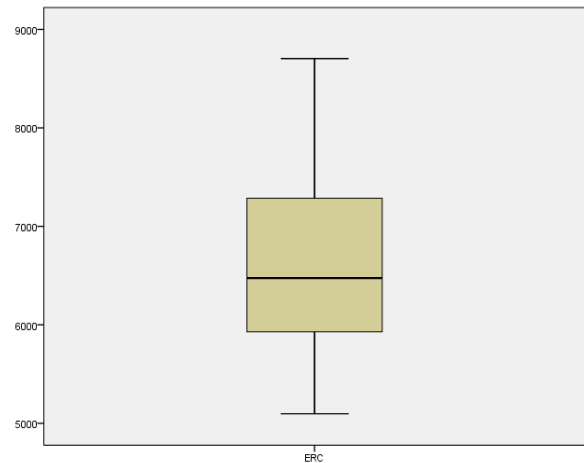
Checked 21 remaining companies for comparability

Descriptive Statistics

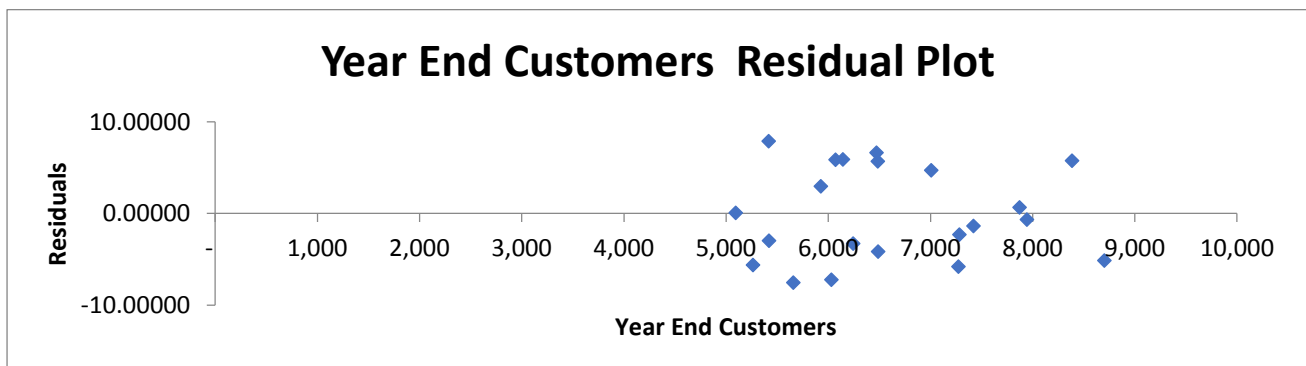
	Mean	Std. Deviation	N
ERC	6601.71	1048.063	21
MonthlyCostPerCustomer	12.4200	5.15440	21

Correlations

		ERC	MonthlyCostPerCustomer
ERC	Pearson Correlation	1	-.164
	Sig. (2-tailed)		.477
	N	21	21
MonthlyCostPerCustomer	Pearson Correlation	-.164	1
	Sig. (2-tailed)	.477	
	N	21	21

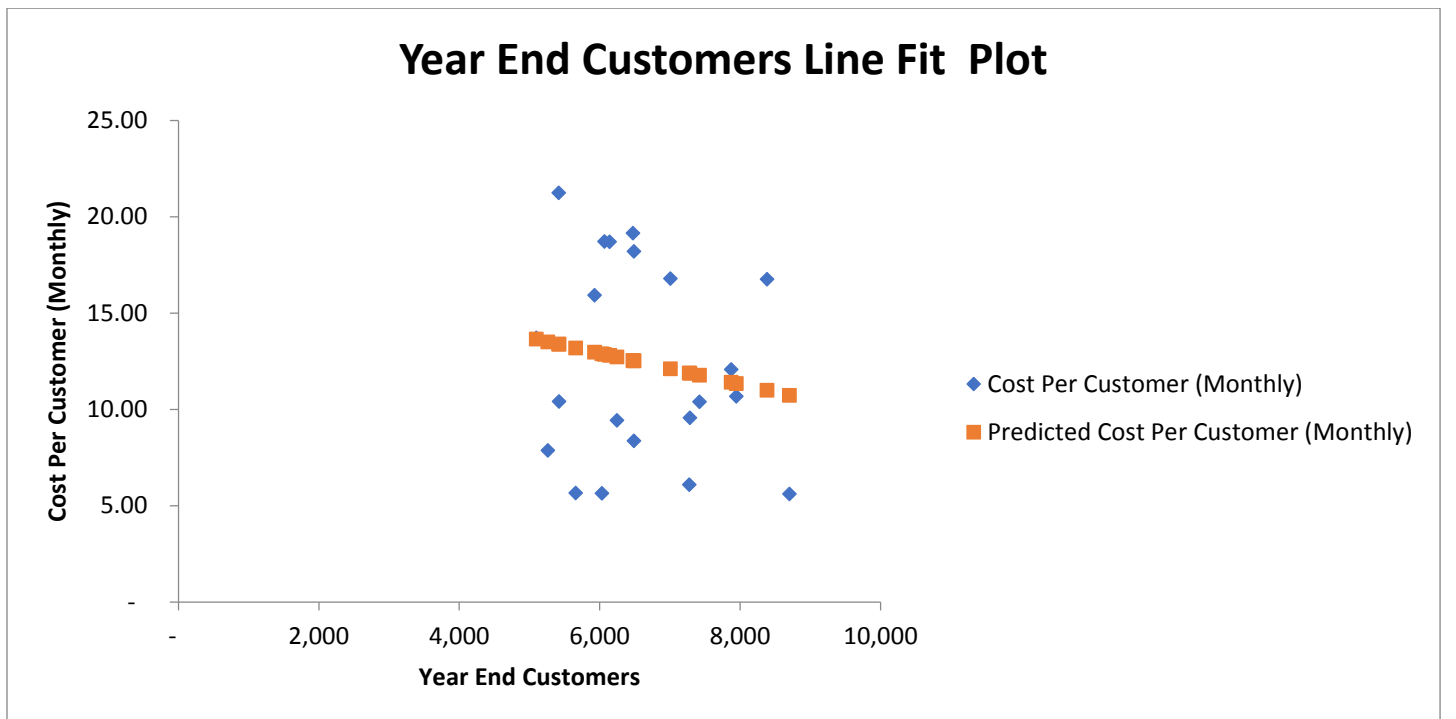


Constructed Residual Plot to confirm that linear regression is appropriate analysis measure.



Conducted linear regression analysis to demonstrate linear correlation between ERCs and monthly cost per customer.

SUMMARY OUTPUT									
<i>Regression Statistics</i>									
Multiple R		0.16419							
R Square		0.02696							
Adjusted R Square		-0.02425							
Standard Error		5.21604							
Observations		21							
<i>ANOVA</i>									
		<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>			
Regression		1	14.32196379	14.32196379	0.526405145	0.476964414			
Residual		19	516.9351303	27.20711212					
Total		20	531.2570941						
<i>Coefficients</i>									
		<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>	
Intercept		17.74937319	7.434578593	2.387408105	0.02751571	2.188621363	33.31012502	2.188621363	33.31012502
Year End Customers		-0.00080746	0.001112912	-0.725537831	0.476964414	-0.003136811	0.001521892	-0.003136811	0.001521892
RESIDUAL OUTPUT					PROBABILITY OUTPUT				
<i>Observation</i>	<i>Predicted Cost Per Customer (Monthly)</i>	<i>Residuals</i>	<i>Standard Residuals</i>	<i>Percentile</i>	<i>Cost Per Customer (Monthly)</i>				
1	11.33289	-0.66751	-0.13130	2.38095	5.59715				
2	11.75681	-1.36981	-0.26944	7.14286	5.62991				
3	13.37456	7.86535	1.54709	11.90476	5.64613				
4	12.08868	4.69774	0.92403	16.66667	6.08380				
5	12.70679	-3.28995	-0.64712	21.42857	7.86370				
6	13.17996	-7.53383	-1.48188	26.19048	8.35918				
7	12.50977	-4.15059	-0.81641	30.95238	9.41683				
8	12.51138	5.67676	1.11660	35.71429	9.56048				
9	12.84688	5.86286	1.15321	40.47619	10.38700				
10	12.87958	-7.24967	-1.42599	45.23810	10.40919				
11	12.78834	5.89999	1.16051	50.00000	10.66538				
12	13.37254	-2.96335	-0.58288	54.76190	12.06046				
13	12.96235	2.95303	0.58085	59.52381	13.70487				
14	13.63375	0.07112	0.01399	64.28571	15.91538				
15	10.97721	5.76231	1.13343	69.04762	16.73952				
16	11.86622	-2.30574	-0.45353	73.80952	16.78642				
17	11.87470	-5.79090	-1.13905	78.57143	18.18814				
18	13.49891	-5.63521	-1.10843	83.33333	18.68833				
19	12.52107	6.62426	1.30297	88.09524	18.70974				
20	11.39281	0.66765	0.13132	92.85714	19.14533				
21	10.72165	-5.12449	-1.00797	97.61905	21.23990				



In conclusion, the proposed dataset is comparable to WSKY company. There is a slight inverse correlation between the ERCs and the Cost Per Customer (as the ERC number increases Cost Per Customer decreases). However, with p-value being greater than .001 ($p > .001$) the correlation is not statistically significant, which suggests that the ERC range in the data set (5097 – 8703) is reasonable, and the dataset of the sampled companies is ready for performing further analysis pertaining to salary and wage reasonableness.

Petitioner's

Exhibit AD-2

Petitioner's

Exhibit AD-2

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jan-12

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	23,664.23	<u>709.93</u>
Sub Total Management Fee		<u>\$ 2,684.93</u>

Reimbursement of Costs

Direct Labor and Benefits	5,282.28	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	392.39	
Kentucky Utilities - Lagoon	832.41	
McCoy & McCoy Lab #1201138	221.25	
McCoy & McCoy Lab #1200132	221.25	
Sub Total Reimbursement of Costs	<u>\$ 7,374.58</u>	

Hours	Rate
86.00	36.18
60.00	
<u>146.00</u>	

Total Fee for Month

\$ 10,059.51

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Feb-12

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	18,901.93	<u>567.06</u>
Sub Total Management Fee		<u>\$ 2,542.06</u>

Reimbursement of Costs

Direct Labor and Benefits		6,403.86
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00

	Hours	Rate
Mike Pickard	89.00	36.18
John Turner	88.00	
	<u>177.00</u>	

Kentucky Utilities - Lift Station	283.68
Kentucky Utilities - Lagoon	1,461.04
McCoy & McCoy Lab #352255	53.25
Clear Distributing #2603	665.00
Champion Plumbing #8807	640.00
Lemons Enterprises #6376	960.00
CSS Pipe & Meter #5461	3,304.79
Rick's Electric Inc. #24419	1,686.50
Dynamo Chemical #1224	487.50

Sub Total Reimbursement of Costs \$ 16,370.62

Total Fee for Month \$ 18,912.68

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Mar-12

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	19,693.08	<u>590.79</u>

Sub Total Management Fee \$ 2,565.79

Reimbursement of Costs

Direct Labor and Benefits	6,331.50	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	

Kentucky Utilities - Lift Station	308.86	
Kentucky Utilities - Lagoon	1,572.87	
Clear Distributing #2652	665.00	

Sub Total Reimbursement of Costs \$ 9,303.23

Total Fee for Month \$ 11,869.02

Hours	Rate
84.00	36.18
91.00	
<u>175.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Apr-12

Management Fee
 Flat Fee \$ 1,975.00
 Gross Systems Revenues 3% 20,095.71
602.87

Sub Total Management Fee \$ 2,577.87

Reimbursement of Costs
 Direct Labor and Benefits 6,367.68
 Office Expenses (phone, computer, fax lines, etc) 150.00
 Transportation Expense 275.00

Hours	Rate
88.00	36.18
88.00	
<u>176.00</u>	

Kentucky Utilities - Lift Station 252.63
 Kentucky Utilities - Lagoon 1,322.17
 Clear Distributing #2695 665.00
 McCoy & McCoy Lab #1205556 25.00
 McCoy & McCoy Lab #1205442 950.00
 McCoy & McCoy Lab #1207125 663.75
 McCoy & McCoy Lab #1207128 106.50

Sub Total Reimbursement of Costs \$ 10,777.73

Total Fee for Month \$ 13,355.60

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 May-12

Management Fee
 Flat Fee \$ 1,975.00

Gross Systems Revenues 3% 22,538.67
676.16

Sub Total Management Fee \$ 2,651.16

Reimbursement of Costs

Direct Labor and Benefits 4,015.98

Office Expenses (phone, computer, fax lines, etc) 150.00

Transportation Expense 275.00

Kentucky Utilities - Lift Station 190.94

Kentucky Utilities - Lagoon 851.23

Clear Distributing 665.00

McCoy & McCoy Lab #1208768 228.00

McCoy & McCoy Lab #1208766 25.00

Vaughn Electric Co. #0127235 261.80

Vaughn Electric Co. #0128027 310.43

Ray Farms #879471 500.00

Champion Plumbing 420.00

USA Blue Book #527565 268.86

	Hours	Rate
James Leonard	10.00	36.18
John Turner	92.00	
Bruce Haas	9.00	
	<u>111.00</u>	

Sub Total Reimbursement of Costs \$ 8,162.24

Total Fee for Month \$ 10,813.40

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jun-12

Management Fee

Flat Fee \$ 1,975.00
 Gross Systems Revenues 3% 26,207.44
786.22

Sub Total Management Fee \$ 2,761.22

Reimbursement of Costs

Direct Labor and Benefits 4,124.52
 Office Expenses (phone, computer, fax lines, etc) 150.00
 Transportation Expense 275.00

Kentucky Utilities - Lift Station 179.19
 Kentucky Utilities - Lagoon 867.55
 McCoy & McCoy Lab #1210365 25.00
 McCoy & McCoy Lab #1210367 266.25

Sub Total Reimbursement of Costs \$ 5,887.51

Total Fee for Month \$ 8,648.73

	Hours	Rate
James Leonard	28.00	36.18
John Turner	86.00	
	<u>114.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jul-12

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	23,109.83	<u>693.29</u>
Sub Total Management Fee		<u>\$ 2,668.29</u>

Reimbursement of Costs

Direct Labor and Benefits		4,124.52	
Office Expenses (phone, computer, fax lines, etc)		150.00	James Leonard
Transportation Expense		275.00	John Turner

Hours	Rate
7.00	36.18
92.00	
<u>114.00</u>	

Kentucky Utilities - Lift Station		156.82
Kentucky Utilities - Lagoon		871.33
McCoy & McCoy Lab #1211838		238.00
Clear Distributing # 2781		665.00
Billy Nelms JR		600.00
Ray Farms		500.00
Sub Total Reimbursement of Costs		<u>\$ 7,580.67</u>

Total Fee for Month \$ 10,248.96

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Aug-12

Management Fee \$ 1,975.00

Flat Fee 747.97

Gross Systems Revenues 3% 24,932.27

Sub Total Management Fee \$ 2,722.97

Reimbursement of Costs

Direct Labor and Benefits 5,065.20

Office Expenses (phone, computer, fax lines, etc) 150.00

Transportation Expense 275.00

Kentucky Utilities - Lift Station 132.16

Kentucky Utilities - Lagoon 844.52

McCoy & McCoy Lab #1213404 238.00

G&C Supply #6473031 419.04

G&C Supply #6472973 275.60

Vaughn Electric Co #0129025 1,913.48

Champion Plumbing # 9538 337.50

Clear Distributing #2830 665.00

Billy Nelms JR 600.00

Sub Total Reimbursement of Costs \$ 10,915.50

Total Fee for Month \$ 13,638.47

Paid by check number _____ on _____

	Hours	Rate
James Leonard	6.00	36.18
John Turner	91.00	
Ronald G. Rushing	42.00	
Steve Vaughn	1.00	
	<u>140.00</u>	

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Sep-12

Management Fee		
Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	24,054.46	<u>721.63</u>
Sub Total Management Fee		<u>\$ 2,696.63</u>

Reimbursement of Costs		
Direct Labor and Benefits		6,729.48
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00

	Hours	Rate
James Leonard	13.00	36.18
John Turner	86.00	
Ronald G. Rushing	87.00	
	<u>186.00</u>	

Kentucky Utilities - Lift Station		155.61
Kentucky Utilities - Lagoon		833.54
McCoy & McCoy Lab #1214931		159.75
McCoy & McCoy Lab #1214932		167.50
G&C Supply #6477173		189.74
G&C Supply #6477189		78.16
Ray Farms #879482		500.00
USA Blue Book #769309		251.99
Clear Distributing #2874		665.00
Billy Nelms JR		600.00
Hach #7956446		1,733.05
Sub Total Reimbursement of Costs		<u>\$ 12,488.82</u>

Total Fee for Month \$ 15,185.45

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Oct-12

Management Fee		
Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	20,881.61	626.45
		<u>2,601.45</u>

Sub Total Management Fee \$ 2,601.45

Reimbursement of Costs			
Direct Labor and Benefits		6,729.48	
Office Expenses (phone, computer, fax lines, etc)		150.00	
Transportation Expense		275.00	
	Kentucky Utilities - Lift Station	720.97	
	Kentucky Utilities - Lagoon	157.06	
	McCoy & McCoy Lab #1216546	416.50	
	Billy Nelms JR	600.00	

Sub Total Reimbursement of Costs \$ 9,049.01

Total Fee for Month \$ 11,650.46

	Hours	Rate
James Leonard	13.00	36.18
John Turner	86.00	
Ronald G. Rushing	87.00	
	<u>186.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Nov-12

Management Fee

Flat Fee \$ 1,975.00
 Gross Systems Revenues 3% 22,839.56
685.19

Sub Total Management Fee \$ 2,660.19

Reimbursement of Costs

Direct Labor and Benefits 6,729.48
 Office Expenses (phone, computer, fax lines, etc) 150.00
 Transportation Expense 275.00

	Hours	Rate
James Leonard	13.00	36.18
John Turner	86.00	
Ronald G. Rushing	87.00	
		<u>186.00</u>

Kentucky Utilities - Lift Station 832.68
 Kentucky Utilities - Lagoon 162.65
 McCoy & McCoy Lab #1216546 890.25
 Billy Nelms JR 600.00
 Crosspoint #081-8422 926.00
 Crosspoint #081-8423 126.80
 Crosspoint 1,052.91
 Pipeline Products #003674 674.54
 Clear Distributing #2918 760.00
 G&C Supply Company #6482331 50.08
 Champion Plumbing #9850 1,075.00

Sub Total Reimbursement of Costs \$ 14,305.39

Total Fee for Month \$ 16,965.58

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Dec-12

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	19,886.42	<u>596.59</u>
Sub Total Management Fee		<u>\$ 2,571.59</u>

Reimbursement of Costs

Direct Labor and Benefits		6,295.32
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00
Kentucky Utilities - Lift Station		275.51
Kentucky Utilities - Lagoon		207.27
McCoy & McCoy Lab #1221519		795.75
Billy Nelms JR		600.00
Vaughn electric #0130411		151.80
Clear Distributing #2957		665.00

Sub Total Reimbursement of Costs \$ 9,415.65

Total Fee for Month \$ 11,987.24

Hours	Rate
James Leonard	6.00 36.18
John Turner	82.00
Ronald G. Rushing	86.00
	<u>174.00</u>

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jan-13

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	18,588.10	<u>557.64</u>
Sub Total Management Fee		<u>\$ 2,532.64</u>

Reimbursement of Costs

Direct Labor and Benefits		9,623.88
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00
Kentucky Utilities - Lift Station		445.75
Kentucky Utilities - Lagoon		587.69
McCoy & McCoy Lab #1223247		1,352.50
Billy Nelms JR		600.00
Champion Plumbing		200.00
Clear distributing #2998		665.00
Sub Total Reimbursement of Costs		<u>\$ 13,899.82</u>

Total Fee for Month

\$ 16,432.46

Hours	Rate
James Leonard	6.00 36.18
John Turner	131.00
Ronald G. Rushing	129.00
	<u>266.00</u>

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Feb-13

Management Fee

Flat Fee \$ 1,975.00
 Gross Systems Revenues 3% 18,583.10
557.49

Sub Total Management Fee \$ 2,532.49

Reimbursement of Costs

Direct Labor and Benefits 6,250.10
 Office Expenses (phone, computer, fax lines, etc) 150.00
 Transportation Expense 275.00

Hours	Rate
7.00	36.18
83.50	
82.25	
<u>172.75</u>	

Kentucky Utilities - Lift Station 290.00
 Kentucky Utilities - Lagoon 476.94
 McCoy & McCoy Lab #1224546 1,017.00
 Billy Nelms JR 600.00
 Champion Plumbing #10194 3,061.00
 Clear Distributing #3049 760.00
 D&D Septic Tank Service #003502 560.00
 WMI Enterprise #13092 1,117.65
 G&C Supply Co #6491353 29.31
 G&C Supply Co #6491496 158.18
 Rick's Electric #25057 1,786.03

Sub Total Reimbursement of Costs \$ 16,531.21

Total Fee for Month \$ 19,063.70

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Mar-13

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	19,873.06	<u>596.19</u>

Sub Total Management Fee \$ 2,571.19

Reimbursement of Costs

Direct Labor and Benefits		7,905.33
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00

Hours	Rate
James Leonard	4.00 36.18
John Turner	107.00
Ronald G. Rushing	107.50
	<u>218.50</u>

Kentucky Utilities - Lift Station	290.93
Kentucky Utilities - Lagoon	815.14
McCoy & McCoy Lab #1226204	759.75
Billy Nelms JR	600.00
Car Quest #97499	8.47
Vaughn Electric #0131267	366.06
Vaughn Electric #0131314	505.34
G&C Supply Co. #6494626	205.68
G&C Supply Co. #6494625	477.43

Sub Total Reimbursement of Costs \$ 12,359.13

Total Fee for Month \$ 14,930.32

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Apr-13

Management Fee

Flat Fee \$ 1,975.00
 Gross Systems Revenues 3% 20,538.72
616.16

Sub Total Management Fee \$ 2,591.16

Reimbursement of Costs

Direct Labor and Benefits 7,127.46
 Office Expenses (phone, computer, fax lines, etc) 150.00
 Transportation Expense 275.00

Hours	Rate
4.00	36.18
96.50	
96.50	
<u>197.00</u>	

Kentucky Utilities - Lift Station 310.05
 Kentucky Utilities - Lagoon 1,693.17
 McCoy & McCoy Lab #1227981 1,131.25
 Billy Nelms JR 600.00
 Clear Distributing #3117 760.00

Sub Total Reimbursement of Costs \$ 12,046.93

Total Fee for Month \$ 14,638.09

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 May-13

Management Fee

Flat Fee \$ 1,975.00
 Gross Systems Revenues 3% 20,348.53
610.46

Sub Total Management Fee \$ 2,585.46

Reimbursement of Costs

Direct Labor and Benefits 5,427.00
 Office Expenses (phone, computer, fax lines, etc) 150.00
 Transportation Expense 275.00

	Hours	Rate
James Leonard	4.00	36.18
John Turner	71.00	
Ronald G. Rushing	75.00	
	<u>150.00</u>	

Kentucky Utilities - Lift Station 372.97
 Kentucky Utilities - Lagoon 2,433.15
 McCoy & McCoy Lab #1229722 963.25
 Clear Distributing #3167 760.00
 Billy Nelms JR 600.00
 Ray Farms #897491 500.00
 Rick's Electric #25233 383.00

Sub Total Reimbursement of Costs \$ 11,864.37

Total Fee for Month \$ 14,449.83

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jun-13

Management Fee

Flat Fee \$ 1,975.00
 Gross Systems Revenues 3% 21,956.15
658.68

Sub Total Management Fee \$ 2,633.68

Reimbursement of Costs

Direct Labor and Benefits 8,972.64
 Office Expenses (phone, computer, fax lines, etc) 150.00
 Transportation Expense 275.00

Kentucky Utilities - Lift Station 322.23

Kentucky Utilities - Lagoon 53.33

McCoy & McCoy Lab #1231252 238.00

Billy Nelms JR 600.00

Clear Distributing #32220 760.00

Ray Farms #879494 500.00

G&C Supply #6503562 344.21

G&C Supply #6503260 55.84

G&C Supply #6503354 1,629.95

Sub Total Reimbursement of Costs \$ 13,901.20

Total Fee for Month \$ 16,534.88

Hours	Rate
2.00	36.18
2.00	
116.00	
128.00	
<u>248.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jul-13

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	24,057.42	<u>721.72</u>

Sub Total Management Fee \$ 2,696.72

Reimbursement of Costs

Direct Labor and Benefits		5,897.34
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00

Kentucky Utilities - Lift Station		222.51
Kentucky Utilities - Lagoon		53.66
McCoy & McCoy Lab #1232890		238.00
Billy Nelms JR		600.00
Clear Distributing #32268		760.00
Vaughn Electric #0132634		319.47
Vaughn Electric #0132616		437.79

Sub Total Reimbursement of Costs \$ 8,953.77

Total Fee for Month \$ 11,650.49

Hours	Rate
4.00	36.18
80.00	
79.00	
<u>163.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Aug-13

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	17,984.51	<u>539.54</u>

Sub Total Management Fee \$ 2,514.54

Reimbursement of Costs

Direct Labor and Benefits	6,657.12
Office Expenses (phone, computer, fax lines, etc)	150.00
Transportation Expense	275.00

Kentucky Utilities - Lift Station	277.09
Kentucky Utilities - Lagoon	401.08
McCoy & McCoy Lab #1234591	795.25
Ray Farms #879499	500.00
Ricks Electric #25347	230.00
Vaughn Electric #0133110	953.60

Sub Total Reimbursement of Costs \$ 10,239.14

Total Fee for Month \$ 12,753.68

Hours	Rate
4.00	36.18
88.00	
92.00	
<u>184.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Sep-13

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	21,165.41	<u>634.96</u>

Sub Total Management Fee \$ 2,609.96

Reimbursement of Costs

Direct Labor and Benefits	7,670.16
Office Expenses (phone, computer, fax lines, etc)	150.00
Transportation Expense	275.00

James Leonard	Hours	Rate
John Turner	2.00	36.18
Ronald G. Rushing	106.00	
	104.00	
	<u>212.00</u>	

Kentucky Utilities - Lift Station	191.31
Kentucky Utilities - Lagoon	1,260.36
McCoy & McCoy Lab #1236136	910.00
Clear Distributing #3321	855.00
G&C Supply #6514036	145.54
Vaughn Electric #0133739	5,723.86
Champion #10926	250.00

Sub Total Reimbursement of Costs \$ 17,431.23

Total Fee for Month \$ 20,041.19

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Oct-13

Management Fee

Flat Fee \$ 1,975.00
 Gross Systems Revenues 3% 19,456.56
583.70

Sub Total Management Fee \$ 2,558.70

Reimbursement of Costs

Direct Labor and Benefits 5,318.46
 Office Expenses (phone, computer, fax lines, etc) 150.00
 Transportation Expense 275.00

Hours	Rate
3.00	36.18
58.00	
86.00	

Kentucky Utilities - Lift Station 235.06
 Kentucky Utilities - Lagoon 53.49
 McCoy & McCoy Lab #1216546 291.25
 Clear Distributing #3376 760.00
 G&C Supply Co. #6517757 63.64
 Vaughn Electric #0133920 359.00
 Clinton Hardware #0018396 170.73

Sub Total Reimbursement of Costs \$ 7,676.63

Total Fee for Month \$ 10,235.33

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Nov-13

Management Fee

Flat Fee \$ 1,975.00
 Gross Systems Revenues 3% 19,858.23
595.75

Sub Total Management Fee \$ 2,570.75

Reimbursement of Costs

Direct Labor and Benefits 5,101.38
 Office Expenses (phone, computer, fax lines, etc) 150.00
 Transportation Expense 275.00

Kentucky Utilities - Lift Station 202.72
 Kentucky Utilities - Lagoon 53.58
 McCoy & McCoy Lab #1216546 214.00
 Clear Distributing #3419 760.00
 G&C Supply Co. #6520127 69.07
 Cummins Crosspoint #081-26330 789.73

Sub Total Reimbursement of Costs \$ 7,615.48

Total Fee for Month \$ 10,186.23

	Hours	Rate
James Leonard	7.00	36.18
John Turner	68.00	
Ronald G. Rushing	60.00	
Bruce Haas	6.00	
	<u>141.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Dec-13

Management Fee	
Flat Fee	\$ 1,975.00
Gross Systems Revenues 3%	585.33
	<u>19,510.88</u>

Sub Total Management Fee \$ 2,560.33

Reimbursement of Costs

Direct Labor and Benefits	6,078.24
Office Expenses (phone, computer, fax lines, etc)	150.00
Transportation Expense	275.00

Kentucky Utilities - Lift Station	298.66
Kentucky Utilities - Lagoon	504.53
McCoy & McCoy Lab #1241297	739.00
Clear Distributing #3462	950.00
G&C Supply Co. 6524556	263.73
G&C Supply Co. 6524656	365.70
Pipeline Products #08421	403.66
Sub Total Reimbursement of Costs	<u>\$ 10,028.52</u>

Total Fee for Month \$ 12,588.85

	Hours	Rate
James Leonard	8.00	36.18
John Turner	71.00	
Ronald G. Rushing	89.00	
	<u>168.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jan-14

Management Fee			
Flat Fee		\$	1,975.00
Gross Systems Revenues 3%	20,457.27		<u>613.72</u>
Sub Total Management Fee		\$	<u>2,588.72</u>
Reimbursement of Costs			
Direct Labor and Benefits			6,078.24
Office Expenses (phone, computer, fax lines, etc)			150.00
Transportation Expense			275.00
Kentucky Utilities - Lift Station			476.45
Kentucky Utilities - Lagoon			2,481.60
McCoy & McCoy Lab #1242880			1,146.25
Hach #8658314			11,990.60
Midwest Metering #0052422			1,300.00
Sub Total Reimbursement of Costs		\$	<u>23,898.14</u>
Total Fee for Month		\$	<u>26,486.86</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	5.00	36.18
John Turner	82.00	
Ronald G. Rushing	<u>81.00</u>	
	<u>168.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Feb-14

Management Fee			
Flat Fee			\$ 1,975.00
Gross Systems Revenues 3%	22,719.34		<u>681.58</u>
Sub Total Management Fee			<u>\$ 2,656.58</u>

Reimbursement of Costs			
Direct Labor and Benefits		6,078.24	
Office Expenses (phone, computer, fax lines, etc)		150.00	
Transportation Expense		275.00	
Kentucky Utilities - Lift Station		366.05	
Kentucky Utilities - Lagoon		2,073.42	
McCoy & McCoy Lab #1224546		672.75	
Champion Plumbing #11525		350.00	
Clear Distributing #3519		950.00	
USA Bluebook #264083		51.40	
Clinton Hardware #19498		48.12	
G&C Supply Co. #6527980		690.29	
Sub Total Reimbursement of Costs			<u>\$ 11,705.27</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	5.00	36.18
John Turner	82.00	
Ronald G. Rushing	81.00	
	<u>168.00</u>	

Total Fee for Month \$ 14,361.85

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Mar-14

Management Fee		
Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	20,520.75	<u>615.62</u>
Sub Total Management Fee		<u>\$ 2,590.62</u>

Reimbursement of Costs		
Direct Labor and Benefits		6,512.40
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00
Kentucky Utilities - Lift Station		453.85
Kentucky Utilities - Lagoon		(586.63)
McCoy & McCoy Lab #1246315		1,100.50
Champion Plumbing #11574		600.00
USA Bluebook #282073		355.94
Clinton Hardware		48.12
Sub Total Reimbursement of Costs		<u>\$ 8,909.18</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	7.00	36.18
John Turner	91.50	
Ronald G. Rushing	<u>81.50</u>	
	<u>180.00</u>	

Total Fee for Month \$ 11,499.80

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Apr-14

Management Fee		
Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	18,966.24	<u>568.99</u>
Sub Total Management Fee		<u>\$ 2,543.99</u>

Reimbursement of Costs		
Direct Labor and Benefits	6,620.94	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	498.18	
Kentucky Utilities - Lagoon	1,265.88	
McCoy & McCoy Lab #1248102	1,146.25	
Champion Plumbing #11680	300.00	
Champion Plumbing #11727	300.00	
Clinton Hardware	9.64	
Clear Distributing #3625	855.00	
Sub Total Reimbursement of Costs		<u>\$ 11,420.89</u>
Total Fee for Month		<u>\$ 13,964.88</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	9.00	36.18
John Turner	84.00	
Ronald G. Rushing	90.00	
	<u>183.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 May-14

Management Fee			
Flat Fee		\$	1,975.00
Gross Systems Revenues 3%	20,169.34		<u>605.08</u>
Sub Total Management Fee		\$	<u>2,580.08</u>

Reimbursement of Costs			
Direct Labor and Benefits			5,390.82
Office Expenses (phone, computer, fax lines, etc)			150.00
Transportation Expense			275.00
Kentucky Utilities - Lift Station			365.47
Kentucky Utilities - Lagoon			389.29
McCoy & McCoy Lab #1249766			922.00
Clinton Hardware			39.92
Clear Distributing #3666			855.00
Sub Total Reimbursement of Costs		\$	<u>8,387.50</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	7.00	36.18
John Turner	60.00	
Ronald G. Rushing	82.00	
Billy Nelms Jr.	<u>9.00</u>	
	<u>149.00</u>	

Total Fee for Month		\$	<u>10,967.58</u>
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Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jun-14

Management Fee			
Flat Fee			\$ 1,975.00
Gross Systems Revenues 3%	20,552.85		<u>616.59</u>
Sub Total Management Fee			<u>\$ 2,591.59</u>

Reimbursement of Costs			
Direct Labor and Benefits		6,982.74	
Office Expenses (phone, computer, fax lines, etc)		150.00	
Transportation Expense		275.00	
Kentucky Utilities - Lift Station		275.91	
Kentucky Utilities - Lagoon		1,572.24	
McCoy & McCoy Lab #1251612		930.00	
Clinton Hardware		30.21	
USA Bluebook #361708		300.30	
Ray Farms		500.00	
Hach Corp. #8870003		278.22	
Sub Total Reimbursement of Costs			<u>\$ 11,294.62</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	7.00	36.18
John Turner	94.00	
Ronald G. Rushing	92.00	
Billy Nelms Jr.	<u>6.00</u>	
	<u>193.00</u>	

Total Fee for Month \$ 13,886.21

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jul-14

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	18,410.20	<u>552.31</u>
Sub Total Management Fee		<u>\$ 2,527.31</u>

Reimbursement of Costs

Direct Labor and Benefits	6,295.32
Office Expenses (phone, computer, fax lines, etc)	150.00
Transportation Expense	275.00
Kentucky Utilities - Lift Station	195.11
Kentucky Utilities - Lagoon	74.41
Kentucky Utilities - Lift Station (Adjustment from Jan, Feb, Apr)	575.63
McCoy & McCoy Lab #1253675	1,154.25
Clear Distributing #3715	990.00
Clinton Hardware	85.80
Clinton Hardware	54.20
Clinton Hardware (Included in Feb. and Mar)	(48.12)
Car Quest #5184-95800	31.99
G&C Supply Co. #6536588	109.98
Sub Total Reimbursement of Costs	<u>\$ 9,943.57</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	9.00	36.18
John Turner	81.00	
Ronald G. Rushing	84.00	
Billy Nelms Jr.	6.00	
	<u>174.00</u>	

Total Fee for Month \$ 12,470.88

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Aug-14

Management Fee		
Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	21,004.26	<u>630.13</u>
Sub Total Management Fee		<u>\$ 2,605.13</u>

Reimbursement of Costs		
Direct Labor and Benefits	7,742.52	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	185.56	
Kentucky Utilities - Lagoon	895.10	
McCoy & McCoy Lab #1255388	597.25	
Clear Distributing #3772	990.00	
Clinton Hardware	19.19	
Ray Farms	500.00	
Jewel	7.40	
Sub Total Reimbursement of Costs	<u>\$ 11,362.02</u>	
Total Fee for Month		<u>\$ 13,967.15</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	6.00	36.18
John Turner	97.00	
Ronald G. Rushing	102.00	
Billy Nelms Jr.	9.00	
	<u>214.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Sep-14

Management Fee		
Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	21,185.77	<u>635.57</u>
Sub Total Management Fee		\$ <u>2,610.57</u>

Reimbursement of Costs		
Direct Labor and Benefits	6,295.32	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	185.81	
Kentucky Utilities - Lagoon	60.72	
McCoy & McCoy Lab #1257306	190.00	
Clear Distributing #3820	900.00	
Agri-Chem #004564	54.88	
Ray Farms	500.00	
Badger Meeting #1012589	1,944.03	
Sub Total Reimbursement of Costs	\$ 10,555.76	

	<u>Hours</u>	<u>Rate</u>
James Leonard	6.00	36.18
John Turner	82.00	
Ronald G. Rushing	79.00	
Billy Nelms Jr.	<u>7.00</u>	
	<u>174.00</u>	

Total Fee for Month \$ 13,166.33

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Oct-14

Management Fee

Flat Fee		\$ 1,975.00
Gross Systems Revenues 3%	18,206.28	<u>546.19</u>
Sub Total Management Fee		<u>\$ 2,521.19</u>

Reimbursement of Costs

Direct Labor and Benefits	5,535.54	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	298.01	
Kentucky Utilities - Lagoon	66.22	
McCoy & McCoy Lab #1259190	231.25	
Clear Distributing #3873	900.00	
Clinton Hardware	7.77	
Cummins Crosspoint	778.81	
Sub Total Reimbursement of Costs		<u>\$ 8,242.60</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	4.00	36.18
John Turner	60.00	
Ronald G. Rushing	84.00	
Billy Nelms Jr.	5.00	
	<u>153.00</u>	

Total Fee for Month \$ 10,763.79

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Nov-14

Management Fee

Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	19,882.77	<u>596.48</u>
Sub Total Management Fee		\$ <u>2,606.48</u>

Reimbursement of Costs

Direct Labor and Benefits	5,029.02	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	267.69	
Kentucky Utilities - Lagoon	66.33	
McCoy & McCoy Lab #1260931	190.00	
Sub Total Reimbursement of Costs		\$ <u>5,978.04</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	5.00	36.18
John Turner	64.00	
Ronald G. Rushing	64.00	
Billy Nelms Jr.	6.00	
	<u>139.00</u>	

Total Fee for Month \$ 8,584.52

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Dec-14

Management Fee	
Flat Fee	\$ 2,010.00
Gross Systems Revenues 3%	20,567.44 <u>617.02</u>
Sub Total Management Fee	\$ 2,627.02
Reimbursement of Costs	
Direct Labor and Benefits	6,367.68
Office Expenses (phone, computer, fax lines, etc)	150.00
Transportation Expense	275.00
Kentucky Utilities - Lift Station	290.98
Kentucky Utilities - Lagoon	550.41
McCoy & McCoy Lab #1262935	808.25
Clear Distributing #3916	900.00
L&L environmental #RH59038	875.00
Clinton Hardware #21499	16.62
Sub Total Reimbursement of Costs	\$ 10,233.94
Total Fee for Month	\$ 12,860.96

	<u>Hours</u>	<u>Rate</u>
James Leonard	5.00	36.18
John Turner	75.00	
Ronald G. Rushing	89.00	
Billy Nelms Jr.	<u>7.00</u>	
	<u>176.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jan-15

Management Fee

Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	19,570.34	<u>587.11</u>
Sub Total Management Fee		\$ <u>2,597.11</u>

Reimbursement of Costs

Direct Labor and Benefits	6,295.32	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	290.06	
Kentucky Utilities - Lagoon	829.55	
McCoy & McCoy Lab #1264776	889.00	
Clear Distributing #3957	900.00	
USA Bluebook #539616	138.04	
Clinton Hardware #21370	16.62	
Hach #9211709	<u>2,114.00</u>	
Sub Total Reimbursement of Costs		\$ <u>11,897.59</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	6.00	36.18
John Turner	82.00	
Ronald G. Rushing	80.00	
Billy Nelms Jr.	<u>6.00</u>	
	<u>174.00</u>	

Total Fee for Month \$ 14,494.70

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Feb-15

Management Fee

Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	18,775.73	<u>563.27</u>
Sub Total Management Fee		<u>\$ 2,573.27</u>

Reimbursement of Costs

Direct Labor and Benefits		5,788.80
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00
Kentucky Utilities - Lift Station		451.86
Kentucky Utilities - Lagoon		782.87
McCoy & McCoy Lab #1266785		589.00
Clear Distributing #4005		450.00
USA Bluebook #539616		102.23
Clinton Hardware #21596		18.75
Sub Total Reimbursement of Costs		<u>\$ 8,608.51</u>

	Hours	Rate
James Leonard	6.00	36.18
John Turner	66.00	
Ronald G. Rushing	82.00	
Billy Nelms Jr.	<u>6.00</u>	
	<u>160.00</u>	

Total Fee for Month \$ 11,181.78

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Mar-15

Management Fee

Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	31,659.23	<u>949.78</u>
Sub Total Management Fee		<u>\$ 2,959.78</u>

Reimbursement of Costs

Direct Labor and Benefits	6,331.50	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	679.23	
Kentucky Utilities - Lagoon	(37.96)	
McCoy & McCoy Lab #1269099	501.00	
Clear Distributing #4050	900.00	
Jim's Auto Parts #157510	116.60	
Clinton Hardware #21635	33.47	
Vaughn Electric #Cari-1425	<u>5,758.80</u>	
Sub Total Reimbursement of Costs		<u>\$ 14,707.64</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	8.00	36.18
John Turner	32.00	
Ronald G. Rushing	127.00	
Billy Nelms Jr.	<u>8.00</u>	
	<u>175.00</u>	

Total Fee for Month \$ 17,667.42

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Apr-15

Management Fee		
Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	46,399.26	<u>1,391.98</u>
Sub Total Management Fee		\$ <u>3,401.98</u>

Reimbursement of Costs		
Direct Labor and Benefits	4,015.98	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	490.45	
Kentucky Utilities - Lagoon	660.26	
McCoy & McCoy Lab #1271522	457.00	
USA Bluebook #608266	425.39	
Clinton Hardware #21081	10.80	
Vaughn Electric #Cari-1456	625.76	
Sub Total Reimbursement of Costs		\$ <u>7,110.64</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	8.00	36.18
Ronald G. Rushing	97.00	
Billy Nelms Jr.	6.00	
	<u>111.00</u>	

Total Fee for Month \$ 10,512.62

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 May-15

Management Fee

Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	19,527.63	<u>585.83</u>
Sub Total Management Fee		<u>\$ 2,595.83</u>

Reimbursement of Costs

Direct Labor and Benefits	5,716.44	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	216.35	
Kentucky Utilities - Lagoon	984.71	
McCoy & McCoy Lab #1273607	1,537.00	
WSCK #486599	500.00	
Clinton Hardware	10.80	
Clear Distributing #4089	<u>990.00</u>	
Sub Total Reimbursement of Costs		<u>\$ 10,380.30</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	4.00	36.18
Ronald G. Rushing	83.00	
John Turner	64.00	
Billy Nelms Jr.	<u>7.00</u>	
	<u>158.00</u>	

Total Fee for Month \$ 12,976.13

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jun-15

Management Fee

Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	20,605.18	<u>618.16</u>
Sub Total Management Fee		\$ <u>2,628.16</u>

Reimbursement of Costs

Direct Labor and Benefits		7,923.42
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00
Kentucky Utilities - Lift Station		174.65
Kentucky Utilities - Lagoon		1,620.67
McCoy & McCoy Lab #1276545		889.00
Ray Farms #500453		500.00
Clear Distributing #4089		<u>1,170.00</u>
Sub Total Reimbursement of Costs		\$ <u>12,702.74</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	4.00	36.18
Ronald G. Rushing	106.00	
John Turner	104.00	
Billy Nelms Jr.	<u>5.00</u>	
	<u>219.00</u>	

Total Fee for Month \$ 15,330.90

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jul-15

Management Fee

Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	22,651.71	<u>679.55</u>
Sub Total Management Fee		<u>\$ 2,689.55</u>

Reimbursement of Costs

Direct Labor and Benefits	6,403.86
Office Expenses (phone, computer, fax lines, etc)	150.00
Transportation Expense	275.00
Kentucky Utilities - Lift Station	252.53
Kentucky Utilities - Lagoon	103.48
McCoy & McCoy Lab #1279052	589.00
Clinton Hardware #22476	4.23
Clear Distributing #4182	<u>1,080.00</u>
Sub Total Reimbursement of Costs	<u>\$ 8,858.10</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	12.00	36.18
Ronald G. Rushing	80.00	
John Turner	80.00	
Billy Nelms Jr.	<u>5.00</u>	
	<u>177.00</u>	

Total Fee for Month \$ 11,547.65

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Aug-15

Management Fee		
Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	20,671.37	<u>620.14</u>
Sub Total Management Fee		<u>\$ 2,630.14</u>
Reimbursement of Costs		
Direct Labor and Benefits		8,212.86
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00
	Kentucky Utilities - Lift Station	252.48
	Kentucky Utilities - Lagoon	714.87
	McCoy & McCoy Lab #1279052	530.00
	Clinton Hardware #21894	44.13
	Ray Farms	500.00
Sub Total Reimbursement of Costs		<u>\$ 10,679.34</u>
Total Fee for Month		<u>\$ 13,309.48</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	7.00	36.18
Ronald G. Rushing	107.00	
John Turner	105.00	
Billy Nelms Jr.	8.00	
	<u>227.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Sep-15

Management Fee			
Flat Fee		\$	2,010.00
Gross Systems Revenues 3%	21,618.76		<u>648.56</u>
Sub Total Management Fee		\$	<u>2,658.56</u>

Reimbursement of Costs			
Direct Labor and Benefits		5,318.46	
Office Expenses (phone, computer, fax lines, etc)		150.00	
Transportation Expense		275.00	
	Kentucky Utilities - Lift Station	195.92	
	Kentucky Utilities - Lagoon	218.54	
	McCoy & McCoy Lab #1283700	589.00	
	Clinton Hardware #21808	3.61	
	Clear Distributing #4232	1,080.00	
	G&C Supply #6593559	492.90	
	Midwest Meter #0070797-IN	1,300.00	
Sub Total Reimbursement of Costs		\$	<u>9,623.43</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	8.00	36.18
Ronald G. Rushing	81.00	
John Turner	52.00	
Billy Nelms Jr.	<u>6.00</u>	
	<u>147.00</u>	

Total Fee for Month \$ 12,281.99

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Oct-15

Management Fee			
Flat Fee		\$	2,010.00
Gross Systems Revenues 3%	23,303.62		<u>699.11</u>
Sub Total Management Fee		\$	<u>2,709.11</u>

Reimbursement of Costs			
Direct Labor and Benefits		6,512.40	
Office Expenses (phone, computer, fax lines, etc)		150.00	
Transportation Expense		275.00	
	Kentucky Utilities - Lift Station	215.75	
	Kentucky Utilities - Lagoon	72.11	
	McCoy & McCoy Lab #1286074	245.00	
	Clear Distributing #4280	1,080.00	
	Ray Farms	500.00	
Sub Total Reimbursement of Costs		\$	<u>9,050.26</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	8.00	36.18
Ronald G. Rushing	90.00	
John Turner	76.00	
Billy Nelms Jr.	<u>6.00</u>	
	<u>180.00</u>	

Total Fee for Month \$ 11,759.37

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Nov-15

Management Fee			
Flat Fee		\$	2,010.00
Gross Systems Revenues 3%	20,663.27		<u>619.90</u>
Sub Total Management Fee		\$	<u>2,629.90</u>

Reimbursement of Costs			
Direct Labor and Benefits		5,861.16	
Office Expenses (phone, computer, fax lines, etc)		150.00	
Transportation Expense		275.00	
	Kentucky Utilities - Lift Station	452.95	
	Kentucky Utilities - Lagoon	71.85	
	McCoy & McCoy Lab #1288233	245.00	
	Clear Distributing #4321	1,080.00	
	Pipeline Products #16792	197.16	
	Clinton Hardware #23325	8.96	
Sub Total Reimbursement of Costs		\$	<u>8,342.08</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	4.00	36.18
Ronald G. Rushing	86.00	
John Turner	64.00	
Billy Nelms Jr.	<u>8.00</u>	
	<u>162.00</u>	

Total Fee for Month \$ 10,971.98

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Dec-15

Management Fee			
Flat Fee		\$	2,010.00
Gross Systems Revenues 3%	24,839.20		<u>745.18</u>
Sub Total Management Fee		\$	<u>2,755.18</u>

Reimbursement of Costs			
Direct Labor and Benefits		4,956.66	
Office Expenses (phone, computer, fax lines, etc)		150.00	
Transportation Expense		275.00	
	Kentucky Utilities - Lift Station	505.41	
	Kentucky Utilities - Lagoon	510.97	
	McCoy & McCoy Lab #1290483	692.00	
	Clear Distributing #4369	1,080.00	
	Cummins Crosspoint #081-63569	1,164.88	
	Cummins Crosspoint #081-63536	1,295.10	
Sub Total Reimbursement of Costs		\$	<u>10,630.02</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	9.00	36.18
Ronald G. Rushing	44.00	
John Turner	78.00	
Billy Nelms Jr.	6.00	
	<u>137.00</u>	

Total Fee for Month \$ 13,385.20

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jan-16

Management Fee
 Flat Fee \$ 2,010.00
 Gross Systems Revenues 3% 21,523.18
 Sub Total Management Fee \$ 2,655.70

Reimbursement of Costs
 Direct Labor and Benefits 6,222.96
 Office Expenses (phone, computer, fax lines, etc) 150.00
 Transportation Expense 275.00
 Kentucky Utilities - Lift Station 379.60
 Kentucky Utilities - Lagoon 3,735.46
 McCoy & McCoy Lab #1292423 968.00
 Clinton Hardware 3.91
 Hach #9764682 2,118.00

	Hours	Rate
James Leonard	7.00	36.18
Ronald G. Rushing	76.00	
John Turner	80.00	
Billy Nelms Jr.	9.00	
	<u>172.00</u>	

Sub Total Reimbursement of Costs \$ 13,852.93
 Total Fee for Month \$ 16,508.63

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Feb-16

Management Fee			
Flat Fee		\$	2,010.00
Gross Systems Revenues 3%	22,837.55		<u>685.13</u>
Sub Total Management Fee		\$	<u>2,695.13</u>

Reimbursement of Costs			
Direct Labor and Benefits		4,811.94	
Office Expenses (phone, computer, fax lines, etc)		150.00	
Transportation Expense		275.00	
	Kentucky Utilities - Lift Station	355.81	
	Kentucky Utilities - Lagoon	557.42	
	McCoy & McCoy Lab #1294391	1,255.00	
	Clinton Hardware	3.99	
	G&C Supply Co. #6608264	37.45	
	G&C Supply Co. #6608625	202.99	
Sub Total Reimbursement of Costs		\$	<u>7,649.60</u>
Total Fee for Month		\$	<u><u>10,344.73</u></u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	12.00	36.18
Ronald G. Rushing	114.00	
John Turner		
Billy Nelms Jr.	<u>7.00</u>	
	<u>133.00</u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Mar-16

Management Fee		
Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	21,972.02	<u>659.16</u>
Sub Total Management Fee		<u>\$ 2,669.16</u>

Reimbursement of Costs		
Direct Labor and Benefits	5,282.28	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	473.04	
Kentucky Utilities - Lagoon	948.26	
McCoy & McCoy Lab #1297056	1,230.00	
Vaughn Electric Co. #CARI-2054	230.55	
Vaughn Electric Co. #CARI-2098	196.10	
Sub Total Reimbursement of Costs	<u>\$ 8,785.23</u>	

	<u>Hours</u>	<u>Rate</u>
James Leonard	12.00	36.18
Ronald G. Rushing	99.50	
John Turner	28.50	
Billy Nelms Jr.	6.00	
	<u>146.00</u>	

Total Fee for Month \$ 11,454.39

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Apr-16

Management Fee		
Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	20,511.15	<u>615.33</u>
Sub Total Management Fee		<u>\$ 2,625.33</u>

Reimbursement of Costs		
Direct Labor and Benefits	6,838.02	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	314.12	
Kentucky Utilities - Lagoon	1,314.52	
Clinton Hardware	15.48	
Bio-Chem Industries Inc.	2,552.26	
Vaughn Electric Co. #CARI-2098	196.10	
McCoy & McCoy Laboratories Inc.	1,009.00	
Sub Total Reimbursement of Costs		<u>\$ 12,664.50</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	18.00	36.18
Ronald G. Rushing	79.00	
John Turner	83.00	
Billy Nelms Jr.	<u>9.00</u>	
	<u>189.00</u>	

Total Fee for Month \$ 15,289.83

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 May-16

Management Fee		
Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	21,844.56	<u>655.34</u>
Sub Total Management Fee		<u>\$ 2,665.34</u>
Reimbursement of Costs		
Direct Labor and Benefits		7,923.42
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00
	Kentucky Utilities - Lift Station	338.39
	Kentucky Utilities - Lagoon	746.31
	Clinton Hardware	6.03
	Bio-Chem Industries Inc.	1,546.64
	Ray Farms #500469	500.00
	McCoy & McCoy Laboratories Inc. #1301577	1,034.00
Sub Total Reimbursement of Costs		<u>\$ 12,519.79</u>
Total Fee for Month		<u><u>\$ 15,185.13</u></u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	11.00	36.18
Ronald G. Rushing	103.00	
John Turner	98.00	
Billy Nelms Jr.	<u>7.00</u>	
	<u><u>219.00</u></u>	

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jun-16

Management Fee

Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	22,762.51	<u>682.88</u>
Sub Total Management Fee		<u>\$ 2,692.88</u>

Reimbursement of Costs

Direct Labor and Benefits	6,259.14	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	208.81	
Kentucky Utilities - Lagoon	423.86	
Clinton Hardware	236.11	
Bio-Chem Industries Inc.	2,050.06	
Ray Farms #500469	500.00	
McCoy & McCoy Laboratories Inc. #1301577	1,009.00	
Jim Brown Supply #521673	153.56	
USA Blue Book #986329	2,842.07	
Vaughn Electric Co. #RI-2960	7,910.24	
Vaughn Electric Co. #CARI-2215	450.00	
Sub Total Reimbursement of Costs	<u>\$ 22,467.85</u>	

	Hours	Rate
James Leonard	12.00	36.18
Ronald G. Rushing	84.00	
John Turner	60.00	
Billy Nelms Jr.	4.00	
Steve Vaughn	<u>13.00</u>	
	<u>173.00</u>	

Total Fee for Month \$ 25,160.73

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Jul-16

Management Fee

Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	21,837.30	<u>655.12</u>
Sub Total Management Fee		<u>\$ 2,665.12</u>

Reimbursement of Costs

Direct Labor and Benefits		6,512.40
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00
	Kentucky Utilities - Lift Station	283.55
	Kentucky Utilities - Lagoon	361.39
	Clinton Hardware	280.59
	Bio-Chem Industries Inc.	2,074.75
	McCoy & McCoy Laboratories Inc. #1306568	666.00
	Vaughn Electric Co. #CARI-2290	633.35
Sub Total Reimbursement of Costs		<u>\$ 11,237.03</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	8.00	36.18
Ronald G. Rushing	76.00	
John Turner	82.00	
Billy Nelms Jr.	6.00	
Bruce Haas	<u>8.00</u>	
	<u>180.00</u>	

Total Fee for Month \$ 13,902.15

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Aug-16

Management Fee		
Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	27,856.29	<u>835.69</u>
Sub Total Management Fee		<u>\$ 2,845.69</u>

Reimbursement of Costs		
Direct Labor and Benefits	8,031.96	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	278.75	
Kentucky Utilities - Lagoon	391.37	
Ray Farms	500.00	
Bio-Chem Industries Inc.	2,060.50	
McCoy & McCoy Laboratories Inc. #1308996	838.00	
Sub Total Reimbursement of Costs		<u>\$ 12,525.58</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	11.00	36.18
Ronald G. Rushing	102.00	
John Turner	104.00	
Billy Nelms Jr.	5.00	
	<u>222.00</u>	

Total Fee for Month \$ 15,371.27

Paid by check number _____ on _____

Utilities, Inc.
Invoice for Management Services City of Clinton Wastewater
Sep-16

Management Fee	
Flat Fee	\$ 2,010.00
Gross Systems Revenues 3% 18,850.62	<u>565.52</u>
Sub Total Management Fee	<u>\$ 2,575.52</u>

Reimbursement of Costs			
Direct Labor and Benefits	5,607.90		
Office Expenses (phone, computer, fax lines, etc)	150.00	James Leonard	<u>5.00 36.18</u>
Transportation Expense	275.00	Ronald G. Rushing	80.00
		John Turner	64.00
		Billy Nelms Jr.	6.00
			<u>155.00</u>
Kentucky Utilities - Lift Station	228.16		
Kentucky Utilities - Lagoon	537.48		
Ray Farms #500482	500.00		
McCoy & McCoy Laboratories Inc. #1311377	1,009.00		

Sub Total Reimbursement of Costs \$ 8,307.54

Total Fee for Month \$ 10,883.06

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Oct-16

Management Fee		
Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	20,611.25	<u>618.34</u>
Sub Total Management Fee		<u>\$ 2,628.34</u>

Reimbursement of Costs		
Direct Labor and Benefits	7,380.72	
Office Expenses (phone, computer, fax lines, etc)	150.00	
Transportation Expense	275.00	
Kentucky Utilities - Lift Station	231.52	
Kentucky Utilities - Lagoon	365.86	
Clinton Hardware	15.26	
McCoy & McCoy Laboratories Inc.	1,255.00	
Bio-Chem Industries #M109KY	2,051.45	
Bio-Chem Industries #M109KY	(409.01)	
Midwest Metering #0082520-IN	1,300.00	
Sub Total Reimbursement of Costs		<u>\$ 12,615.80</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	8.00	36.18
Ronald G. Rushing	106.00	
John Turner	84.00	
Billy Nelms Jr.	6.00	
	<u>204.00</u>	

Total Fee for Month \$ 15,244.14

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Nov-16

Management Fee		
Flat Fee		\$ 2,010.00
Gross Systems Revenues 3%	20,329.49	<u>609.88</u>
Sub Total Management Fee		<u>\$ 2,619.88</u>

Reimbursement of Costs		
Direct Labor and Benefits		5,933.52
Office Expenses (phone, computer, fax lines, etc)		150.00
Transportation Expense		275.00
	Kentucky Utilities - Lift Station	276.38
	Kentucky Utilities - Lagoon	382.26
	American Development Corp #100826	65.46
	McCoy & McCoy Laboratories Inc. #1315797	1,108.00
	Clinton Hardware #025149	26.82
	Cummins Crosspoint #081-79284	787.54
	Carquest #229692	148.92
Sub Total Reimbursement of Costs		<u>\$ 9,153.90</u>

	<u>Hours</u>	<u>Rate</u>
James Leonard	7.00	36.18
Ronald G. Rushing	87.50	
John Turner	64.50	
Billy Nelms Jr.	5.00	
	<u>164.00</u>	

Total Fee for Month \$ 11,773.78

Paid by check number _____ on _____

Utilities, Inc.
 Invoice for Management Services City of Clinton Wastewater
 Dec-16

Management Fee			
Flat Fee		\$	2,010.00
Gross Systems Revenues 3%	19,580.79		<u>587.42</u>
Sub Total Management Fee		\$	<u>2,597.42</u>

Reimbursement of Costs			
Direct Labor and Benefits	4,522.50		
Office Expenses (phone, computer, fax lines, etc)	150.00	James Leonard	<u>8.00</u> 36.18
Transportation Expense	275.00	Ronald G. Rushing	46.00
		John Turner	64.00
		Billy Nelms Jr.	7.00
Kentucky Utilities - Lift Station	286.95		
Kentucky Utilities - Lagoon	362.43		
Bio-Chem #M118KY	1,487.33		<u>125.00</u>
McCoy & McCoy Laboratories Inc. #1318308	1,255.00		
Clinton Hardware #025953	19.10		
Vaughn Electric #CARI-2577	196.10		
Sub Total Reimbursement of Costs	\$	8,554.41	
Total Fee for Month	\$	<u>11,151.83</u>	

Paid by check number _____ on _____

Petitioner's

Exhibit AD-3

AD-3: List of Ky Water Utilities

WSCK ERC Count ± 2,500

ERC < WSCK + 2,500

and

ERC > WSCK - 2,500

Company	Utility ID	ERC 2016 Year End	
Water Service Corporation of Kentucky	6000800	7,199	TRUE
Adair County Water District	18100	7,858	TRUE
Allen County Water District	18200	6,760	TRUE
Barkley Lake Water District	18500	5,335	TRUE
Bath County Water District	18600	3,833	FALSE
Beech Grove Water System Inc	33200	624	FALSE
Big Sandy Water District	18800	4,789	TRUE
Black Mountain Utility District	20000	3,394	FALSE
Boone County Water District	18900	25,406	FALSE
Bracken County Water District	19050	2,517	FALSE
Breathitt County Water District	7000700	1,782	FALSE
Bronston Water Association Inc	33500	1,794	FALSE
Buffalo Trail Water Association Inc	33600	1,481	FALSE
Bullock Pen Water District	19200	6,921	TRUE
Butler County Water System Inc	33700	4,816	TRUE
Caldwell County Water District	19201	2,019	FALSE
Cannonsburg Water District	19500	3,944	FALSE
Carroll County Water District 1	19600	2,958	FALSE
Cawood Water District	19650	1,627	FALSE
Center Ridge Water District No 2	6000700	339	FALSE
Christian County Water District	19700	6,083	TRUE
Corinth Water District	19900	1,154	FALSE
Crittenden-Livingston County Water District	20100	3,549	FALSE
Cumberland County Water District	20150	2,489	FALSE
Cumberland Falls Highway Water District	20200	3,269	FALSE
Dexter-Almo Heights Water District	20600	805	FALSE
East Casey County Water District	20700	4,643	FALSE
East Clark County Water District	20800	2,410	FALSE
East Daviess County Water Association Inc	33800	4,530	FALSE
East Laurel Water District	21000	5,510	TRUE
East Logan Water District Inc	21100	3,014	FALSE
East Pendleton Water District	21200	1,958	FALSE
Eastern Rockcastle Water Association Inc	35650	610	FALSE
Edmonson County Water District	21300	10,291	FALSE
Elkhorn Water District	21400	585	FALSE

Estill County Water District 1	21500	3,763	FALSE
Farmdale Water District	21700	2,623	FALSE
Fern Lake Company	15100	1	FALSE
Fleming County Water Association Inc	34000	4,087	FALSE
Fountain Run Water District 1	21800	524	FALSE
Francis Water Company Inc	15200	270	FALSE
Gallatin County Water District	21850	1,966	FALSE
Garrard County Water Association Inc	34100	5,598	TRUE
Grayson County Water District	22000	6,650	TRUE
Green River Valley Water District	22200	14,029	FALSE
Green-Taylor Water District	22300	4,952	TRUE
Hardin County Water District 1	22500	10,084	FALSE
Hardin County Water District 2	22600	27,451	FALSE
Harrison County Water Association Inc	34200	5,808	TRUE
Henderson County Water District	22700	6,454	TRUE
Henry County Water District 2	23000	6,439	TRUE
Hyden-Leslie County Water District	23300	3,673	FALSE
Jackson County Water Association Inc	34500	4,627	FALSE
Jessamine County Water District 1	23400	2,081	FALSE
Jessamine-South Elkhorn Water District	24300	2,927	FALSE
Jonathan Creek Water District	23550	2,408	FALSE
Judy Water Association Inc	34650	1,956	FALSE
Kentucky-American Water Company aka Kentucky American Water	15800	129,232	FALSE
Kirksville Water Association Inc	34700	1,836	FALSE
Knott County Water and Sewer District	19400	2,844	FALSE
Knox County Utility Commission	7001000	2,830	FALSE
Lake Village Water Association Inc	34800	2,195	FALSE
Larue County Water District 1	24000	3,514	FALSE
Laurel County Water District 2	24100	5,997	TRUE
Ledbetter Water District	24200	1,258	FALSE
Letcher County Water and Sewer District	7000300	2,916	FALSE
Levee Road Water Association Inc	34900	854	FALSE
Lyon County Water District	24500	2,561	FALSE
Madison County Utilities District	7000100	11,246	FALSE
Magoffin County Water District	24600	3,443	FALSE
Marion County Water District	24700	5,927	TRUE
Martin County Water District	25000	3,243	FALSE
McCreary County Water District	25200	6,149	TRUE
McKinney Water District	25300	1,833	FALSE
Meade County Water District	25305	5,082	TRUE

Milburn Water District	25400	132	FALSE
Montgomery County Water District 1	25600	686	FALSE
Morgan County Water District	25603	2,731	FALSE
Mountain Water District	25605	16,701	FALSE
Muhlenberg County Water District	25800	5,944	TRUE
Muhlenberg County Water District 3	26000	2,115	FALSE
Nebo Water District	26400	1,570	FALSE
North Hopkins Water District	26600	1,285	FALSE
North Logan Water District 1	26700	549	FALSE
North Manchester Water Association Inc	35300	1,922	FALSE
North Marshall Water District	26800	5,496	TRUE
North McLean County Water District	26900	1,298	FALSE
North Mercer Water District	27000	4,580	FALSE
North Nelson Water District	27100	4,589	FALSE
North Shelby Water Company	35400	5,023	TRUE
Northeast Woodford County Water District	27300	1,003	FALSE
Northern Kentucky Water District	7000200	82,328	FALSE
Ohio County Water District	27500	5,924	TRUE
Oldham County Water District	27600	8,192	TRUE
Parksville Water District	27800	1,586	FALSE
Peaks Mill Water District	27900	1,175	FALSE
Pendleton County Water District	28000	2,360	FALSE
Powell's Valley Water District	28300	2,355	FALSE
Rattlesnake Ridge Water District	28600	4,015	FALSE
Reid Village Water District	28700	1,134	FALSE
Rowan Water Inc	35800	7,143	TRUE
Sandy Hook Water District	29200	1,196	FALSE
Sedalia Water District	29400	242	FALSE
Sharpsburg Water District	29500	1,422	FALSE
Simpson County Water District	29700	3,375	FALSE
South 641 Water District	30300	361	FALSE
South Anderson Water District	29800	2,920	FALSE
South Eastern Water Association Inc	36150	7,454	TRUE
South Hopkins Water District	30100	2,963	FALSE
South Logan Water Association Inc	36000	1,683	FALSE
South Woodford Water District	30400	1,597	FALSE
Southeast Daviess County Water District	30500	7,246	TRUE
Southern Madison Water District	30600	5,140	TRUE
Southern Water and Sewer District	7000900	6,661	TRUE
Symsonia Water District	31000	322	FALSE

Todd County Water District	31100	3,466	FALSE
Trimble County Water District 1	31200	1,415	FALSE
U S 60 Water District of Shelby and Franklin Counties	31500	2,419	FALSE
Union County Water District	31400	2,250	FALSE
Warren County Water District	31700	28,021	FALSE
Webster County Water District	31800	2,035	FALSE
West Carroll Water District	31900	959	FALSE
West Daviess County Water District	32000	5,092	TRUE
West Laurel Water Association Inc	36300	5,148	TRUE
West McCracken County Water District	32200	1,517	FALSE
West Shelby Water District	32300	2,120	FALSE
Western Fleming County Water District	32500	1,483	FALSE
Western Lewis-Rectorville Water and Gas District	22206700	2,266	FALSE
Western Mason County Water District	32700	1,180	FALSE
Western Pulaski County Water District	7000500	8,524	TRUE
Western Rockcastle Water Association Inc	36400	4,118	FALSE
Whitley County Water District 1	32900	3,642	FALSE
Wood Creek Water District	33000	5,280	TRUE

AD-3: Ky Water Utilities within 2,500 Customers

WCKY ERC Count \pm 2,500 ERC < WCKY + 2,500 and ERC > WCKY - 2,500
FALSE
TRUE

Row Labels	ERC 2016 Year End
Adair County Water District	7,858
Allen County Water District	6,760
Barkley Lake Water District	5,335
Big Sandy Water District	4,789
Bullock Pen Water District	6,921
Butler County Water System Inc	4,816
Christian County Water District	6,083
East Laurel Water District	5,510
Garrard County Water Association Inc	5,598
Grayson County Water District	6,650
Green-Taylor Water District	4,952
Harrison County Water Association Inc	5,808
Henderson County Water District	6,454
Henry County Water District 2	6,439
Laurel County Water District 2	5,997
Marion County Water District	5,927
McCreary County Water District	6,149
Meade County Water District	5,082
Muhlenberg County Water District	5,944
North Marshall Water District	5,496
North Shelby Water Company	5,023
Ohio County Water District	5,924
Oldham County Water District	8,192
Rowan Water Inc	7,143
South Eastern Water Association Inc	7,454
Southeast Daviess County Water District	7,246
Southern Madison Water District	5,140
Southern Water and Sewer District	6,661
Water Service Corporation of Kentucky	7,199
West Daviess County Water District	5,092
West Laurel Water Association Inc	5,148
Western Pulaski County Water District	8,524
Wood Creek Water District	5,280

AD-3: 2012-2016 Actuals

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)	
2012	1	Adair County Water District		7,681	775,818	121,044	314,380	55,566 \$	1,266,808 \$	164.93 \$	13.74 \$
2012	2	Allen County Water District		5,437	438,962	18,000	309,931	35,072 \$	801,965 \$	147.50 \$	12.29 \$
2012	3	Barkley Lake Water District		5,169	600,508	8,850	283,035	46,009 \$	938,402 \$	181.54 \$	15.13 \$
2012	4	Big Sandy Water District		4,562	312,506	30,000	142,860	25,325 \$	510,691 \$	111.94 \$	9.33 \$
2012	5	Bullock Pen Water District		6,742	656,865	13,000	416,967	48,493 \$	1,135,325 \$	168.40 \$	14.03 \$
2012	6	Butler County Water System Inc		4,804	361,705	-	215,290	- \$	576,995 \$	120.11 \$	10.01 \$
2012	7	Christian County Water District		5,759	498,156	30,000	93,522	40,500 \$	662,178 \$	114.98 \$	9.58 \$
2012	8	East Laurel Water District		5,377	-	-	-	270 \$	270 \$	0.05 \$	0.00 \$
2012	9	Garrard County Water Association Inc		5,476	222,453	99,400	38,724	25,265 \$	385,842 \$	70.46 \$	5.87 \$
2012	10	Grayson County Water District		6,392	-	-	-	- \$	- \$	- \$	- \$
2012	11	Green-Taylor Water District		4,881	405,548	-	233,854	30,707 \$	670,109 \$	137.29 \$	11.44 \$
2012	12	Harrison County Water Association Inc		5,634	352,474	12,600	123,177	- \$	488,251 \$	86.66 \$	7.22 \$
2012	13	Henderson County Water District		6,384	385,983	10,500	207,291	31,915 \$	635,689 \$	99.58 \$	8.30 \$
2012	14	Henry County Water District 2		6,343	680,532	24,750	337,768	57,423 \$	1,100,473 \$	173.49 \$	14.46 \$
2012	15	Laurel County Water District 2		5,848	473,561	18,000	250,762	37,555 \$	779,878 \$	133.36 \$	11.11 \$
2012	16	Marion County Water District		5,719	225,289	35,693	92,902	19,427 \$	373,311 \$	65.28 \$	5.44 \$
2012	17	McCreary County Water District		6,159	754,916	18,540	440,799	59,044 \$	1,273,299 \$	206.74 \$	17.23 \$
2012	18	Meade County Water District		4,405	367,413	27,500	203,611	36,051 \$	634,575 \$	144.06 \$	12.00 \$
2012	19	Muhlenberg County Water District		5,975	763,918	18,000	489,851	60,787 \$	1,332,556 \$	223.02 \$	18.59 \$
2012	20	North Marshall Water District		5,357	406,834	-	161,160	- \$	567,994 \$	106.03 \$	8.84 \$
2012	21	North Shelby Water Company		4,875	315,761	33,150	173,124	30,326 \$	552,361 \$	113.30 \$	9.44 \$
2012	22	Ohio County Water District		5,848	730,498	-	320,934	58,860 \$	1,110,292 \$	189.86 \$	15.82 \$
2012	23	Oldham County Water District		7,802	802,357	30,000	555,841	67,351 \$	1,455,549 \$	186.56 \$	15.55 \$
2012	24	Rowan Water Inc		6,857	514,079	20,211	291,591	41,001 \$	866,882 \$	126.42 \$	10.54 \$
2012	25	South Eastern Water Association Inc		7,811	302,453	36,650	5,721	25,784 \$	370,608 \$	47.45 \$	3.95 \$
2012	26	Southeast Daviess County Water District		6,702	268,069	60,609	139,502	24,703 \$	492,883 \$	73.54 \$	6.13 \$
2012	27	Southern Madison Water District		4,892	319,861	14,400	115,312	25,165 \$	474,738 \$	97.04 \$	8.09 \$
2012	28	Southern Water and Sewer District		7,033	655,458	11,200	277,288	75,133 \$	1,019,079 \$	144.90 \$	12.07 \$
2012	29	Water Service Corporation of Kentucky		7,362	511,151	46,296	124,367	49,454 \$	731,268 \$	99.33 \$	8.28 \$
2012	30	West Daviess County Water District		4,801	219,944	51,408	113,215	20,317 \$	404,884 \$	84.33 \$	7.03 \$
2012	31	West Laurel Water Association Inc		5,023	-	-	-	- \$	- \$	- \$	- \$
2012	32	Western Pulaski County Water District		8,165	252,324	12,400	80,044	24,890 \$	369,658 \$	45.27 \$	3.77 \$
2012	33	Wood Creek Water District		5,198	1,358,318	-	-	- \$	1,358,318 \$	261.32 \$	21.78 \$
2013	1	Adair County Water District		7,718	720,137	119,169	316,231	50,271 \$	1,205,808 \$	156.23 \$	13.02 \$
2013	2	Allen County Water District		5,531	439,897	18,000	306,057	34,825 \$	798,780 \$	144.42 \$	12.03 \$
2013	3	Barkley Lake Water District		5,243	577,302	8,850	299,403	45,853 \$	931,408 \$	177.65 \$	14.80 \$
2013	4	Big Sandy Water District		4,591	303,927	30,000	149,081	28,560 \$	511,568 \$	111.43 \$	9.29 \$
2013	5	Bullock Pen Water District		6,704	743,139	13,700	429,041	50,296 \$	1,236,176 \$	184.39 \$	15.37 \$
2013	6	Butler County Water System Inc		4,813	343,909	7,500	217,989	- \$	569,398 \$	118.30 \$	9.86 \$
2013	7	Christian County Water District		5,773	511,742	30,000	99,332	40,602 \$	681,676 \$	118.08 \$	9.84 \$
2013	8	East Laurel Water District		5,410	-	-	-	308 \$	308 \$	0.06 \$	0.00 \$
2013	9	Garrard County Water Association Inc		5,490	235,643	111,391	36,294	27,436 \$	410,763 \$	74.82 \$	6.24 \$
2013	10	Grayson County Water District		6,426	-	-	-	- \$	- \$	- \$	- \$
2013	11	Green-Taylor Water District		5,018	427,515	-	256,160	28,018 \$	711,693 \$	141.83 \$	11.82 \$
2013	12	Harrison County Water Association Inc		5,653	356,611	12,075	141,080	- \$	509,766 \$	90.18 \$	7.51 \$
2013	13	Henderson County Water District		6,416	344,961	13,350	196,621	32,291 \$	587,223 \$	91.52 \$	7.63 \$
2013	14	Henry County Water District 2		6,340	716,747	24,525	315,376	60,104 \$	1,116,752 \$	176.14 \$	14.68 \$

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)
2013	15	Laurel County Water District 2	5,906	535,621	18,000	285,962	41,448	\$ 881,031	\$ 149.18	\$ 12.43
2013	16	Marion County Water District	5,757	242,759	36,475	96,448	21,072	\$ 396,754	\$ 68.92	\$ 5.74
2013	17	McCreary County Water District	6,151	762,404	16,340	493,118	64,007	\$ 1,335,869	\$ 217.18	\$ 18.10
2013	18	Meade County Water District	4,489	390,431	30,000	199,161	32,307	\$ 651,899	\$ 145.22	\$ 12.10
2013	19	Muhlenberg County Water District	5,938	762,960	13,200	556,254	59,630	\$ 1,392,044	\$ 234.43	\$ 19.54
2013	20	North Marshall Water District	5,372	418,906	-	178,076	-	\$ 596,982	\$ 111.13	\$ 9.26
2013	21	North Shelby Water Company	4,926	333,733	33,700	193,319	32,135	\$ 592,887	\$ 120.36	\$ 10.03
2013	22	Ohio County Water District	5,857	766,610	-	283,765	56,469	\$ 1,106,844	\$ 188.98	\$ 15.75
2013	23	Oldham County Water District	7,859	825,947	30,000	618,264	62,207	\$ 1,536,418	\$ 195.50	\$ 16.29
2013	24	Rowan Water Inc	6,942	509,959	19,662	299,658	54,737	\$ 884,016	\$ 127.34	\$ 10.61
2013	25	South Eastern Water Association Inc	7,313	303,899	34,400	9,752	26,931	\$ 374,982	\$ 51.28	\$ 4.27
2013	26	Southeast Daviess County Water District	6,826	328,320	9,000	153,816	25,461	\$ 516,597	\$ 75.68	\$ 6.31
2013	27	Southern Madison Water District	4,896	356,537	14,400	129,731	27,146	\$ 527,814	\$ 107.81	\$ 8.98
2013	28	Southern Water and Sewer District	7,004	769,152	6,200	277,102	73,982	\$ 1,126,436	\$ 160.83	\$ 13.40
2013	29	Water Service Corporation of Kentucky	7,331	457,098	48,656	133,568	47,758	\$ 687,080	\$ 93.72	\$ 7.81
2013	30	West Daviess County Water District	4,861	269,447	9,000	124,603	20,957	\$ 424,007	\$ 87.23	\$ 7.27
2013	31	West Laurel Water Association Inc	5,024	-	-	-	-	\$ -	\$ -	\$ -
2013	32	Western Pulaski County Water District	8,226	276,311	12,200	99,019	23,695	\$ 411,225	\$ 49.99	\$ 4.17
2013	33	Wood Creek Water District	5,251	1,368,026	-	-	-	\$ 1,368,026	\$ 260.53	\$ 21.71

2014	1	Adair County Water District	7,749	715,094	119,206	308,488	45,101	\$ 1,187,889	\$ 153.30	\$ 12.77
2014	2	Allen County Water District	6,584	477,394	16,800	318,444	37,450	\$ 850,088	\$ 129.11	\$ 10.76
2014	3	Barkley Lake Water District	5,239	630,468	9,000	314,506	50,584	\$ 1,004,558	\$ 191.75	\$ 15.98
2014	4	Big Sandy Water District	4,634	337,546	29,500	135,763	-	\$ 502,809	\$ 108.50	\$ 9.04
2014	5	Bullock Pen Water District	6,723	705,195	12,800	363,374	51,495	\$ 1,132,864	\$ 168.51	\$ 14.04
2014	6	Butler County Water System Inc	4,794	357,618	17,400	227,486	-	\$ 602,504	\$ 125.68	\$ 10.47
2014	7	Christian County Water District	5,871	514,639	30,000	91,267	39,620	\$ 675,526	\$ 115.06	\$ 9.59
2014	8	East Laurel Water District	5,449	-	-	-	308	\$ 308	\$ 0.06	\$ 0.00
2014	9	Garrard County Water Association Inc	5,490	265,611	89,631	38,799	28,768	\$ 422,809	\$ 77.01	\$ 6.42
2014	10	Grayson County Water District	6,476	-	-	-	-	\$ -	\$ -	\$ -
2014	11	Green-Taylor Water District	5,044	444,962	-	276,515	30,275	\$ 751,752	\$ 149.04	\$ 12.42
2014	12	Harrison County Water Association Inc	5,647	360,968	12,600	159,889	-	\$ 533,457	\$ 94.47	\$ 7.87
2014	13	Henderson County Water District	6,424	411,052	9,750	160,981	30,910	\$ 612,693	\$ 95.38	\$ 7.95
2014	14	Henry County Water District 2	6,353	733,406	32,700	326,773	60,839	\$ 1,153,718	\$ 181.60	\$ 15.13
2014	15	Laurel County Water District 2	5,939	590,066	18,000	361,427	47,563	\$ 1,017,056	\$ 171.25	\$ 14.27
2014	16	Marion County Water District	5,832	250,033	37,037	100,341	21,449	\$ 408,860	\$ 70.11	\$ 5.84
2014	17	McCreary County Water District	6,164	793,772	20,000	451,274	62,445	\$ 1,327,491	\$ 215.36	\$ 17.95
2014	18	Meade County Water District	4,577	424,624	30,000	200,046	35,357	\$ 690,027	\$ 150.76	\$ 12.56
2014	19	Muhlenberg County Water District	5,921	776,518	18,000	390,347	62,510	\$ 1,247,375	\$ 210.67	\$ 17.56
2014	20	North Marshall Water District	5,454	461,736	-	198,308	-	\$ 660,044	\$ 121.02	\$ 10.09
2014	21	North Shelby Water Company	4,930	348,450	33,600	201,365	34,071	\$ 617,486	\$ 125.25	\$ 10.44
2014	22	Ohio County Water District	5,860	759,275	-	273,271	92,932	\$ 1,125,478	\$ 192.06	\$ 16.01
2014	23	Oldham County Water District	7,946	873,564	30,000	630,277	65,503	\$ 1,599,344	\$ 201.28	\$ 16.77
2014	24	Rowan Water Inc	7,028	474,478	20,340	316,147	39,969	\$ 850,934	\$ 121.08	\$ 10.09
2014	25	South Eastern Water Association Inc	7,440	319,258	36,500	7,269	28,804	\$ 391,831	\$ 52.67	\$ 4.39
2014	26	Southeast Daviess County Water District	6,959	335,067	9,000	152,693	25,633	\$ 522,393	\$ 75.07	\$ 6.26
2014	27	Southern Madison Water District	4,936	331,960	14,400	121,198	25,964	\$ 493,522	\$ 99.98	\$ 8.33
2014	28	Southern Water and Sewer District	6,798	877,991	12,200	295,415	83,296	\$ 1,268,902	\$ 186.66	\$ 15.55
2014	29	Water Service Corporation of Kentucky	7,280	465,057	29,108	144,660	56,741	\$ 695,566	\$ 95.54	\$ 7.96

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)
2014	30	West Daviess County Water District	4,922	274,139	8,750	124,327	20,972	\$ 428,188	\$ 86.99	\$ 7.25
2014	31	West Laurel Water Association Inc	5,068	-	-	-	-	\$ -	\$ -	\$ -
2014	32	Western Pulaski County Water District	8,251	302,748	12,200	96,095	24,029	\$ 435,072	\$ 52.73	\$ 4.39
2014	33	Wood Creek Water District	5,234	1,448,934	-	-	-	\$ 1,448,934	\$ 276.83	\$ 23.07
2015	1	Adair County Water District	7,776	677,042	118,010	468,652	55,601	\$ 1,319,305	\$ 169.66	\$ 14.14
2015	2	Allen County Water District	6,672	501,458	16,200	308,118	39,627	\$ 865,403	\$ 129.71	\$ 10.81
2015	3	Barkley Lake Water District	5,303	656,815	9,000	489,755	52,121	\$ 1,207,691	\$ 227.74	\$ 18.98
2015	4	Big Sandy Water District	4,630	357,696	30,000	168,512	-	\$ 556,208	\$ 120.13	\$ 10.01
2015	5	Bullock Pen Water District	6,820	733,369	13,500	578,792	52,974	\$ 1,378,635	\$ 202.15	\$ 16.85
2015	6	Butler County Water System Inc	4,813	368,700	18,000	235,124	-	\$ 621,824	\$ 129.20	\$ 10.77
2015	7	Christian County Water District	5,934	543,401	30,000	154,029	41,580	\$ 769,010	\$ 129.59	\$ 10.80
2015	8	East Laurel Water District	-	-	-	-	666	\$ 666	\$ -	\$ -
2015	9	Garrard County Water Association Inc	5,540	281,522	22,500	45,961	23,770	\$ 373,753	\$ 67.46	\$ 5.62
2015	10	Grayson County Water District	6,543	-	-	-	-	\$ -	\$ -	\$ -
2015	11	Green-Taylor Water District	5,160	461,797	-	393,983	31,386	\$ 887,166	\$ 171.93	\$ 14.33
2015	12	Harrison County Water Association Inc	5,729	380,745	12,475	198,070	27,622	\$ 618,912	\$ 108.03	\$ 9.00
2015	13	Henderson County Water District	6,439	415,764	9,525	170,417	33,561	\$ 629,266	\$ 97.73	\$ 8.14
2015	14	Henry County Water District 2	6,413	763,497	33,900	327,973	66,432	\$ 1,191,802	\$ 185.84	\$ 15.49
2015	15	Laurel County Water District 2	5,960	584,165	19,000	389,303	46,698	\$ 1,039,166	\$ 174.36	\$ 14.53
2015	16	Marion County Water District	5,900	252,523	41,104	82,127	21,684	\$ 397,438	\$ 67.36	\$ 5.61
2015	17	McCreary County Water District	6,170	796,777	21,650	452,999	64,255	\$ 1,335,681	\$ 216.48	\$ 18.04
2015	18	Meade County Water District	4,950	440,795	30,000	151,488	34,507	\$ 656,790	\$ 132.68	\$ 11.06
2015	19	Muhlenberg County Water District	2,113	237,996	18,000	63,276	21,389	\$ 340,661	\$ 161.22	\$ 13.44
2015	20	North Marshall Water District	5,464	492,409	-	237,603	-	\$ 730,012	\$ 133.60	\$ 11.13
2015	21	North Shelby Water Company	4,981	359,032	32,600	261,083	33,899	\$ 686,614	\$ 137.85	\$ 11.49
2015	22	Ohio County Water District	5,891	808,488	-	329,446	-	\$ 1,137,934	\$ 193.16	\$ 16.10
2015	23	Oldham County Water District	8,041	876,991	30,200	659,849	63,313	\$ 1,630,353	\$ 202.76	\$ 16.90
2015	24	Rowan Water Inc	7,118	479,630	23,205	287,675	39,667	\$ 830,177	\$ 116.63	\$ 9.72
2015	25	South Eastern Water Association Inc	7,447	344,818	37,000	13,828	28,914	\$ 424,559	\$ 57.01	\$ 4.75
2015	26	Southeast Daviess County Water District	7,078	341,969	9,000	160,960	26,788	\$ 538,717	\$ 76.11	\$ 6.34
2015	27	Southern Madison Water District	4,985	350,444	14,400	98,397	26,244	\$ 489,485	\$ 98.19	\$ 8.18
2015	28	Southern Water and Sewer District	6,724	784,821	20,400	244,770	74,466	\$ 1,124,457	\$ 167.23	\$ 13.94
2015	29	Water Service Corporation of Kentucky	7,199	490,139	22,817	164,829	54,815	\$ 732,600	\$ 101.76	\$ 8.48
2015	30	West Daviess County Water District	4,985	280,014	9,000	130,811	22,018	\$ 441,843	\$ 88.63	\$ 7.39
2015	31	West Laurel Water Association Inc	5,084	-	-	-	-	\$ -	\$ -	\$ -
2015	32	Western Pulaski County Water District	8,408	294,793	12,400	90,908	25,542	\$ 423,643	\$ 50.39	\$ 4.20
2015	33	Wood Creek Water District	5,280	1,468,853	-	-	-	\$ 1,468,853	\$ 278.19	\$ 23.18
2016	1	Adair County Water District	7,858	674,494	116,870	240,840	68,085	\$ 1,100,289	\$ 140.02	\$ 11.67
2016	2	Allen County Water District	6,760	511,411	17,400	315,650	39,558	\$ 884,019	\$ 130.77	\$ 10.90
2016	3	Barkley Lake Water District	5,335	654,812	9,000	517,615	51,996	\$ 1,233,423	\$ 231.19	\$ 19.27
2016	4	Big Sandy Water District	4,789	359,430	30,000	190,374	-	\$ 579,804	\$ 121.07	\$ 10.09
2016	5	Bullock Pen Water District	6,921	749,546	12,800	503,375	54,170	\$ 1,319,891	\$ 190.71	\$ 15.89
2016	6	Butler County Water System Inc	4,816	366,534	18,000	240,434	-	\$ 624,967	\$ 129.77	\$ 10.81
2016	7	Christian County Water District	6,083	528,246	30,000	91,700	41,245	\$ 691,191	\$ 113.63	\$ 9.47
2016	8	East Laurel Water District	5,510	-	-	-	-	\$ -	\$ -	\$ -
2016	9	Garrard County Water Association Inc	5,598	288,496	22,250	48,628	24,852	\$ 384,226	\$ 68.64	\$ 5.72
2016	10	Grayson County Water District	6,650	-	-	-	-	\$ -	\$ -	\$ -

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)
2016	11	Green-Taylor Water District	4,952	449,218	-	292,796	34,358	\$ 776,372	\$ 156.78	\$ 13.06
2016	12	Harrison County Water Association Inc	5,808	379,494	20,300	198,072	28,120	\$ 625,986	\$ 107.78	\$ 8.98
2016	13	Henderson County Water District	6,454	420,475	9,300	179,852	36,211	\$ 645,838	\$ 100.07	\$ 8.34
2016	14	Henry County Water District 2	6,439	779,186	32,400	431,060	68,070	\$ 1,310,716	\$ 203.56	\$ 16.96
2016	15	Laurel County Water District 2	5,997	593,194	30,000	497,587	47,948	\$ 1,168,729	\$ 194.89	\$ 16.24
2016	16	Marion County Water District	5,927	248,398	42,246	84,389	21,036	\$ 396,069	\$ 66.82	\$ 5.57
2016	17	McCreary County Water District	6,149	764,091	20,000	500,949	57,962	\$ 1,343,002	\$ 218.41	\$ 18.20
2016	18	Meade County Water District	5,082	414,299	30,000	187,072	31,538	\$ 662,909	\$ 130.44	\$ 10.87
2016	19	Muhlenberg County Water District	5,944	691,240	18,000	432,189	57,591	\$ 1,199,020	\$ 201.72	\$ 16.81
2016	20	North Marshall Water District	5,496	483,143	-	271,499	-	\$ 754,642	\$ 137.31	\$ 11.44
2016	21	North Shelby Water Company	5,023	372,624	33,800	301,667	34,859	\$ 742,950	\$ 147.91	\$ 12.33
2016	22	Ohio County Water District	5,924	852,375	-	402,616	-	\$ 1,254,991	\$ 211.85	\$ 17.65
2016	23	Oldham County Water District	8,192	955,974	30,000	551,322	71,042	\$ 1,608,338	\$ 196.33	\$ 16.36
2016	24	Rowan Water Inc	7,143	505,930	21,600	286,035	32,657	\$ 846,222	\$ 118.47	\$ 9.87
2016	25	South Eastern Water Association Inc	7,454	384,200	39,500	23,293	30,645	\$ 477,637	\$ 64.08	\$ 5.34
2016	26	Southeast Daviess County Water District	7,246	351,594	8,750	149,292	29,284	\$ 538,920	\$ 74.37	\$ 6.20
2016	27	Southern Madison Water District	5,140	324,995	14,400	125,781	24,226	\$ 489,402	\$ 95.21	\$ 7.93
2016	28	Southern Water and Sewer District	6,661	882,672	23,500	345,068	80,181	\$ 1,331,421	\$ 199.88	\$ 16.66
2016	29	Water Service Corporation of Kentucky	7,199	586,464	29,254	154,998	54,922	\$ 825,638	\$ 114.69	\$ 9.56
2016	30	West Daviess County Water District	5,092	287,446	9,000	120,070	23,194	\$ 439,710	\$ 86.35	\$ 7.20
2016	31	West Laurel Water Association Inc	5,148	-	-	-	-	\$ -	\$ -	\$ -
2016	32	Western Pulaski County Water District	8,524	310,065	12,600	162,390	27,883	\$ 512,938	\$ 60.18	\$ 5.01
2016	33	Wood Creek Water District	5,280	1,534,511	-	-	-	\$ 1,534,511	\$ 290.63	\$ 24.22

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Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)	Clinton Mgmt. Fee
2012	1	Adair County Water District	7,681	775,818	121,044	314,380	55,566	\$ 1,266,808	\$ 164.93	\$ 13.74	
2012	2	Allen County Water District	5,437	438,962	18,000	309,931	35,072	\$ 801,965	\$ 147.50	\$ 12.29	
2012	3	Barkley Lake Water District	5,169	600,508	8,850	283,035	46,009	\$ 938,402	\$ 181.54	\$ 15.13	
2012	4	Bullock Pen Water District	6,742	656,865	13,000	416,967	48,493	\$ 1,135,325	\$ 168.40	\$ 14.03	
2012	5	Christian County Water District	5,759	498,156	30,000	93,522	40,500	\$ 662,178	\$ 114.98	\$ 9.58	
2012	6	Garrard County Water Association Inc	5,476	222,453	99,400	38,724	25,265	\$ 385,842	\$ 70.46	\$ 5.87	
2012	7	Henderson County Water District	6,384	385,983	10,500	207,291	31,915	\$ 635,689	\$ 99.58	\$ 8.30	
2012	8	Henry County Water District 2	6,343	680,532	24,750	337,768	57,423	\$ 1,100,473	\$ 173.49	\$ 14.46	
2012	9	Laurel County Water District 2	5,848	473,561	18,000	250,762	37,555	\$ 779,878	\$ 133.36	\$ 11.11	
2012	10	Marion County Water District	5,719	225,289	35,693	92,902	19,427	\$ 373,311	\$ 65.28	\$ 5.44	
2012	11	McCreary County Water District	6,159	754,916	18,540	440,799	59,044	\$ 1,273,299	\$ 206.74	\$ 17.23	
2012	12	Meade County Water District	4,405	367,413	27,500	203,611	36,051	\$ 634,575	\$ 144.06	\$ 12.00	
2012	13	Muhlenberg County Water District	5,975	763,918	18,000	489,851	60,787	\$ 1,332,556	\$ 223.02	\$ 18.59	
2012	14	North Shelby Water Company	4,875	315,761	33,150	173,124	30,326	\$ 552,361	\$ 113.30	\$ 9.44	
2012	15	Oldham County Water District	7,802	802,357	30,000	555,841	67,351	\$ 1,455,549	\$ 186.56	\$ 15.55	
2012	16	Rowan Water Inc	6,857	514,079	20,211	291,591	41,001	\$ 866,882	\$ 126.42	\$ 10.54	
2012	17	South Eastern Water Association Inc	7,811	302,453	36,650	5,721	25,784	\$ 370,608	\$ 47.45	\$ 3.95	
2012	18	Southern Madison Water District	4,892	319,861	14,400	115,312	25,165	\$ 474,738	\$ 97.04	\$ 8.09	
2012	19	Southern Water and Sewer District	7,033	655,458	11,200	277,288	75,133	\$ 1,019,079	\$ 144.90	\$ 12.07	
2012	20	Water Service Corporation of Kentucky	7,362	511,151	46,296	124,367	49,454	\$ 663,069	\$ 90.07	\$ 7.51	68,199
2012	21	Western Pulaski County Water District	8,165	252,324	12,400	80,044	24,890	\$ 369,658	\$ 45.27	\$ 3.77	
2013	1	Adair County Water District	7,718	720,137	119,169	316,231	50,271	\$ 1,205,808	\$ 156.23	\$ 13.02	
2013	2	Allen County Water District	5,531	439,897	18,000	306,057	34,825	\$ 798,780	\$ 144.42	\$ 12.03	
2013	3	Barkley Lake Water District	5,243	577,302	8,850	299,403	45,853	\$ 931,408	\$ 177.65	\$ 14.80	
2013	4	Bullock Pen Water District	6,704	743,139	13,700	429,041	50,296	\$ 1,236,176	\$ 184.39	\$ 15.37	
2013	5	Christian County Water District	5,773	511,742	30,000	99,332	40,602	\$ 681,676	\$ 118.08	\$ 9.84	
2013	6	Garrard County Water Association Inc	5,490	235,643	111,391	36,294	27,436	\$ 410,763	\$ 74.82	\$ 6.24	
2013	7	Henderson County Water District	6,416	344,961	13,350	196,621	32,291	\$ 587,223	\$ 91.52	\$ 7.63	
2013	8	Henry County Water District 2	6,340	716,747	24,525	315,376	60,104	\$ 1,116,752	\$ 176.14	\$ 14.68	
2013	9	Laurel County Water District 2	5,906	535,621	18,000	285,962	41,448	\$ 881,031	\$ 149.18	\$ 12.43	
2013	10	Marion County Water District	5,757	242,759	36,475	96,448	21,072	\$ 396,754	\$ 68.92	\$ 5.74	
2013	11	McCreary County Water District	6,151	762,404	16,340	493,118	64,007	\$ 1,335,869	\$ 217.18	\$ 18.10	
2013	12	Meade County Water District	4,489	390,431	30,000	199,161	32,307	\$ 651,899	\$ 145.22	\$ 12.10	
2013	13	Muhlenberg County Water District	5,938	762,960	13,200	556,254	59,630	\$ 1,392,044	\$ 234.43	\$ 19.54	
2013	14	North Shelby Water Company	4,926	333,733	33,700	193,319	32,135	\$ 592,887	\$ 120.36	\$ 10.03	
2013	15	Oldham County Water District	7,859	825,947	30,000	618,264	62,207	\$ 1,536,418	\$ 195.50	\$ 16.29	
2013	16	Rowan Water Inc	6,942	509,959	19,662	299,658	54,737	\$ 884,016	\$ 127.34	\$ 10.61	
2013	17	South Eastern Water Association Inc	7,313	303,899	34,400	9,752	26,931	\$ 374,982	\$ 51.28	\$ 4.27	
2013	18	Southern Madison Water District	4,896	356,537	14,400	129,731	27,146	\$ 527,814	\$ 107.81	\$ 8.98	
2013	19	Southern Water and Sewer District	7,004	769,152	6,200	277,102	73,982	\$ 1,126,436	\$ 160.83	\$ 13.40	
2013	20	Water Service Corporation of Kentucky	7,331	457,098	48,656	133,568	47,758	\$ 605,051	\$ 82.53	\$ 6.88	82,029
2013	21	Western Pulaski County Water District	8,226	276,311	12,200	99,019	23,695	\$ 411,225	\$ 49.99	\$ 4.17	
2014	1	Adair County Water District	7,749	715,094	119,206	308,488	45,101	\$ 1,187,889	\$ 153.30	\$ 12.77	
2014	2	Allen County Water District	6,584	477,394	16,800	318,444	37,450	\$ 850,088	\$ 129.11	\$ 10.76	
2014	3	Barkley Lake Water District	5,239	630,468	9,000	314,506	50,584	\$ 1,004,558	\$ 191.75	\$ 15.98	
2014	4	Bullock Pen Water District	6,723	705,195	12,800	363,374	51,495	\$ 1,132,864	\$ 168.51	\$ 14.04	
2014	5	Christian County Water District	5,871	514,639	30,000	91,267	39,620	\$ 675,526	\$ 115.06	\$ 9.59	
2014	6	Garrard County Water Association Inc	5,490	265,611	89,631	38,799	28,768	\$ 422,809	\$ 77.01	\$ 6.42	
2014	7	Henderson County Water District	6,424	411,052	9,750	160,981	30,910	\$ 612,693	\$ 95.38	\$ 7.95	

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)	Clinton Mgmt. Fee
2014	8	Henry County Water District 2	6,353	733,406	32,700	326,773	60,839	\$ 1,153,718	\$ 181.60	\$ 15.13	
2014	9	Laurel County Water District 2	5,939	590,066	18,000	361,427	47,563	\$ 1,017,056	\$ 171.25	\$ 14.27	
2014	10	Marion County Water District	5,832	250,033	37,037	100,341	21,449	\$ 408,860	\$ 70.11	\$ 5.84	
2014	11	McCreary County Water District	6,164	793,772	20,000	451,274	62,445	\$ 1,327,491	\$ 215.36	\$ 17.95	
2014	12	Meade County Water District	4,577	424,624	30,000	200,046	35,357	\$ 690,027	\$ 150.76	\$ 12.56	
2014	13	Muhlenberg County Water District	5,921	776,518	18,000	390,347	62,510	\$ 1,247,375	\$ 210.67	\$ 17.56	
2014	14	North Shelby Water Company	4,930	348,450	33,600	201,365	34,071	\$ 617,486	\$ 125.25	\$ 10.44	
2014	15	Oldham County Water District	7,946	873,564	30,000	630,277	65,503	\$ 1,599,344	\$ 201.28	\$ 16.77	
2014	16	Rowan Water Inc	7,028	474,478	20,340	316,147	39,969	\$ 850,934	\$ 121.08	\$ 10.09	
2014	17	South Eastern Water Association Inc	7,440	319,258	36,500	7,269	28,804	\$ 391,831	\$ 52.67	\$ 4.39	
2014	18	Southern Madison Water District	4,936	331,960	14,400	121,198	25,964	\$ 493,522	\$ 99.98	\$ 8.33	
2014	19	Southern Water and Sewer District	6,798	877,991	12,200	295,415	83,296	\$ 1,268,902	\$ 186.66	\$ 15.55	
2014	20	Water Service Corporation of Kentucky	7,280	465,057	29,108	144,660	56,741	\$ 620,637	\$ 85.25	\$ 7.10	74,929
2014	21	Western Pulaski County Water District	8,251	302,748	12,200	96,095	24,029	\$ 435,072	\$ 52.73	\$ 4.39	
2015	1	Adair County Water District	7,776	677,042	118,010	468,652	55,601	\$ 1,319,305	\$ 169.66	\$ 14.14	
2015	2	Allen County Water District	6,672	501,458	16,200	308,118	39,627	\$ 865,403	\$ 129.71	\$ 10.81	
2015	3	Barkley Lake Water District	5,303	656,815	9,000	489,755	52,121	\$ 1,207,691	\$ 227.74	\$ 18.98	
2015	4	Bullock Pen Water District	6,820	733,369	13,500	578,792	52,974	\$ 1,378,635	\$ 202.15	\$ 16.85	
2015	5	Christian County Water District	5,934	543,401	30,000	154,029	41,580	\$ 769,010	\$ 129.59	\$ 10.80	
2015	6	Garrard County Water Association Inc	5,540	281,522	22,500	45,961	23,770	\$ 373,753	\$ 67.46	\$ 5.62	
2015	7	Henderson County Water District	6,439	415,764	9,525	170,417	33,561	\$ 629,266	\$ 97.73	\$ 8.14	
2015	8	Henry County Water District 2	6,413	763,497	33,900	327,973	66,432	\$ 1,191,802	\$ 185.84	\$ 15.49	
2015	9	Laurel County Water District 2	5,960	584,165	19,000	389,303	46,698	\$ 1,039,166	\$ 174.36	\$ 14.53	
2015	10	Marion County Water District	5,900	252,523	41,104	82,127	21,684	\$ 397,438	\$ 67.36	\$ 5.61	
2015	11	McCreary County Water District	6,170	796,777	21,650	452,999	64,255	\$ 1,335,681	\$ 216.48	\$ 18.04	
2015	12	Meade County Water District	4,950	440,795	30,000	151,488	34,507	\$ 656,790	\$ 132.68	\$ 11.06	
2015	13	Muhlenberg County Water District	2,113	237,996	18,000	63,276	21,389	\$ 340,661	\$ 161.22	\$ 13.44	
2015	14	North Shelby Water Company	4,981	359,032	32,600	261,083	33,899	\$ 686,614	\$ 137.85	\$ 11.49	
2015	15	Oldham County Water District	8,041	876,991	30,200	659,849	63,313	\$ 1,630,353	\$ 202.76	\$ 16.90	
2015	16	Rowan Water Inc	7,118	479,630	23,205	287,675	39,667	\$ 830,177	\$ 116.63	\$ 9.72	
2015	17	South Eastern Water Association Inc	7,447	344,818	37,000	13,828	28,914	\$ 424,559	\$ 57.01	\$ 4.75	
2015	18	Southern Madison Water District	4,985	350,444	14,400	98,397	26,244	\$ 489,485	\$ 98.19	\$ 8.18	
2015	19	Southern Water and Sewer District	6,724	784,821	20,400	244,770	74,466	\$ 1,124,457	\$ 167.23	\$ 13.94	
2015	20	Water Service Corporation of Kentucky	7,199	490,139	22,817	164,829	54,815	\$ 659,263	\$ 91.58	\$ 7.63	73,337
2015	21	Western Pulaski County Water District	8,408	294,793	12,400	90,908	25,542	\$ 423,643	\$ 50.39	\$ 4.20	
2016	1	Adair County Water District	7,858	674,494	116,870	240,840	68,085	\$ 1,100,289	\$ 140.02	\$ 11.67	
2016	2	Allen County Water District	6,760	511,411	17,400	315,650	39,558	\$ 884,019	\$ 130.77	\$ 10.90	
2016	3	Barkley Lake Water District	5,335	654,812	9,000	517,615	51,996	\$ 1,233,423	\$ 231.19	\$ 19.27	
2016	4	Bullock Pen Water District	6,921	749,546	12,800	503,375	54,170	\$ 1,319,891	\$ 190.71	\$ 15.89	
2016	5	Christian County Water District	6,083	528,246	30,000	91,700	41,245	\$ 691,191	\$ 113.63	\$ 9.47	
2016	6	Garrard County Water Association Inc	5,598	288,496	22,250	48,628	24,852	\$ 384,226	\$ 68.64	\$ 5.72	
2016	7	Henderson County Water District	6,454	420,475	9,300	179,852	36,211	\$ 645,838	\$ 100.07	\$ 8.34	
2016	8	Henry County Water District 2	6,439	779,186	32,400	431,060	68,070	\$ 1,310,716	\$ 203.56	\$ 16.96	
2016	9	Laurel County Water District 2	5,997	593,194	30,000	497,587	47,948	\$ 1,168,729	\$ 194.89	\$ 16.24	
2016	10	Marion County Water District	5,927	248,398	42,246	84,389	21,036	\$ 396,069	\$ 66.82	\$ 5.57	
2016	11	McCreary County Water District	6,149	764,091	20,000	500,949	57,962	\$ 1,343,002	\$ 218.41	\$ 18.20	
2016	12	Meade County Water District	5,082	414,299	30,000	187,072	31,538	\$ 662,909	\$ 130.44	\$ 10.87	
2016	13	Muhlenberg County Water District	5,944	691,240	18,000	432,189	57,591	\$ 1,199,020	\$ 201.72	\$ 16.81	
2016	14	North Shelby Water Company	5,023	372,624	33,800	301,667	34,859	\$ 742,950	\$ 147.91	\$ 12.33	
2016	15	Oldham County Water District	8,192	955,974	30,000	551,322	71,042	\$ 1,608,338	\$ 196.33	\$ 16.36	

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)	Clinton Mgmt. Fee
2016	16	Rowan Water Inc	7,143	505,930	21,600	286,035	32,657	\$ 846,222	\$ 118.47	\$ 9.87	75,327
2016	17	South Eastern Water Association Inc	7,454	384,200	39,500	23,293	30,645	\$ 477,637	\$ 64.08	\$ 5.34	
2016	18	Southern Madison Water District	5,140	324,995	14,400	125,781	24,226	\$ 489,402	\$ 95.21	\$ 7.93	
2016	19	Southern Water and Sewer District	6,661	882,672	23,500	345,068	80,181	\$ 1,331,421	\$ 199.88	\$ 16.66	
2016	20	Water Service Corporation of Kentucky	7,199	586,464	29,254	154,998	54,922	\$ 750,311	\$ 104.22	\$ 8.69	
2016	21	Western Pulaski County Water District	8,524	310,065	12,600	162,390	27,883	\$ 512,938	\$ 60.18	\$ 5.01	
2017	1	Adair County Water District	7,902	649,163	115,827	222,455	71,215	\$ 1,058,659	\$ 133.97	\$ 11.16	79,017
2017	2	Allen County Water District	7,091	529,523	17,250	317,080	40,679	\$ 904,532	\$ 127.57	\$ 10.63	
2017	3	Barkley Lake Water District	5,377	668,388	9,038	576,260	53,493	\$ 1,307,178	\$ 243.13	\$ 20.26	
2017	4	Bullock Pen Water District	6,966	772,716	12,750	524,977	55,589	\$ 1,366,033	\$ 196.11	\$ 16.34	
2017	5	Christian County Water District	6,164	535,769	30,000	91,245	41,431	\$ 698,444	\$ 113.31	\$ 9.44	
2017	6	Garrard County Water Association Inc	5,629	305,007	2,963	51,104	24,749	\$ 383,822	\$ 68.19	\$ 5.68	
2017	7	Henderson County Water District	6,472	429,098	9,000	172,992	37,285	\$ 648,375	\$ 100.19	\$ 8.35	
2017	8	Henry County Water District 2	6,463	803,850	34,313	454,383	70,732	\$ 1,363,277	\$ 210.94	\$ 17.58	
2017	9	Laurel County Water District 2	6,034	623,102	33,000	559,293	50,546	\$ 1,265,942	\$ 209.79	\$ 17.48	
2017	10	Marion County Water District	5,979	254,175	43,884	82,261	21,438	\$ 401,759	\$ 67.19	\$ 5.60	
2017	11	McCreary County Water District	6,147	766,385	20,365	515,986	57,692	\$ 1,360,428	\$ 221.33	\$ 18.44	
2017	12	Meade County Water District	5,251	426,021	30,625	182,937	30,410	\$ 669,993	\$ 127.59	\$ 10.63	
2017	13	Muhlenberg County Water District	5,936	673,071	18,000	417,774	56,792	\$ 1,165,636	\$ 196.36	\$ 16.36	
2017	14	North Shelby Water Company	5,060	386,840	33,963	333,803	35,992	\$ 790,597	\$ 156.24	\$ 13.02	
2017	15	Oldham County Water District	8,290	994,378	30,000	550,192	71,965	\$ 1,646,535	\$ 198.63	\$ 16.55	
2017	16	Rowan Water Inc	7,215	503,893	21,947	284,646	30,571	\$ 841,057	\$ 116.58	\$ 9.71	
2017	17	South Eastern Water Association Inc	7,365	404,636	40,213	27,686	31,860	\$ 504,395	\$ 68.49	\$ 5.71	
2017	18	Southern Madison Water District	5,202	326,279	14,400	128,398	23,991	\$ 493,068	\$ 94.78	\$ 7.90	
2017	19	Southern Water and Sewer District	6,568	939,476	26,575	362,013	81,443	\$ 1,409,507	\$ 214.60	\$ 17.88	
2017	20	Water Service Corporation of Kentucky	7,872	645,480	34,626	190,195	58,386	\$ 849,670	\$ 107.93	\$ 8.99	
2017	21	Western Pulaski County Water District	8,614	324,500	12,650	182,977	28,631	\$ 548,758	\$ 63.71	\$ 5.31	
2018	1	Adair County Water District	7,947	623,832	114,783	204,070	74,345	\$ 1,017,030	\$ 127.98	\$ 10.67	75,473
2018	2	Allen County Water District	7,422	547,635	17,100	318,510	41,800	\$ 925,045	\$ 124.64	\$ 10.39	
2018	3	Barkley Lake Water District	5,418	681,964	9,075	634,905	54,990	\$ 1,380,934	\$ 254.88	\$ 21.24	
2018	4	Bullock Pen Water District	7,011	795,887	12,700	546,579	57,009	\$ 1,412,174	\$ 201.44	\$ 16.79	
2018	5	Christian County Water District	6,245	543,291	30,000	90,789	41,618	\$ 705,698	\$ 113.00	\$ 9.42	
2018	6	Garrard County Water Association Inc	5,659	321,518	(16,325)	53,579	24,646	\$ 383,418	\$ 67.75	\$ 5.65	
2018	7	Henderson County Water District	6,489	437,721	8,700	166,133	38,359	\$ 650,913	\$ 100.31	\$ 8.36	
2018	8	Henry County Water District 2	6,487	828,513	36,225	477,706	73,394	\$ 1,415,838	\$ 218.26	\$ 18.19	
2018	9	Laurel County Water District 2	6,072	653,011	36,000	621,000	53,145	\$ 1,363,155	\$ 224.52	\$ 18.71	
2018	10	Marion County Water District	6,031	259,953	45,523	80,133	21,841	\$ 407,448	\$ 67.56	\$ 5.63	
2018	11	McCreary County Water District	6,144	768,679	20,730	531,024	57,421	\$ 1,377,853	\$ 224.26	\$ 18.69	
2018	12	Meade County Water District	5,421	437,742	31,250	178,803	29,282	\$ 677,076	\$ 124.91	\$ 10.41	
2018	13	Muhlenberg County Water District	5,929	654,901	18,000	403,358	55,993	\$ 1,132,252	\$ 190.98	\$ 15.92	
2018	14	North Shelby Water Company	5,097	401,056	34,125	365,939	37,126	\$ 838,245	\$ 164.46	\$ 13.70	
2018	15	Oldham County Water District	8,387	1,032,783	30,000	549,063	72,888	\$ 1,684,733	\$ 200.87	\$ 16.74	
2018	16	Rowan Water Inc	7,286	501,856	22,295	283,257	28,485	\$ 835,892	\$ 114.73	\$ 9.56	
2018	17	South Eastern Water Association Inc	7,276	425,073	40,925	32,079	33,075	\$ 531,152	\$ 73.01	\$ 6.08	
2018	18	Southern Madison Water District	5,264	327,562	14,400	131,016	23,757	\$ 496,734	\$ 94.36	\$ 7.86	
2018	19	Southern Water and Sewer District	6,475	996,279	29,650	378,958	82,705	\$ 1,487,592	\$ 229.74	\$ 19.15	
2018	20	Water Service Corporation of Kentucky	7,107	745,934	150,736	240,725	77,401	\$ 1,139,323	\$ 160.31	\$ 13.36	
2018	21	Western Pulaski County Water District	8,704	338,936	12,700	203,563	29,380	\$ 584,578	\$ 67.17	\$ 5.60	

Year	Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)	Clinton Mgmt. Fee
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	Companies Removed From The Sample	Reason For Removal
1	Big Sandy Water District	Reported Zero For Payroll Taxes (2014 - 2016)
2	Butler County Water System Inc	Reported Zero For Payroll Taxes (2012 - 2016)
3	East Laurel Water District	Missing Crucial Data For Every Year
4	Grayson County Water District	Missing Crucial Data For Every Year
5	Green-Taylor Water District	Reported Zero For Officers & Directors (2012 - 2016)
6	North Marshall Water District	Reported Zero For Payroll Taxes And Officers & Director (2012 - 2016)
7	Harrison County Water Association Inc	Reported Zero For Payroll Taxes (2012 - 2014)
8	Ohio County Water District	Reported Zero For Officers & Directors (2012 - 2016); Reported Zero For Payroll Taxes (2015 - 2016)
9	Southeast Daviess County Water District	Has A Highly Fluctuating Data During The Periods 2012 Through 2016
10	West Daviess County Water District	Has A Highly Fluctuating Data During The Periods 2012 Through 2016
11	West Laurel Water Association Inc	Missing Crucial Data For Every Year
12	Wood Creek Water District	Reported Zero For Payroll Taxes, Officers & Director, And Pension & Benefits (2012 - 2016)

AD-3: Salary

Water Service Corporation of Kentucky
 Calculation of Salary and Benefits
 Test Year December 31, 2017

w/p-[b]

A	B	C	D	E	F	G	H	I	J	K	L	M	N
		State	Total Proforma Salary	FICA 7.65%	FUTA 7,000 @ .8%	SUTA	Total Taxes	12/31/2017 Health Insurance	401(k) at 3%	Company Contribution at 4%	12/31/2017 Other	Total Benefits	Percentage Allocated WSCK
Line	Maintenance												
1.		KY	47,938	3,667	42	122	3,831	11,033	1,438	1,918	232	14,621	100.00%
2.		KY	32,821	2,511	42	122	2,675	11,033	985	1,313	232	13,563	100.00%
3.		KY	61,441	4,700	42	122	4,864	11,033	1,843	2,458	232	15,566	100.00%
4.		KY	44,393	3,396	42	122	3,560	11,033	1,332	1,776	232	14,373	100.00%
5.		KY	61,457	4,701	42	122	4,865	11,033	1,844	2,458	232	15,567	100.00%
6.		KY	33,056	2,529	42	122	2,693	11,033	992	1,322	232	13,579	100.00%
7.		KY	35,555	2,720	42	122	2,884	11,033	1,067	1,422	232	13,754	100.00%
8.		KY	51,867	3,968	42	122	4,132	11,033	1,556	2,075	232	14,896	100.00%
9.		KY	33,289	2,547	42	122	2,711	11,033	999	1,332	232	13,595	100.00%
10.		KY	33,289	2,547	42	122	2,711	11,033	999	1,332	232	13,595	100.00%
11.		KY	48,747	3,729	42	122	3,893	11,033	1,462	1,950	232	14,677	100.00%
12.		KY	71,565	5,475	42	122	5,639	11,033	2,147	2,863	232	16,275	100.00%
13.		KY	6,600	-	-	-	-	-	-	-	-	-	100.00%
14.		KY	6,600	-	-	-	-	-	-	-	-	-	100.00%
15.		IL	119,995	9,180	42	6,026	15,248	11,033	3,600	4,800	232	19,665	20.45%
16.		IL	44,658	3,416	42	6,026	9,484	11,033	1,340	1,786	232	14,391	20.45%
17.		IL	75,000	5,737	42	6,026	11,805	11,033	2,250	3,000	232	16,515	13.55%
18.		IL	118,450	9,061	42	6,026	15,129	11,033	3,554	4,738	232	19,557	13.55%
19.		IL	57,750	4,418	42	6,026	10,486	11,033	1,733	2,310	232	15,308	13.55%
20.		IL	57,574	4,404	42	6,026	10,472	11,033	1,727	2,303	232	15,295	13.55%
21.		IL	68,200	5,217	42	6,026	11,285	11,033	2,046	2,728	232	16,039	13.55%
22.		IL	80,000	6,120	42	6,026	12,188	11,033	2,400	3,200	232	16,865	13.55%
23.		IL	121,800	9,318	42	6,026	15,386	11,033	3,654	4,872	232	19,791	13.55%
24.		IL	162,062	10,236	42	6,026	16,304	11,033	4,862	6,482	232	22,610	13.55%
25.		IL	319,596	12,521	42	6,026	18,589	11,033	9,588	12,784	232	33,637	13.55%
26.													
27.	Total Operator Salary		1,793,703	122,118	966	67,759	190,843	253,769	53,415	71,220	5,330	383,734	
28.													
29.													
30.	Operator Allocation												
31.													
32.		KY	47,938	3,667	42	122	3,831	11,033	1,438	1,918	232	14,621	
33.		KY	32,821	2,511	42	122	2,675	11,033	985	1,313	232	13,563	
34.		KY	61,441	4,700	42	122	4,864	11,033	1,843	2,458	232	15,566	
35.		KY	44,393	3,396	42	122	3,560	11,033	1,332	1,776	232	14,373	
36.		KY	61,457	4,701	42	122	4,865	11,033	1,844	2,458	232	15,567	
37.		KY	33,056	2,529	42	122	2,693	11,033	992	1,322	232	13,579	
38.		KY	35,555	2,720	42	122	2,884	11,033	1,067	1,422	232	13,754	
39.		KY	51,867	3,968	42	122	4,132	11,033	1,556	2,075	232	14,896	
40.		KY	33,289	2,547	42	122	2,711	11,033	999	1,332	232	13,595	
41.		KY	33,289	2,547	42	122	2,711	11,033	999	1,332	232	13,595	
42.		KY	48,747	3,729	42	122	3,893	11,033	1,462	1,950	232	14,677	
43.		KY	71,565	5,475	42	122	5,639	11,033	2,147	2,863	232	16,275	
44.		KY	6,600	-	-	-	-	-	-	-	-	-	
45.		KY	6,600	-	-	-	-	-	-	-	-	-	
46.		IL	24,536	1,877	9	1,232	3,118	2,256	736	981	47	4,021	
47.		IL	9,131	698	9	1,232	1,939	2,256	274	365	47	2,943	
48.		IL	10,160	777	6	816	1,599	1,495	305	406	31	2,237	
49.		IL	16,046	1,227	6	816	2,049	1,495	481	642	31	2,649	
50.		IL	7,823	598	6	816	1,421	1,495	235	313	31	2,074	

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	Salaries (Ops & Mgmt)		Salaries (Shared Services)		Payroll Taxes		Benefits		
	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	100.00%	0.00%	
Operations & Mangement	745,934	-	-	-	65,999	-	204,815	-	
Shared Services Personnel	-	-	150,736	-	11,402	-	35,911	-	
Total	<u>745,934</u>	<u>-</u>	<u>150,736</u>	<u>-</u>	<u>77,401</u>	<u>-</u>	<u>240,725</u>	<u>-</u>	<u>1,214,796</u>
Test Year	<u>653,429</u>	<u>-</u>	<u>137,409</u>	<u>-</u>	<u>58,386</u>	<u>-</u>	<u>183,280</u>	<u>-</u>	<u>1,032,504</u>
Adjustments (Water/Sewer)	<u>92,505</u>	<u>-</u>	<u>13,327</u>	<u>-</u>	<u>19,015</u>	<u>-</u>	<u>57,445</u>	<u>-</u>	<u>182,292</u>
	W	S	W	S	W	S	W	S	

AD-3: Summary

Petitioner's Exhibit AD-3

<i>2018 Annual Report Data</i>		Salaries & Wages					Statistics		
Line No.	Company Name	Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Cost Per Customer (Monthly)
1	Adair County Water District	7,947	\$ 623,832	\$ 114,783	\$ 204,070	\$ 74,345	\$ 1,017,030	\$ 127.98	10.67
2	Allen County Water District	7,422	\$ 547,635	\$ 17,100	\$ 318,510	\$ 41,800	\$ 925,045	\$ 124.64	10.39
3	Barkley Lake Water District	5,418	\$ 681,964	\$ 9,075	\$ 634,905	\$ 54,990	\$ 1,380,934	\$ 254.88	21.24
4	Bullock Pen Water District	7,011	\$ 795,887	\$ 12,700	\$ 546,579	\$ 57,009	\$ 1,412,174	\$ 201.44	16.79
5	Christian County Water District	6,245	\$ 543,291	\$ 30,000	\$ 90,789	\$ 41,618	\$ 705,698	\$ 113.00	9.42
6	Garrard County Water Association Inc	5,659	\$ 321,518	\$ (16,325)	\$ 53,579	\$ 24,646	\$ 383,418	\$ 67.75	5.65
7	Henderson County Water District	6,489	\$ 437,721	\$ 8,700	\$ 166,133	\$ 38,359	\$ 650,913	\$ 100.31	8.36
8	Henry County Water District 2	6,487	\$ 828,513	\$ 36,225	\$ 477,706	\$ 73,394	\$ 1,415,838	\$ 218.26	18.19
9	Laurel County Water District 2	6,072	\$ 653,011	\$ 36,000	\$ 621,000	\$ 53,145	\$ 1,363,155	\$ 224.52	18.71
10	Marion County Water District	6,031	\$ 259,953	\$ 45,523	\$ 80,133	\$ 21,841	\$ 407,448	\$ 67.56	5.63
11	McCreary County Water District	6,144	\$ 768,679	\$ 20,730	\$ 531,024	\$ 57,421	\$ 1,377,853	\$ 224.26	18.69
12	Meade County Water District	5,421	\$ 437,742	\$ 31,250	\$ 178,803	\$ 29,282	\$ 677,076	\$ 124.91	10.41
13	Muhlenberg County Water District	5,929	\$ 654,901	\$ 18,000	\$ 403,358	\$ 55,993	\$ 1,132,252	\$ 190.98	15.92
14	North Shelby Water Company	5,097	\$ 401,056	\$ 34,125	\$ 365,939	\$ 37,126	\$ 838,245	\$ 164.46	13.70
15	Oldham County Water District	8,387	\$ 1,032,783	\$ 30,000	\$ 549,063	\$ 72,888	\$ 1,684,733	\$ 200.87	16.74
16	Rowan Water Inc	7,286	\$ 501,856	\$ 22,295	\$ 283,257	\$ 28,485	\$ 835,892	\$ 114.73	9.56
17	South Eastern Water Association Inc	7,276	\$ 425,073	\$ 40,925	\$ 32,079	\$ 33,075	\$ 531,152	\$ 73.01	6.08
18	Southern Madison Water District	5,264	\$ 327,562	\$ 14,400	\$ 131,016	\$ 23,757	\$ 496,734	\$ 94.36	7.86
19	Southern Water and Sewer District	6,475	\$ 996,279	\$ 29,650	\$ 378,958	\$ 82,705	\$ 1,487,592	\$ 229.74	19.15
20	Water Service Corporation of Kentucky	7,107	\$ 745,934	\$ 150,736	\$ 240,725	\$ 77,401	\$ 1,139,323	\$ 160.31	13.36
21	Western Pulaski County Water District	8,704	\$ 338,936	\$ 12,700	\$ 203,563	\$ 29,380	\$ 584,578	\$ 67.17	5.60
31	Minimum	5,097	\$ 259,953	\$ (16,325)	\$ 32,079	\$ 21,841	\$ 383,418	\$ 67.17	\$ 5.60
32	Maximum	8,704	\$ 1,032,783	\$ 150,736	\$ 634,905	\$ 82,705	\$ 1,684,733	\$ 254.88	\$ 21.24
33	Average	6,565	\$ 586,863	\$ 33,266	\$ 309,104	\$ 48,031	\$ 973,670	\$ 149.77	\$ 12.48

<i>Per 2018 KY RC Filing</i>		Year End Customers	Employees	Officers, Directors	Pension & Benefits	Payroll Taxes	Total Salaries & Wages	Cost Per Customer	Customer (Monthly)
34	Water Service Corporation of Kentucky	7,107	\$ 745,934	\$ 150,736	\$ 240,725	\$ 77,401	\$ 1,139,323	\$ 160.31	\$ 13.36
35	WSCK vs. Average of Sample - B/(W)	(542)					\$ (165,652)	\$ (10.54)	\$ (0.88)

Standard Deviation 5.16

AD-3: Graph Curve Data

Petitioner's AD-3

Settings

Mean	12.48
Std	5.157189
NumRows	10
Zmin	-2.3
Zmax	2.3
PctClear	0.25
PctShade	0.75

Calculations

Shade Left	9.00
Shade Right	15.96
CurveMin	0.62
CurveMax	24.34

Sequence	Z	X	Y	Area
1	(2.30)	\$ 1	0.01	#N/A
2	(2.14)	\$ 1	0.01	#N/A
3	(1.98)	\$ 2	0.01	#N/A
4	(1.82)	\$ 3	0.01	#N/A
5	(1.67)	\$ 4	0.02	#N/A
6	(1.51)	\$ 5	0.02	#N/A
7	(1.35)	\$ 6	0.03	#N/A
8	(1.19)	\$ 6	0.04	#N/A
9	(1.03)	\$ 7	0.05	#N/A
10	(0.87)	\$ 8	0.05	#N/A
11	(0.71)	\$ 9	0.06	#N/A
12	(0.56)	\$ 10	0.07	0.066308
13	(0.40)	\$ 10	0.07	0.071507
14	(0.24)	\$ 11	0.08	0.075198
15	(0.08)	\$ 12	0.08	0.077114
16	0.08	\$ 13	0.08	0.077114
17	0.24	\$ 14	0.08	0.075198
18	0.40	\$ 15	0.07	0.071507
19	0.56	\$ 15	0.07	0.066308
20	0.71	\$ 16	0.06	#N/A
21	0.87	\$ 17	0.05	#N/A
22	1.03	\$ 18	0.05	#N/A
23	1.19	\$ 19	0.04	#N/A
24	1.35	\$ 19	0.03	#N/A
25	1.51	\$ 20	0.02	#N/A
26	1.67	\$ 21	0.02	#N/A
27	1.82	\$ 22	0.01	#N/A
28	1.98	\$ 23	0.01	#N/A
29	2.14	\$ 24	0.01	#N/A
30	2.30	\$ 24	0.01	#N/A
		\$ 13	0.08	

AD-3: Regression Analysis

SUMMARY OUTPUT

<i>Regression Statistics</i>	
Multiple R	0.16419
R Square	0.02696
Adjusted R Square	-0.02425
Standard Error	5.21604
Observations	21

ANOVA					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	14.32196379	14.32196379	0.526405145	0.476964414
Residual	19	516.9351303	27.20711212		
Total	20	531.2570941			

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>	<i>Lower 95.0%</i>	<i>Upper 95.0%</i>
Intercept	17.74937319	7.434578593	2.387408105	0.02751571	2.188621363	33.31012502	2.188621363	33.31012502
Year End Customers	-0.00080746	0.001112912	-0.725537831	0.476964414	-0.003136811	0.001521892	-0.003136811	0.001521892

RESIDUAL OUTPUT

<i>Observation</i>	<i>Predicted Cost Per Customer (Monthly)</i>	<i>Residuals</i>	<i>Standard Residuals</i>
1	11.33289	-0.66751	-0.13130
2	11.75681	-1.36981	-0.26944
3	13.37456	7.86535	1.54709
4	12.08868	4.69774	0.92403
5	12.70679	-3.28995	-0.64712
6	13.17996	-7.53383	-1.48188
7	12.50977	-4.15059	-0.81641
8	12.51138	5.67676	1.11660
9	12.84688	5.86286	1.15321
10	12.87958	-7.24967	-1.42599
11	12.78834	5.89999	1.16051
12	13.37254	-2.96335	-0.58288
13	12.96235	2.95303	0.58085
14	13.63375	0.07112	0.01399
15	10.97721	5.76231	1.13343
16	11.86622	-2.30574	-0.45353
17	11.87470	-5.79090	-1.13905
18	13.49891	-5.63521	-1.10843
19	12.52107	6.62426	1.30297
20	11.39281	0.66765	0.13132
21	10.72165	-5.12449	-1.00797

PROBABILITY OUTPUT

<i>Percentile</i>	<i>Cost Per Customer (Monthly)</i>
2.38095	5.59715
7.14286	5.62991
11.90476	5.64613
16.66667	6.08380
21.42857	7.86370
26.19048	8.35918
30.95238	9.41683
35.71429	9.56048
40.47619	10.38700
45.23810	10.40919
50.00000	10.66538
54.76190	12.06046
59.52381	13.70487
64.28571	15.91538
69.04762	16.73952
73.80952	16.78642
78.57143	18.18814
83.33333	18.68833
88.09524	18.70974
92.85714	19.14533
97.61905	21.23990

Petitioner's

Exhibit AD-4

AD-4: Schedule 1

Account Number	Account Description	Testable Expenses			Non-Testable Expenses				Total
		Mgmt/Prof Services		Other Personnel Expenses	Field/Cust Services			Operational Non-Service Expenses	
		Salaries	Benefits		Salaries	Benefits	Outside Services		
5435	PURCHASED WATER-WATER S							\$ 123,204	\$ 123,204
5465	ELEC PWR - WATER SYSTEM							\$ 95,019	\$ 95,019
5470	ELEC PWR - SWR SYSTEM							\$ 6,348	\$ 6,348
5480	CHLORINE							\$ 31,776	\$ 31,776
5490	OTHER TREATMENT CHEMICALS							\$ 76,235	\$ 76,235
5505	AGENCY EXPENSE							\$ 336	\$ 336
5510	UNCOLLECTIBLE ACCOUNTS							\$ 52,588	\$ 52,588
5515	UNCOLL ACCOUNTS ACCRUAL							\$ (7,238)	\$ (7,238)
5525	BILL STOCK							\$ 736	\$ 736
5535	BILLING ENVELOPES							\$ 1,211	\$ 1,211
5540	BILLING POSTAGE							\$ 18,277	\$ 18,277
5545	CUSTOMER SERVICE PRINTING							\$ 3,381	\$ 3,381
5625	401K/ESOP CONTRIBUTIONS		\$ 7,669		\$ 15,803				\$ 23,472
5630	HEALTH & DENTAL PREMIUMS		\$ 7,473		\$ 15,399				\$ 22,872
5635	DENTAL INS REIMBURSEMENTS		\$ 1,258		\$ 2,591				\$ 3,849
5645	EMPLOYEE INS DEDUCTIONS		\$ (10,633)		\$ (21,912)				\$ (32,545)
5650	HEALTH COSTS & OTHER		\$ 392		\$ 807				\$ 1,199
5655	HEALTH INS REIMBURSEMENTS		\$ 46,611		\$ 96,051				\$ 142,663
5660	OTHER EMP PENSION/BENEFITS		\$ 702		\$ 1,447				\$ 2,149
5665	PENSION CONTRIBUTIONS		\$ 5,458		\$ 11,247				\$ 16,704
5670	TERM LIFE INS		\$ 1,685		\$ 3,473				\$ 5,158
5675	TERM LIFE INS-OPT		\$ (527)		\$ (1,086)				\$ (1,614)
5680	DEPEND LIFE INS-OPT		\$ (214)		\$ (441)				\$ (655)
5690	TUITION		\$ 9		\$ 18				\$ 27
5705	INSURANCE-GEN LIAB							\$ 61,001	\$ 61,001
5715	INSURANCE-OTHER							\$ 14,287	\$ 14,287
5735	COMPUTER MAINTENANCE							\$ 23,977	\$ 23,977
5740	COMPUTER SUPPLIES			\$ 74					\$ 74
5750	INTERNET SUPPLIER			\$ 4,079					\$ 4,079
5785	ADVERTISING/MARKETING							\$ 69	\$ 69
5790	BANK SERVICE CHARGE							\$ 3,067	\$ 3,067
5795	CONTRIBUTIONS							\$ 20	\$ 20
5805	LICENSE FEES							\$ 71	\$ 71
5810	MEMBERSHIPS		\$ 6,773						\$ 6,773
5820	TRAINING EXPENSE		\$ 6,915						\$ 6,915
5825	OTHER MISC EXPENSE		\$ (1,600)						\$ (1,600)
5855	ANSWERING SERVICE		\$ 1,706						\$ 1,706
5860	CLEANING SUPPLIES		\$ 1,007						\$ 1,007
5865	COPY MACHINE		\$ 1,313						\$ 1,313
5870	HOLIDAY EVENTS/PICNICS		\$ 1,194						\$ 1,194
5875	KITCHEN SUPPLIES		\$ 365						\$ 365
5880	OFFICE SUPPLY STORES		\$ 875						\$ 875
5885	PRINTING/BLEUPRINTS							\$ 74	\$ 74
5890	PUBL SUBSCRIPTIONS/TAPES		\$ 7						\$ 7
5895	SHIPPING CHARGES							\$ 4,772	\$ 4,772
5900	OTHER OFFICE EXPENSES		\$ 530						\$ 530
5930	OFFICE ELECTRIC		\$ 1,699						\$ 1,699
5935	OFFICE GAS		\$ 696						\$ 696

	Testable Expenses		Non-Testable Expenses	
	Mgmt/Prof Services		Field/Cust Services	
5940 OFFICE WATER		\$ 1,119		\$ 1,119
5945 OFFICE TELECOM		\$ 30,344		\$ 30,344
5950 OFFICE GARBAGE REMOVAL		\$ 551		\$ 551
5955 OFFICE LANDSCAPE / MOW / PLOW		\$ 7,126		\$ 7,126
5960 OFFICE ALARM SYS PHONE EXP		\$ 3,203		\$ 3,203
5965 OFFICE MAINTENANCE		\$ 2,312		\$ 2,312
5970 OFFICE CLEANING SERVICE		\$ 3,064		\$ 3,064
5975 OFFICE MACHINE/HEAT&COOL		\$ 211		\$ 211
5980 OTHER OFFICE UTILITIES		\$ 11		\$ 11
6010 AUDIT FEES			\$ 9,323	\$ 9,323
6015 EMPLOY FINDER FEES		\$ 76		\$ 76
6025 LEGAL FEES			\$ 3,453	\$ 3,453
6035 PAYROLL SERVICES		\$ 2,828		\$ 2,828
6040 TAX RETURN REVIEW			\$ 6,295	\$ 6,295
6045 TEMP EMPLOY - CLERICAL			\$ 1,194	\$ 1,194
6050 OTHER OUTSIDE SERVICES			\$ 16,501	\$ 16,501
6065 RATE CASE AMORT EXPENSE				\$ 69,645
6070 MISC REG MATTERS COMM EXP				\$ 99
6090 RENT		\$ 12,269		\$ 12,269
6110 SALARIES-ACCTG/FINANCE	\$ 24,671			\$ 24,671
6115 SALARIES-ADMIN	\$ 5,678			\$ 5,678
6120 SALARIES-OFFICERS/STKHLDR	\$ 34,626			\$ 34,626
6125 SALARIES-HR	\$ 6,075			\$ 6,075
6130 SALARIES-MIS	\$ 12,389			\$ 12,389
6135 SALARIES-LEADERSHIP OPS	\$ 115,958			\$ 115,958
6140 SALARIES-REGULATORY	\$ 10,358			\$ 10,358
6145 SALARIES-CUSTOMER SERVICE			\$ 31,160	\$ 31,160
6146 SALARIES-BILLING	\$ 12,453			\$ 12,453
6150 SALARIES-OPERATIONS FIELD			\$ 467,484	\$ 467,484
6155 SALARIES-OPERATIONS OFFICE			\$ 60,588	\$ 60,588
6160 SALARIES-CHGD TO PLT-WSC			\$ 9,399	\$ 9,399
6165 CAPITALIZED TIME ADJUSTMENT			\$ (110,733)	\$ (110,733)
6185 TRAVEL LODGING			\$ 6,567	\$ 6,567
6190 TRAVEL AIRFARE			\$ 5,349	\$ 5,349
6195 TRAVEL TRANSPORTATION			\$ 2,221	\$ 2,221
6200 TRAVEL MEALS			\$ 3,285	\$ 3,285
6205 TRAVEL ENTERTAINMENT			\$ 106	\$ 106
6207 TRAVEL OTHER			\$ 494	\$ 494
6215 FUEL			\$ 17,062	\$ 17,062
6220 AUTO REPAIR/TIRES			\$ 7,632	\$ 7,632
6225 AUTO LICENSES			\$ 713	\$ 713
6230 OTHER TRANS EXPENSES			\$ 3,100	\$ 3,100
6255 TEST-WATER			\$ 20,079	\$ 20,079
6260 TEST-EQUIP/CHEMICAL			\$ 14,377	\$ 14,377
6270 TEST-SEWER			\$ 9,026	\$ 9,026
6285 WATER-MAINT SUPPLIES			\$ 6,309	\$ 6,309
6290 WATER-MAINT REPAIRS			\$ 9,165	\$ 9,165
6295 WATER-MAIN BREAKS			\$ 4,848	\$ 4,848
6300 WATER-ELEC EQUIPT REPAIR			\$ 1,345	\$ 1,345
6310 WATER-OTHER MAINT EXP			\$ 42,325	\$ 42,325
6320 SEWER-MAINT SUPPLIES			\$ 465	\$ 465

	Testable Expenses		Non-Testable Expenses	
	Mgmt/Prof Services	Field/Cust Services		
6325 SEWER-MAINT REPAIRS			\$ 2,550	\$ 2,550
6330 SEWER-MAIN BREAKS			\$ 875	\$ 875
6335 SEWER-ELEC EQUIPT REPAI			\$ 6,031	\$ 6,031
6345 SEWER-OTHER MAINT EXP			\$ 5,485	\$ 5,485
6355 DEFERRED MAINT EXPENSE			\$ 35,134	\$ 35,134
6360 COMMUNICATION EXPENSE			\$ 69	\$ 69
6370 OPER CONTRACTED WORKERS			\$ 7,200	\$ 7,200
6385 UNIFORMS			\$ 4,353	\$ 4,353
6390 WEATHER/HURRICANE COSTS			\$ 1,781	\$ 1,781
6445 DEPREC-ORGANIZATION			\$ 3,288	\$ 3,288
6455 DEPREC-STRUCT & IMPRV SRC SUPPLY			\$ 2,469	\$ 2,469
6460 DEPREC-STRUCT & IMPRV WTP			\$ 9,673	\$ 9,673
6465 DEPREC-STRUCT & IMPRV DIST			\$ 13	\$ 13
6470 DEPREC-STRUCT & IMPRV GEN PLT			\$ 2,592	\$ 2,592
6485 DEPREC-WELLS & SPRINGS			\$ 9,550	\$ 9,550
6495 DEPREC-SUPPLY MAINS			\$ 146	\$ 146
6505 DEPREC-ELEC PUMP EQP SRC PUMP			\$ 693	\$ 693
6510 DEPREC-ELEC PUMP EQP WTP			\$ 15,825	\$ 15,825
6515 DEPREC-ELEC PUMP EQP TRANS DST			\$ 248	\$ 248
6520 DEPREC-WATER TREATMENT EQPT			\$ 23,306	\$ 23,306
6525 DEPREC-DIST RESV & STANDPIPES			\$ 10,700	\$ 10,700
6530 DEPREC-TRANS & DISTR MAINS			\$ 69,297	\$ 69,297
6535 DEPREC-SERVICE LINES			\$ 20,231	\$ 20,231
6540 DEPREC-METERS			\$ 14,970	\$ 14,970
6545 DEPREC-METER INSTALLS			\$ 13,523	\$ 13,523
6550 DEPREC-HYDRANTS			\$ 8,264	\$ 8,264
6555 DEPREC-BACKFLOW PREVENT			\$ 2	\$ 2
6580 DEPREC-OFFICE STRUCTURE	\$ 3,360			\$ 3,360
6585 DEPREC-OFFICE FURN/EQPT	\$ 2,403			\$ 2,403
6595 DEPREC-TOOL SHOP & MISC EQPT			\$ 6,090	\$ 6,090
6600 DEPREC-LABORATORY EQUIPMENT			\$ 1,709	\$ 1,709
6605 DEPREC-POWER OPERATED EQUIP			\$ 841	\$ 841
6610 DEPREC-COMMUNICATION EQPT			\$ 2,485	\$ 2,485
6620 DEPREC-OTHER TANG PLT WATER			\$ 1,400	\$ 1,400
6905 DEPREC-AUTO TRANS			\$ 31,457	\$ 31,457
6920 DEPREC-COMPUTER			\$ 35,525	\$ 35,525
6960 AMORT OF UTIL PAA-WATER			\$ (3,660)	\$ (3,660)
7080 AMORT-METERS			\$ (1,663)	\$ (1,663)
7160 AMORT-OTHER TANGIBLE PLT WATER			\$ (2,100)	\$ (2,100)
7165 AMORT-WATER-TAP			\$ (3,707)	\$ (3,707)
7185 AMORT-WTR PLT MTR FEE			\$ (46)	\$ (46)
7510 FICA EXPENSE	\$ 17,722	\$ 36,520		\$ 54,242
7515 FEDERAL UNEMPLOYMENT TAX	\$ 192	\$ 395		\$ 587
7520 STATE UNEMPLOYMENT TAX	\$ 1,162	\$ 2,395		\$ 3,557
7535 FRANCHISE TAX			\$ 109	\$ 109
7545 PERSONAL PROPERTY/ICT TAX			\$ 70,772	\$ 70,772
7550 PROPERTY/OTHER GENERAL TAX			\$ (9)	\$ (9)
7555 REAL ESTATE TAX			\$ 22,752	\$ 22,752
7570 UTILITY/COMMISSION TAX			\$ 4,789	\$ 4,789
7595 DEF INCOME TAX-FEDERAL			\$ (396,714)	\$ (396,714)
7600 DEF INCOME TAXES-STATE			\$ 17,972	\$ 17,972

	Testable Expenses			Non-Testable Expenses					
	Mgmt/Prof Services			Field/Cust Services					
7605 INCOME TAXES-FEDERAL								\$ (1,742)	\$ (1,742)
7610 INCOME TAXES-STATE								\$ 251	\$ 251
7710 INTEREST EXPENSE-INTERCO								\$ 156,315	\$ 156,315
7735 S/T INT EXP BANK ONE								\$ 669	\$ 669
7750 INTEREST DURING CONSTRUCTION								\$ (1,025)	\$ (1,025)
7765 SALE OF UTILITY PROPERTY								\$ (4,277)	\$ (4,277)
Total	\$ 222,208	\$ 78,958	\$ 94,511	\$ 457,898	\$ 162,707	\$ 36,767	\$ 77,987	\$ 861,895	\$ 1,992,931

Total Testable/Non-Testable Expenses **\$ 395,676** **\$ 1,597,255**

	Total	Wages & Salaries Amount			Percent of Total Wages and Salaries			Allocation of Benefits		
		Mgmt/Prof Svcs	Field/ Cust Svcs	Total	Mgmt/Prof Svcs	Field/ Cust Svcs	Total	Mgmt/Prof Svcs	Field/ Cust Svcs	Total
		5625 401K/ESOP CONTRIBUTIONS	\$ 23,472	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 7,669
5630 HEALTH & DENTAL PREMIUMS	\$ 22,872	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 7,473	\$ 15,399	\$ 22,872
5635 DENTAL INS REIMBURSEMENTS	\$ 3,849	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 1,258	\$ 2,591	\$ 3,849
5645 EMPLOYEE INS DEDUCTIONS	\$ (32,545)	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ (10,633)	\$ (21,912)	\$ (32,545)
5650 HEALTH COSTS & OTHER	\$ 1,199	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 392	\$ 807	\$ 1,199
5655 HEALTH INS REIMBURSEMENTS	\$ 142,663	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 46,611	\$ 96,051	\$ 142,663
5660 OTHER EMP PENSION/BENEFITS	\$ 2,149	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 702	\$ 1,447	\$ 2,149
5665 PENSION CONTRIBUTIONS	\$ 16,704	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 5,458	\$ 11,247	\$ 16,704
5670 TERM LIFE INS	\$ 5,158	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 1,685	\$ 3,473	\$ 5,158
5675 TERM LIFE INS-OPT	\$ (1,614)	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ (527)	\$ (1,086)	\$ (1,614)
5680 DEPEND LIFE INS-OPT	\$ (655)	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ (214)	\$ (441)	\$ (655)
5690 TUITION	\$ 27	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 9	\$ 18	\$ 27
7510 FICA EXPENSE	\$ 54,242	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 17,722	\$ 36,520	\$ 54,242
7515 FEDERAL UNEMPLOYMENT TAX	\$ 587	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 192	\$ 395	\$ 587
7520 STATE UNEMPLOYMENT TAX	\$ 3,557	\$ 222,208	\$ 457,898	\$ 680,105	33%	67%	100%	\$ 1,162	\$ 2,395	\$ 3,557

	2017 Amount
Salaries	\$ 222,208
Benefits	\$ 78,958
Other Expenses	\$ 94,511
Testable Totals	\$ 395,676

AD-4: Schedule 2

Management And Professional Salaries Accounts		Outside Provider Assignment			Admin/ Overhead
		Certified Public Accountant	Management Consultant	IT Consultant	
6110 SALARIES-ACCTG/FINANCE		X			
6115 SALARIES-ADMIN					X
6120 SALARIES-OFFICERS/STKHLDR			X		
6125 SALARIES-HR			X		
6130 SALARIES-MIS				X	
6135 SALARIES-LEADERSHIP OPS		X			
6140 SALARIES-REGULATORY		X			
6146 SALARIES-BILLING		X			

AD-4: Schedule 3

Outside Provider Assignment

Account	Total	Mgmt			Admin/ Overhead	Total
		CPA	Consultant	IT Consultant	(exclude)	
6110 SALARIES-ACCTG/FINANCE	608	608				608
6115 SALARIES-ADMIN	191				191	191
6120 SALARIES-OFFICERS/STKHLDR	164		164			164
6125 SALARIES-HR	156		156			156
6130 SALARIES-MIS	327			327		327
6135 SALARIES-LEADERSHIP OPS	2,052	2,052				2,052
6140 SALARIES-REGULATORY	232	232				232
6146 SALARIES-BILLING	487	487				487
Total	4,218	3,379	320	327	191	4,218
Total Management & Professional Hours		4,027				

AD-4: Schedule 4

Management and Professional Salaries	
Accounts	2017
6110 SALARIES-ACCTG/FINANCE	\$ 24,671
6115 SALARIES-ADMIN	\$ 5,678
6120 SALARIES-OFFICERS/STKHLDR	\$ 34,626
6125 SALARIES-HR	\$ 6,075
6130 SALARIES-MIS	\$ 12,389
6135 SALARIES-LEADERSHIP OPS	\$ 115,958
6140 SALARIES-REGULATORY	\$ 10,358
6146 SALARIES-BILLING	\$ 12,453
Total	\$ 222,208

Total Outside Provider Assignment

Outside Provider Assignment				
CPA	Mgmt Consultant	IT Consultant	Admin/Overhead	Total
\$ 24,671				\$ 24,671
	\$ 34,626		\$ 5,678	\$ 5,678
	\$ 6,075			\$ 6,075
		\$ 12,389		\$ 12,389
\$ 115,958				\$ 115,958
\$ 10,358				\$ 10,358
\$ 12,453				\$ 12,453
\$ 163,440	\$ 40,701	\$ 12,389	\$ 5,678	\$ 222,208
\$ 216,530				

Hourly Rate Calculation	
Salaries (per above)	% of Total
Allocation of Overhead Items	
Benefits \$ 78,958	
Other Expenses \$ 94,511	
Administrative Staff Salaries \$ 5,678	
Total Cost Pool	
Total Management & Professional Hours	
WSCKY Hourly Rates	

Outside Provider Cost Pools				
CPA	Mgmt Consultant	IT Consultant	Total	
\$ 163,440	\$ 40,701	\$ 12,389	\$ 216,530	
75%	19%	6%	100%	
\$ 59,599	\$ 14,842	\$ 4,518	\$ 78,958	
\$ 71,338	\$ 17,765	\$ 5,407	\$ 94,511	
\$ 4,285	\$ 1,067	\$ 325	\$ 5,678	
\$ 298,662	\$ 74,375	\$ 22,639	\$ 395,676	
3,379	320	327	4,027	
\$ 88	\$ 232	\$ 69		

AD-4: Schedule 5

A. Calculation of Average Hourly Billing Rate by Public Accounting Position Survey Billing rates were those in effect in 2016 (Note A)				
Average Hourly Billing Rate (Note A)				
	Staff Accountant	Mgr Sr Acct	Director Sr Mgr	Partner
Average Hourly Billing Rate by CPA Firm Position	\$ 108	\$ 144	\$ 180	\$ 225
Percent of Accounting Assignment	30%	30%	20%	20%
	\$ 32	\$ 43	\$ 36	\$ 45
				Weighted Average
				\$ 157
B.				
	Escalation to Test Period (December 31, 2017)			
	CPI at December 31 2015			236.5
	CPI at December 31 2017			246.5
	Inflation/Escalation (Note B)			4.2%
Average Hourly Billing Rate by Public Accounting Position at March 31, 2017				\$ 163

Note A : Source is AICPA's 2016 National PCPS/TSCPA Management of an Accounting Practice Survey

Note B: Source is U.S. Bureau of Labor Statistics https://www.bls.gov/cpi/cpi_dr.htm#2017

<https://www.vscpa.com/content/65773.aspx>

Survey billing rates in effect 2015 (Note A)

A. Calculation of Average Hourly Billing Rate by Consultant Position

		Average Hourly Rates (Note A)				
		Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner
Average		\$ 151	\$ 218	\$ 273	\$ 310	\$ 358

B. Calculation of Overall Average Hourly Billing Rate Based on a Typical Distribution of Time on an Engagement

		Entry-Level Consultant	Associate Consultant	Senior Consultant	Junior Partner	Senior Partner	
Average Hourly Billing rate (from above)		\$ 151	\$ 218	\$ 273	\$ 310	\$ 358	
Percent of Consulting Assignment		30%	30%	20%	10%	10%	Weighted Average
		\$ 45	\$ 65	\$ 55	\$ 31	\$ 36	\$ 232

Escalation to Test Period (December 31, 2017)

CPI at December 31 2014	234.8
CPI at December 31 2017	246.5
Inflation/Escalation (Note B)	<u>5.0%</u>
Average Hourly Billing rate For Management Consultants at March 31, 2017	\$ 244

Note A: Source is "Operating ratios for Management Consulting Firms, 2015 Edition, "Association of Management consulting Firms

Note B: Source is U.S. Bureau of Labor Statistics https://www.bls.gov/cpi/cpi_dr.htm#2017

AD-4: Schedule 7

IT Resource Level	2015 Hourly Rate (A)	CPI at 12/31/2015	CPI at 12/31/2017 (B)	Inflation/ Escalation	2017 Hourly Rate
Consultant Positions					
Project Manager	\$ 110	236.525	246.5	4.2%	\$ 115
Network Engineer	\$ 90	236.525	246.5	4.2%	\$ 94
Staff/Manager Consultant	\$ 76	236.525	246.5	4.2%	\$ 79
PC Support Tehnician	\$ 42	236.525	246.5	4.2%	\$ 44

Overall Average	2017 Rate	% of Project/ Assignment		
Project Manager	\$ 115	10%	\$	11
Network Engineer	\$ 94	30%	\$	28
Staff/Manager Consultant	\$ 79	30%	\$	24
PC Support Tehnician	\$ 44	30%	\$	13
Weighted average			\$	77

Note A: Donnelly & Moore Corporation 2016 IT Rate Consultant Rate Guide

Note B: Source is U.S. Bureau of Labor Statistics https://www.bls.gov/cpi/cpi_dr.htm#2017

AD-4: Schedule 8

Service Provider	WSCKY Hours Charged	WSCKY Hourly Rate	Outsider Provider Hourly Rate	Dollar Difference
Certified Public Accountant	3,379	\$ 88	\$ 157	\$ (230,526)
Management Consultant	320	\$ 232	\$ 244	\$ (3,695)
IT Consultant	327	\$ 69	\$ 77	\$ (2,509)

Service Provider	WSCKY Dollar Charge	Outsider Provider Dollar Charge	Dollar Difference	Percent Difference
Certified Public Accountant	298,662	\$ 529,188	\$ (230,526)	-77%
Management Consultant	74,375	\$ 78,070	\$ (3,695)	-5%
IT Consultant	22,639	\$ 25,148	\$ (2,509)	-11%
Total	395,676	\$ 632,406	\$ (236,729)	-60%

In Total WSCKY Charges \$236,729 or 60% Less Than Outside Providers

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Application of Water Service Corporation)
of Kentucky for a General Adjustment) Case No. 2018-00208
in Existing Rates)

DIRECT TESTIMONY OF JOHN F. GUASTELLA

INTRODUCTION AND QUALIFICATIONS

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Q1. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A1. My name is John F. Guastella, and my business address is Guastella Associates, LLC.
725 N. Highway A1A, Suite B103, Jupiter, Florida 33477.

Q2. PLEASE DESCRIBE GUASTELLA ASSOCIATES, LLC.

A2. Guastella Associates provides utility management, valuation and rate consulting services to both regulated and unregulated utilities.

Q3. HAVE YOU ATTACHED A STATEMENT OF YOUR EDUCATIONAL, PROFESSIONAL AND BUSINESS BACKGROUND AND EXPERIENCE?

A3. Yes, a statement of Qualification and Experience is attached as Appendix A.

Q4. WHAT IS THE PURPOSE OF YOUR TESTIMONY IN THIS CASE?

A4. I was retained by Water Services Corporation of Kentucky (“Company” or “WCKY”) to perform a depreciation analysis of its water utility system and to recommend appropriate depreciation rates.

Q5. BEFORE DESCRIBING THE DEPRECIATION ANALYSIS YOU PERFORMED, WOULD YOU GENERALLY OUTLINE THE CONCEPT OF DEPRECIATION?

A5. The goal of depreciation for rate setting purposes is to allow utilities to recover the original cost of the assets that are used and useful in providing service to their customers, and at a level that spreads the recovery of the cost over the estimate life of the assets so that each generation of customers pays its fair share of the cost according to their use of

1 the assets. The Uniform System of Accounts published by the National Association of
2 Regulatory Utility Commissioners (“NARUC”) defines depreciation at page 11 as:

3 Depreciation, as applied to depreciable utility plant, means the loss in
4 service value not restored by current maintenance, incurred in connection
5 with the consumption or prospective retirement of utility plant in the
6 course of providing service from causes which are known to be in current
7 operation and against which the utility is not protected by insurance.
8 Among the causes to be given consideration are wear and tear, decay,
9 action of the elements, inadequacy, obsolescence, changes in the art,
10 changes in demand, and requirements of public authorities.

11 Under this definition, depreciation studies are performed in order to estimate the average
12 service lives of various depreciable assets, the major component with which to calculate
13 depreciation rates. Application of depreciation rates to the original cost of assets
14 establishes annual depreciation expense allowances in utility rates for service that will
15 meet the goal of reasonable cost recovery and intergenerational equity.

16 **Q6. WHAT ARE THE COMPONENTS OF THE CALCULATION OF**
17 **DEPRECIATION RATES?**

18 A6. In addition to average service lives, the other component in the calculation of
19 depreciation rates is net salvage values, or salvage value less cost of removal.

20 The relevant Uniform System of Accounts definitions on pages 11-13 are:

21 Salvage Value means the amount received for property retired, less any
22 expenses incurred in connection with the sale or in preparing the property
23 for sale, or, if retained, the amount at which the material recoverable is
24 chargeable to materials and supplies, or other appropriate account.

25 Cost of Removal means the cost of demolishing, dismantling, tearing
26 down or otherwise removing utility plant, including the cost of
27 transportation and handling incidental thereto.

28 Net Salvage Value means the salvage value of property retired less the cost
29 of removal.

1 For proper rate setting, the calculation of depreciation rates and resultant depreciation
2 expense recognizes that the allowance for depreciation should include the recovery of the
3 original cost of the depreciable assets less any anticipated positive salvage values and/or
4 plus any anticipated cost of removal. Under this calculation of depreciation rates,
5 existing and future customers will pay their fair share of the cost and net salvage value of
6 the assets that have been used to provide utility service to them.

7 **Q7. HOW DOES THE ACCOUNTING FOR DEPRECIATION AFFECT NET**
8 **INVESTMENT?**

9 A7. Annual depreciation expense accruals are of course credits, or increases, to the
10 accumulated depreciation. Recognition of positive net salvage decreases the accrual and
11 negative net salvage, due to cost of removal, increases the accrual. Accordingly,
12 accumulated depreciation is higher or lower depending on net salvage value, and the net
13 operating income in relation to net investment is lower or higher, respectively.
14 Instructions on page 33 of the Uniform System of Accounts describe the accounting with
15 respect to the retirement of a retirement unit of property as follows:

16 If the retirement unit is of a depreciable class, the book cost of the unit
17 retired and credited to utility plant shall be charged to the accumulated
18 depreciation applicable to such property. The cost of removal and the
19 salvage shall be charged or credited, as appropriate, to such depreciation
20 account.

21
22 Under the required accounting for retirements, the accumulated depreciation would
23 decrease by the original cost of the retired property and also by the cost of removal,
24 determined at the time of retirement, which ideally would offset, on average, the annual
25 accruals that had increased the accumulated depreciation over the years. In other words,

1 as annual accruals that include recovery of the original cost as well as cost of removal
2 accumulate, they increase the reserve for depreciation and, therefore, decrease the net
3 investment. The booking of the cost of removal when assets are retired would decrease
4 the reserve for depreciation, and increase the net investment.

5 It is also noted that for rate setting purposes the establishment of reasonable depreciation
6 rates is primarily a matter of achieving intergenerational equity -- existing and future
7 customers paying their fair share of the costs associated with the assets that are used to
8 provide them with service. Further, while depreciation expense is a deduction to
9 revenues when calculating utility operating income (return on net investment), it is a
10 “non-cash” expense; depreciation expense is for the most part a recovery of the original
11 cost of assets for which expenditures had previously been made. Thus, depreciation
12 expense is a source of internally generated funds, as is retained earnings. Because
13 dividends to stockholders are only paid out of net income, these internally generated
14 funds provide financing of new plant, not additional return on investment. The level of
15 these internally-generated funds, however, only provides part of the capital needed for
16 new plant, because the original cost of the assets being recovered through depreciation
17 allowances is typically only a small fraction of the current cost of adding or replacing
18 plant and facilities -- the balance of the funding must be obtained from the attraction of
19 outside debt and/or equity capital.

20 Accordingly, in addition to intergenerational equity, establishing reasonable depreciation
21 rates that provide for the recovery of the original cost of assets and net salvage values,
22 including cost of removal, should, at least theoretically, improve the utility’s ability to
23 attract capital at a lower cost -- because the portion of the new outside capital in relation

1 to existing investment would not be higher than otherwise needed to make up for a
2 shortfall in internally generated capital and debt coverage requirements. Obviously, a
3 lower cost of capital has a beneficial impact on rates for service. This potential benefit
4 assumes a long-term effect of adequate depreciation practices. Depreciation practices,
5 however, are not a substitute or offset for other rate setting policies that should establish
6 new rates for service in order to cover the cost of service for the period when those rates
7 become effective. Appropriate depreciation practices, coupled with other rate setting
8 practices that provide a utility with a realistic opportunity to achieve the allowed return on
9 investment, will in the long run improve the utility's ability to attract the lowest cost of
10 capital.

11 **Q8. PLEASE DESCRIBE THE ANALYSIS WHICH YOU PERFORMED FOR THE**
12 **COMPANY.**

13 A8. I have undertaken a comparative analysis in order to establish appropriate average service
14 lives and depreciation rates. I have prepared similar comparative analyses that have been
15 accepted in other jurisdictions in recent years. It has been my experience that
16 depreciation rates for small water utilities are commonly based on the use of comparisons
17 because small utilities do not have sufficient retirement data that are readily available to
18 perform either an actuarial or simulated plant balance method for determining average
19 service lives. I have performed several comparative depreciation studies on behalf of
20 Utility Services of Illinois, Inc. (a sister utility of WSKY) in connection with rate
21 applications to the Illinois Commerce Commission ("ICC"). The ICC has been a leader
22 in recognizing the impact of current construction costs in relation to the cost of removing

1 retired facilities that were installed many years ago. The ICC has consistently accepted
2 my comparative analyses, including the recommended average service lives, net salvage
3 values and resultant depreciation rates. Those average service lives and net salvage
4 values are also consistent with studies of comparable property of other utilities which I
5 have examined. The average service lives I am recommending are within the range of
6 data compiled for various utilities and regulatory agencies around the country.

7 **Q9. WHAT COMPARISONS DID YOU MAKE?**

8 A9. I compiled average service lives, net salvage values and depreciation rates of other water
9 utilities in various states, including Utilities & Industries Corp., Long Island Water
10 Corporation, Elizabethtown Water Company, Citizens Water Company, Artesian Water
11 Company, Illinois American Water Company, Middlesex Water Company, Citizens
12 Water Company, the New Jersey American utilities, Pennichuck Water Company, Aqua
13 Illinois, Inc. divisions known as Candlewick, Fairhaven Estates, Hawthorn Woods,
14 Ivanhoe, Oak Run, Ravenna, University Park, Vermilion, Willowbrook, Elwood Green,
15 Kankakee and Corporate, NARUC guideline depreciation rates, California Public
16 Utilities Commission Standard Practice depreciation rates, and Florida Public Service
17 Commission rules and regulations on depreciation rates.

18 **Q10. IS YOUR DEPRECIATION STUDY CONSISTENT WITH THE NATIONAL**
19 **ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS STUDY OF**
20 **DEPRECIATION PRACTICES FOR SMALL WATER UTILITIES?**

21 A10. Yes. The NARUC manual dated August 15, 1979, recognizes that depreciation rates are
22 calculated by factoring in average service lives of asset groups and net salvage

1 percentages. On page 9 of the manual, it states that a small utility may not have sufficient
2 records to develop its own survivor curves to estimate average service life of an asset, the
3 utility can use an average service life based on engineering judgment or by using the
4 forecast or life span being used by other utilities. My study is supported by both these
5 factors. In addition, the NARUC manual acknowledges on page 12 that the net salvage
6 value can be a negative value when the cost of removal is expected to exceed gross
7 salvage value.

8 **Q11. HAVE YOU PREPARED AN EXHIBIT WHICH SHOWS THE RESULTS OF**
9 **YOUR DEPRECIATION STUDY AND A SUMMARY OF YOUR**
10 **RECOMMENDATIONS?**

11 A11. Yes. My recommendations with respect to the depreciation study are contained on
12 Schedule JFG-1, showing the average service lives, net salvage values and depreciation
13 rates by account. In addition, Schedule JFG-2 provides a summary of the comparative
14 data examined, showing the range of average service lives, salvage values and
15 depreciation rates.

16 **Q12. WHAT IS THE BASIS FOR THE NEGATIVE NET SALVAGE VALUES?**

17 A12. I used net salvage values that were established some years ago by the ICC that has made
18 significant progress with respect to recognizing the current cost of removal in relation to
19 the original cost of depreciable assets. An analysis of the dramatic increases in
20 construction costs with respect to utility assets supports the ICC's initiative. It is obvious
21 that the current cost of dismantling and removing such assets as structures, storage
22 facilities, pumps, etc. is significant in terms of the absolute costs, particularly in relation

1 to their original costs. With respect to such assets as mains and service laterals, the cost
2 of removal is also significant, even if only a small portion of the costs associated with
3 trenching for the replacement and installation of a new section of a main or replacement
4 of a service lateral is allocated to the cost of removal.

5 **Q13. HAVE YOU ALSO PREPARED A SCHEDULE IN SUPPORT OF YOUR**
6 **RECOMMENDED NET SALVAGE VALUES THAT DEMONSTRATES THE**
7 **RELATIONSHIP OF ORIGINAL AND CURRENT CONSTRUCTION COSTS?**

8 A13. Yes, Schedule JFG-3 contains calculations of the multiples of current constructions costs
9 over original costs. The calculation determines, for each respective account, the ratio of
10 the current year Handy-Whitman Construction Cost Index to the vintage year index, with
11 the vintage years determined by the number of years of the respective average service life.
12 For example, Account 304.1 Structures & Improvements has an average service life of 30
13 years, which is equivalent to the vintage year 1987, or 30 years back from 2017, and the
14 2017 index of 548 is divided by the 1987 index of 231 producing a ratio or multiple of
15 2.4 -- meaning that the current cost of construction is an estimated 2.4 times greater than
16 the original cost. Clearly, the current cost to remove or replace structures would be a
17 significant percentage of the original cost. With respect to mains for which current costs
18 are nearly 33 times the original cost 90 years ago, if only 5% of the cost of installing the
19 new mains (to recognize a portion of the trenching) is allocated as the cost to replace the
20 old mains, the relationship of the cost of removal to the original costs would be well over
21 100%. This analysis confirms the reasonableness of negative net salvage percentages
22 used by the ICC, and which I use in this study.

1 **Q14. IS THE USE OF HANDY-WHITMAN INDICES COMMON IN PREPARING**
2 **CURRENT COSTS IN COMPARISON TO HISTORICAL COSTS?**

3 A14. Yes. The Handy-Whitman Construction Cost Index is commonly used in construction
4 cost comparisons like the one I prepared in this case.

5 **Q15. PLEASE DESCRIBE SCHEDULES JFG-1 AND JFG-2.**

6 A15. The recommended average service lives are for the most part the same as the average
7 service lives approved by the ICC for other water systems. On the basis of my experience
8 and my review of the depreciation determinations for many water system assets, it is my
9 judgment that the recommended average service lives and net salvage values for all plant
10 accounts shown on Schedules JFG-1 and JFG-2 are not only reasonable, in general, but
11 are reasonable for determining depreciation rates for the Company.

12 **Q16. IN ADDITION TO THE APPROPRIATENESS OF THE RECOMMENDED**
13 **DEPRECIATION RATES, ARE THERE OTHER ADVANTAGES FOR THE**
14 **COMPANY TO USE SIMILAR DEPRECIATION RATES FOR ALL OF ITS**
15 **SYSTEMS?**

16 A16. Yes, there is an administrative benefit associated with a consistent depreciation and
17 accounting practice. Moreover, since there is a general consistency in the way the
18 Company maintains its facilities, for each system, the life of each system's assets would
19 tend to be extended for a similar period of time.

20 **Q17. ARE YOUR COMPARATIVE DEPRECIATION DATA AVAILABLE IN WORK**
21 **PAPER FORM?**

22 A17. Yes.

1 **Q18. HOW IS THE COMPANY CURRENTLY DEPRECIATING ITS ASSETS?**

2 A18. For the most part, the Company uses a 2% composite depreciation rate.

3 **Q19. ARE THE DEPRECIATION RATES THAT YOU RECOMMEND FOR THE**
4 **VARIOUS DEPRECIABLE PLANT ACCOUNTS PREFERABLE TO A**
5 **COMPOSITE DEPRECIATION RATE?**

6 A19. Yes.

7 **Q20. HOW IS A COMPOSITE DEPRECIATION RATE DETERMINED?**

8 A20. Typically, a composite depreciation rate would be calculated by applying appropriate
9 depreciation rates to the original cost of each individual depreciable plant account, and
10 then totaling the resultant depreciation expense for those accounts and dividing that total
11 by the total of the original cost of the depreciable plant accounts to which individual
12 depreciation rates were applied. The use of an even 2.0% composite rate, however,
13 indicates to me that the 2.0% was likely selected as a “rule-of thumb” rough estimate for
14 small water utilities, without any account by account or comparative analyses.

15 **Q21. IS IT POSSIBLE THAT TWO OR MORE WATER SYSTEMS COULD HAVE**
16 **THE SAME COMPOSITE DEPRECIATION RATE?**

17 A21. No, it’s virtually impossible. Even if the same individual depreciation rates were applied
18 to the various primary plant accounts of any two water systems (wells, pumps, structures,
19 tanks, mains, meters, hydrants and various general plant, etc.), the original costs in each
20 of those accounts would have to be exactly the same in order to result in the same
21 composite depreciation rate, which is simply inconceivable.

1 **Q22. WHY IS IT SIGNIFICANT THAT NO TWO WATER UTILITIES COULD HAVE**
2 **THE SAME COMPOSITE DEPRECIATION RATE?**

3 A22. The application of an arbitrary composite depreciation rate is the least preferred method
4 of satisfying the purpose of depreciation – intergenerational equity. Specifically, an
5 arbitrary 2% composite depreciation rate for a water system, which is the equivalent of
6 applying a 50-year average service life to each individual depreciable asset, is the least
7 accurate way to determine depreciation expense as compared with any of the other
8 methods used to estimate the most likely average service life of each type of asset. For
9 example, it would be rare that more than one or two primary plant accounts would have a
10 50 year the average service life. As it turned out, unintentionally, there is no account for
11 which I recommend a 50-year average service life, as shown in Schedule JFG-1. Those
12 average service lives are within the range of a compilation of data for a significant
13 number of other water utilities in some 8 states across the country. It would be extremely
14 rare to apply depreciation rates resulting from those typical average service lives to the
15 original cost of utility plant and exactly produce the fixed composite depreciation rates
16 for any one water utility, and virtually impossible for multiple utilities.

17 **Q23. DOES THAT CONCLUDE YOUR TESTIMONY AT THI TIME?**

18 A23. Yes.

VERIFICATION

I, John F. Guastella, President of Guastella Associates, LLC, affirm under penalties of perjury that the foregoing representations are true and correct to the best of my knowledge, information, and belief.



John F. Guastella

Date: June 29, 2018

AFFIDAVIT

The undersigned, John F. Guastella, being duly sworn, deposes and says that he is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his knowledge, information and belief, after reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.

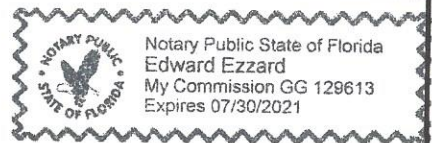


John F. Guastella, Affiant

NOTARY CERTIFICATE

STATE OF Florida

COUNTY OF Palm Beach



Subscribed, acknowledged and sworn to before me by John F. Guastella on
this 29th day of July, 2018.

My commission expires: 07-30-2021



NOTARY PUBLIC

Water System

Calculation of Depreciation Rates

Account Number (A)	Account Description (B)	Average Service Life (C)	Percent Net Salvage (D)	Depreciation Rate (E)
	<u>Intangible Plant</u>			
301	Organization	25.00	0%	4.00%
302	Franchises & Consents	25.00	0%	4.00%
	<u>Source of Supply & Pumping Plant</u>			
303	Land and Land Rights			
304	Structures and Improvements	30.00	-25%	4.17%
305	Collecting & Impounding Res.	70.00	0%	1.43%
306	Lake, River and Other Intakes	75.00	-10%	1.47%
307	Wells and Springs	60.00	0%	1.67%
309	Supply Mains	90.00	-70%	1.89%
310	Power Generating Equipment	30.00	0%	3.33%
311	Source of Supply & Pumping Equip.	40.00	-25%	3.13%
	<u>Water Treatment Plant</u>			
303	Land and Land Rights			
304	Structures and Improvements	45.00	-25%	2.78%
311	Electric Pumping Equip.	40.00	-25%	3.13%
320	Water Treatment Equipment	35.00	-25%	3.57%
339	Other Plant & Misc. Equipment	18.00	0%	5.56%
	<u>Transmission & Dist. Plant</u>			
303	Land and Land Rights			
304	Structures and Improvements	30.00	-25%	4.17%
311	Electric Pumping Equip.	40.00	-25%	3.13%
330	Dist. Reservoirs & Standpipes	60.00	0%	1.67%
331	T & D Mains	90.00	-70%	1.89%
333	Services	60.00	-100%	3.33%
334	Meters	15.00	13%	5.80%
334	Meter Installations	45.00	-100%	4.44%
335	Hydrants	43.00	-70%	3.95%
336	Backflow Prevention Devices	45.00	-100%	4.44%
339	Other Plant & Misc. Equipment	30.00	0%	3.33%
	<u>General Plant</u>			
303	Land and Land Rights			
304	Structures and Improvements-General	25.00	0%	4.00%
304	Structures and Improvements-Office	25.00	0%	4.00%
340	Office Furniture	20.00	10%	4.50%
340	MainFrame Computers	8.00	0%	12.50%
340	MainFrame Software	8.00	0%	12.50%
340	Personal Computers	8.00	0%	12.50%
340	PC Software	5.00	0%	20.00%
340	Other Allocated Computer System Costs	8.00	0%	12.50%
340	Other Allocated Micro System Costs	3.00	0%	33.33%
341	Transportation Equipment	7.00	30%	10.00%
342	Stores Equipment	30.00	5%	3.17%
343	Tools, Shop and Garage Equip.	15.00	5%	6.33%
344	Laboratory Equipment	20.00	0%	5.00%
345	Power Equipment	10.00	50%	5.00%
346	Communication Equipment	8.00	0%	12.50%
347	Miscellaneous Equipment	18.00	0%	5.56%
348	Other Tangible Plant	30.00	0%	3.33%

WATER SERVICES CORP. OF KENTUCKY

Schedule JFG-2

Water Division

Rate Case Docket No.

Period Reported: 2017

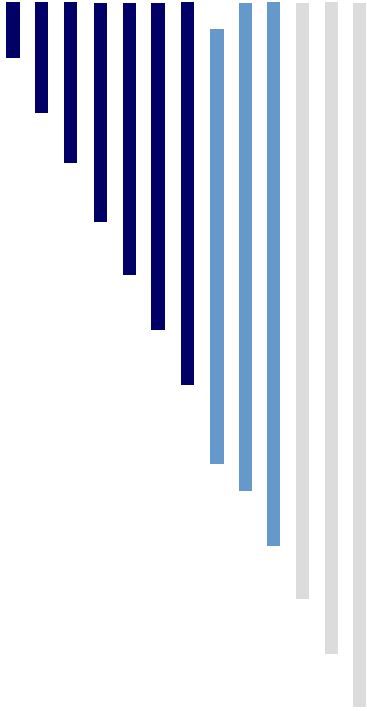
Depreciation Study - Summary of Recommendations
Comparative Results

Account Number (A)	Account Description (B)	Average Service Life		Depreciation Rates	
		Comparative Range (C)	Recommended (D)	Comparative Range (E)	Recommended (F)
<u>Intangible Plant</u>					
301	Organization		25.00		4.00%
302	Franchises & Consents		25.00		4.00%
<u>Source of Supply & Pumping Plant</u>					
303	Land and Land Rights				
304	Structures and Improvements	20 - 65	30.00	1.54 - 8.75%	4.17%
305	Collecting & Impounding Res.	35 - 100	70.00	1.00 - 2.86%	1.43%
306	Lake, River and Other Intakes	30 - 75	75.00	1.33 - 4.17%	1.47%
307	Wells and Springs	20 - 60	60.00	1.67 - 5.80%	1.67%
309	Supply Mains	25 - 100	90.00	1.00 - 4.40%	1.89%
310	Power Generating Equipment	17 - 30	30.00	3.33 - 6.18%	3.33%
311	Source of Supply & Pumping Equip.	15 - 40	40.00	2.50- 8.33%	3.13%
<u>Water Treatment Plant</u>					
303	Land and Land Rights				
304	Structures and Improvements	20 - 65	45.00	1.54 - 8.75%	2.78%
311	Electric Pumping Equip.	15 - 40	40.00	2.50- 8.33%	3.13%
320	Water Treatment Equipment	15 - 60	35.00	1.67 - 10.00%	3.57%
339	Other Plant & Misc. Equipment	15-50	18.00	2.00 - 6.67%	5.56%
<u>Transmission & Dist. Plant</u>					
303	Land and Land Rights				
304	Structures and Improvements	20 - 65	30.00	1.54 - 8.75%	4.17%
311	Electric Pumping Equip.	15 - 40	40.00	2.50- 8.33%	3.13%
330	Dist. Reservoirs & Standpipes	25 - 100	60.00	1.00 - 5.20%	1.67%
331	T & D Mains	25 - 100	90.00	1.00 - 6.80%	1.89%
333	Services	14 - 60	60.00	1.43 - 27.57%	3.33%
334	Meters	14 - 56	15.00	1.02 - 14.29%	5.80%
334	Meter Installations	14 - 56	45.00	1.02 - 14.29%	4.44%
335	Hydrants	25 - 70	43.00	1.36 - 8.00%	3.95%
336	Backflow Prevention Devices	14 - 56	45.00	1.02 - 14.29%	4.44%
339	Other Plant & Misc. Equipment	15 - 50	30.00	2.00 - 6.67%	3.33%
<u>General Plant</u>					
303	Land and Land Rights				
304	Structures and Improvements	20 - 65	25.00	1.54 - 8.75%	4.00%
304	Structures and Improvements-Office	20 - 65	25.00	3.17 - 25.00%	4.00%
340	Office Furniture	5 - 32	20.00	2.81 - 20.20%	4.50%
340	MainFrame Computers	3 - 10	8.00	9.00 - 33.33%	12.50%
340	MainFrame Software	3 - 10	8.00	10.00 - 33.33%	12.50%
340	Personal Computers	3 - 10	8.00	10.00 - 33.33%	12.50%
340	PC Software	3 - 10	5.00	10.00 - 33.33%	20.00%
340	Other Allocated Computer System Costs	3 - 10	8.00	10.00 - 33.33%	12.50%
340	Other Allocated Micro System Costs	3 - 10	3.00	10.00 - 33.33%	33.33%
341	Transportation Equipment	3 - 20	7.00	5.00 - 33.33%	10.00%
342	Stores Equipment	5 - 30	30.00	3.17 - 20.60%	3.17%
343	Tools, Shop and Garage Equip.	5 - 35	15.00	2.00 - 45.00%	6.33%
344	Laboratory Equipment	4 - 30	20.00	2.37 - 20.00%	5.00%
345	Power Equipment	2 - 25	10.00	3.39 - 6.67%	5.00%
346	Communication Equipment	5 - 38	8.00	3.00- 33.33%	12.50%
347	Miscellaneous Equipment	15 - 28	18.00	2.71 - 20.00%	5.56%

Construction Cost Increase
Water

A/C No.	Description	Average Service Lives	H-W NARUC Acct.	2017 Cost Index	Vintage Year	Vintage Cost Index	Current Cost Multiple of Original Cost
Source of Supply & Pumping:							
304.1	Structures & Improvements	30	304	548	1987	231	2.37
305.0	Coll. & Impdg. Reservoirs	70	305	453	1947	29	15.62
306.0	Lake & River Intakes	75	305	453	1942	21	21.57
307.0	Wells & Springs	60	305	453	1957	52	8.71
309.0	Supply Mains	90	305	453	1927	18	25.17
304.2	Structures & Improvements	30	304	548	1987	231	2.37
310.0	Power Generation Equipment	30	311	1135	1987	299	3.80
311.2	Electric Pumping Equipment	40	311	1135	1977	184	6.17
311.6	Other Pumping Equipment	18	311	1135	1999	505	2.25
Water Treatment Equipment:							
304.3	Structures & Improvements	45	304	548	1972	92	5.96
320.0	Purification System Equipment	35	320	834	1982	258	3.23
Transmission & Distribution Plant:							
304.4	Structures & Improvements	30	304	548	1987	231	2.37
311.54	Pumping Equipment-TD	40	311	1135	1977	184	6.17
330.0	Distr. Reserv. & Standpipes	60	330	784	1957	42	18.67
331.0	Transmission and Distribution Mains	90	331	685	1927	21	32.62
333.1	Services	60	333	511	1957	45	11.36
334.1	Meters & Installations	15	334.1	418	2002	207	2.02
334.2	Meter Installations	45	334.2	612	1972	106	5.77
335.0	Hydrants	43	335	928	1974	127	7.31
336.4	Backflow Prevention Devices	45	334	418	1972	106	3.94
339.0	Other Plant & Misc. Equipment	30	331	685	1987	249	2.75
General Plant:							
304.5	Structures & Improvements	25	304	548	1992	241	2.27
304.6	Structures & Improvements Offices	25	304	548	1992	241	2.27

Qualifications & Experience



**Rate Setting
Valuation
Management
Consulting**

...SERVING REGULATED AND UNREGULATED WATER AND WASTEWATER UTILITIES SINCE 1978

INTRODUCTION

GUASTELLA ASSOCIATES, LLC

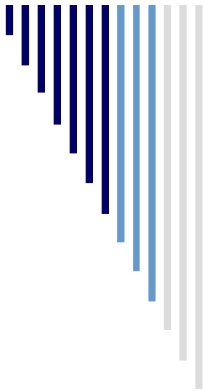
Guastella Associates, LLC (“formerly John F. Guastella Associates, Inc.”) is a consulting firm that specializes in providing utility rate setting, valuation and management services for public and privately-owned water and wastewater utilities.

John F. Guastella established Guastella Associates in 1978. Previously, Mr. Guastella was Director of the Water Division of the New York Public Service Commission. The Water Division provided the New York Commission with technical assistance in regulating the rates and service provided by approximately 450 privately-owned utilities. During the period from 1987 through 1991, Mr. Guastella also managed a 5,500 customer water utility in New York State. In 1989, Guastella Associates acquired the rates and valuation section of Coffin & Richardson, Inc., a general consulting firm that also provided a full range of services to water and wastewater utilities. Since 2009, Guastella Associates has served as the general manager of Daufuskie Island Utility Company, Inc. (“DIUC”), responsible for its day-to-day operations, billing, bookkeeping, financing, capital improvement projects and regulatory relations. DIUC provides water and wastewater service to some 550 connected customers and 600 availability customers located on Daufuskie Island, South Carolina.

As can be seen from the following qualifications and experience, key staff members have many years of combined experience in virtually every aspect of utility rate setting and valuation. The technical expertise of key staff, combined with their former employment by real estate and utility companies, a regulatory agency, and the management of water utilities, provides a total perspective towards addressing the rates and valuation needs of today’s water and wastewater utilities.

Guastella Associates has assisted the largest privately-owned utilities with respect to the most challenging issues, performing complex studies and providing expert testimony in administrative hearings as well as court proceedings. In addition, our client base has included hundreds of small water and wastewater utilities - - obtaining rate increases that turn operating losses into profits, posturing them for financing, correcting record keeping errors and, for some, negotiating their sale at multiples of their original cost net investment rate base. Some of our most successful assignments have been to help establish new developer-related water and wastewater utilities, applying the correct principles at the outset in order to develop fully compensatory initial rates, record keeping procedures and asset management, so they are structured to become self-sustaining utilities that will achieve the highest possible profit and ultimate market value.

Our wide-range of experience and expertise has enabled us to successfully address the special needs of large investor-owned utilities in rate cases and condemnation proceedings.



OUTLINE OF SERVICES

GUASTELLA ASSOCIATES, LLC

Guastella Associates, LLC (“formerly John F. Guastella Associates, Inc.”) is a consulting firm specializing in utility management, valuation, appraisals and rate determinations. Guastella Associates has been providing professional services to regulated and unregulated utilities since 1978.

Specific areas of expertise includes:

I. RATE ANALYSIS

A. Revenue Requirements

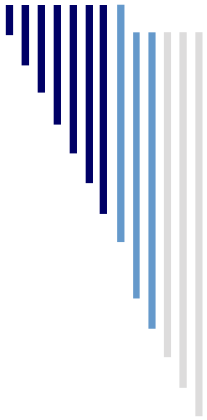
1. Examination of books and records -- revenues, expenses and capital investment.
2. Determination of the cost of providing service (revenue requirement) -- normalize historical data, establish known changes and perform projections.

B. Rate Design

1. Perform cost allocation studies to establish cost of service for residential, commercial, industrial, wholesale and fire protection customers, and for other special users.
2. Develop rate structures -- combine billing analyses and cost allocations to form usage rates, flat rates, minimum service and facilities charges, and such other special charges as connection fees, availability rates, etc.

C. Reports

1. Investor-owned utilities -- prepare complete rate filings for submission to regulatory agencies; prepare testimony, exhibits, and assist in all aspects of adjudication process.
2. Municipal utilities -- prepare detailed rate reports in support of rate increases for use by municipal officials and presentation at municipal hearings.



OUTLINE OF SERVICES

GUASTELLA ASSOCIATES, LLC

II. VALUATIONS

A. Appraisals

1. Eminent domain condemnation proceedings, negotiations for sale of utilities, damage claims for insurance and ad valorem tax and management purposes.
2. Determinations of original cost, replacement cost, reproduction cost and market value, including going concern value.
3. Calculation of the present value of cash flow under the income approach to market value determinations.
4. Analyses of market data under the sales comparison approach.

B. Depreciation

1. Actuarial studies using retirement rate or simulated plant balances methods to determine average service lives of physical property, theoretical depreciation reserve requirements and depreciation rates.
2. Establish affordable depreciation rates on the basis of comparative analyses of similar property of other utilities and practices of regulatory agencies and association

C. Feasibility Studies

1. Utility acquisitions by investors and municipalities.
2. Economic studies to establish extension of service costs and policy -- inside and outside service area.
3. Main extension agreements, guaranteed revenue contracts, refund provisions.

D. Financial Planning

1. Establish financing requirements for capital improvements.
2. Determine revenue and rate needs for various combinations of debt and equity financing.
3. Assist certain utilities in securing financing.
4. Establish financing needs, initial rates and regulatory approval of proposed new utilities.

III. MANAGEMENT

A. Operations

1. Provides general management of water and wastewater utilities.
2. Assist in day-to-day decisions as to utility accounting and related impact on rates.
3. Solve problems as to record keeping in accordance with regulatory requirements and prescribed systems of accounts.
4. Establish general policy and tariff provisions for customer service, billing, collecting, meter testing, complaint handling, and customer and regulatory relations.

B. Administrative

1. Coordinate activities with regulatory agencies to assure compliance with rules, regulations and orders.
2. Negotiations for purchase or sale of utility property and special contracts.

C. Training

1. On-the-job training for employees while working on various projects.
2. Special educational seminars on all aspects of utility rate settings, financing, valuation and rules.

PROFESSIONAL QUALIFICATIONS AND EXPERIENCE
of
JOHN F. GUASTELLA

B.S., Mechanical Engineering, Stevens Institute of Technology, 1962

Member:

American Water Works Association, Lifetime Member
National Association of Water Companies
New England Water Works Association, Lifetime Member

Committees:

AWWA, Water Rates Committee (Water Rates Manual M-1, 1983 Edition)
National Association of Regulatory Utility Commissioners (NARUC) and NAWC, Joint-Committee on Rate Design
NAWC, Rates and Revenues Committee
NAWC, Small Water Company Committee

Mr. Guastella is President of Guastella Associates, LLC (“formerly John F. Guastella Associates, Inc.”) which provides management, valuation and rate consulting services for municipal and investor-owned utilities, as well as regulatory agencies. His clients include utilities in the states of Alaska, Arizona, Arkansas, California, Connecticut, Delaware, Florida, Georgia, Idaho, Illinois, Indiana, Maine, Maryland, Massachusetts, Missouri, Michigan, Montana, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Dakota, Ohio, Pennsylvania, South Carolina, Texas, Rhode Island and Virginia. He has provided consulting services that include all aspects of utility regulation and rate setting, encompassing revenue requirements, revenues, operation and maintenance expenses, depreciation, taxes, return on investment, cost allocation and rate design. He has performed depreciation studies for the establishment of average service lives and depreciation rates of utility property. He has performed appraisals of utility companies for management purposes and in connection with condemnation proceedings. He has also negotiated the sale of utility companies. He directs the general management of a water and wastewater utility in South Carolina.

Mr. Guastella served for more than four years as President of Country Knolls Water Works, Inc., a water utility that served some 5,500 customers in Saratoga County, New York. He also served as a member of the Board of Directors of the National Association of Water Companies.

Mr. Guastella has qualified and testified as an expert witness before regulatory agencies and municipal jurisdictions in the states of Alaska, Arizona, California, Connecticut, Delaware, Florida, Georgia, Illinois, Indiana, Maryland, Massachusetts, Missouri, Montana, Nevada, New Hampshire, New Mexico, New Jersey, New York, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, Texas and Virginia.

Prior to establishing his own firm, Mr. Guastella was employed by the New York State Public Service Commission for sixteen years. For two years he was involved in the regulation of electric and gas utilities, with the remaining years devoted to the regulation of water utilities. In 1970, he was promoted to Chief of Rates and Finance in the Commission's Water Division. In 1972, he was made Assistant Director of the Water Division. In 1974, he was appointed by Alfred E. Kahn, then Chairman of the Commission, to be Director of the Water Division, a position he held until he resigned from the Commission in August 1978.

At the Commission, his duties included the performance and supervision of engineering and economic studies concerning rates and service of many public utilities. As Director of the Water Division, he was responsible for the regulation of more than 450 water companies in New York State and headed a professional staff of 32 engineers and three technicians. A primary duty was to attend Commission sessions and advise the Commission during its decision making process. In the course of that process, an average of about fifty applications per year would be reviewed and analyzed. The applications included testimony, exhibits and briefs

involving all aspects of utility valuation and rate setting. He also made legislative proposals and participated in drafting Bills that were enacted into law: one expanded the N.Y. Public Service Commission's jurisdiction over small water companies and another dealt specifically with rate regulation and financing of developer-related water systems.

In addition to his employment and client experience, Mr. Guastella served as Vice-Chairman of the Staff-Committee on Water of the National Association of Regulatory Utility Commissioners (NARUC). This activity included the preparation of the "Model Record-Keeping Manual for Small Water Companies," which was published by the NARUC. This manual provides detailed instruction on the kinds of operation and accounting records that should be kept by small water utilities, and on how to use those records.

Each year since 1974 he has prepared study material, assisted in program coordination and served as an instructor at the Eastern Annual Seminar on Water Rate Regulation sponsored over the years by the NARUC in conjunction with the University of South Florida, Florida Atlantic University, the University of Utah, Florida State University, the University of Florida and currently Michigan State University. In 1980 he was instrumental in the establishment of the Western NARUC Rate Seminar and has annually served as an instructor since that time. This course is recognized as one of the best available for teaching rate-setting principles and methodology. More than 7,500 students have attended this course, including regulatory staff, utility personnel and members of accounting, engineering, legal and consulting firms throughout the country.

Mr. Guastella served as an instructor and panelist in a seminar on water and wastewater regulation conducted by the Independent Water and Sewer Companies of Texas. In 1998, he prepared and conducted a seminar on basic rate regulation on behalf of the New England Chapter of the National Association of Water Companies. In 2000 and 2001, Mr. Guastella developed and conducted a special seminar for developer related water and wastewater utilities in conjunction with Florida State University, and again in 2003 in conjunction with the University of Florida. It provided essential training for the financial structuring of small water and wastewater utilities, rate setting, financing and the establishment of their market value in the event of a negotiated sale or condemnation. In 2004, he prepared and conducted a special workshop seminar on behalf of the Office of Regulatory Staff of South Carolina, covering rate setting, valuation and general regulation of water and wastewater utilities. In 2006, he participated in an expert workshop on full cost pricing conducted by the U. S. Environmental Protection Agency in coordination with the Institute of Public Utilities, Michigan State University. In 2006 and again in 2013, he prepared and conducted a special seminar on rate setting and valuation on behalf of the New York Chapter of the NAWC. In 2007 and again in 2015, he prepared and conducted a special seminar on rate setting and valuation on behalf of the New England Chapter of NAWC.

Mr. Guastella has made presentations on a wide variety of rate, valuation and regulatory issues at meetings of the National Association of Regulatory Utility Commissioners, the American Water Works Association, the New England Water Works Association, the National Association of Water Companies, the New England Conference of Public Utilities Commissioners, the Florida, New England, New Jersey and New York Chapters of NAWC, the Mid-America Regulatory Conference, the Southeastern Association of Regulatory Utility Commissioners, the Pennsylvania Environmental Conference, the Public Utility Law Section of the New Jersey Bar Association, and the NAWC Water Utility Executive Council.

John F. Guastella
List of Proceedings in which
Expert Testimony
was Presented

Year	Client	State	Regulatory Docket/Case Number
1966	Sunhill Water Corporation	New York	23968
1967	Amagansett Water Company	New York	24210
1967	Worley Homes, Inc.	New York	24466
1968	Amagansett Water Company	New York	24718
1968	Amagansett Water Company	New York	24883
1968	Sunhill Water Corporation	New York	23968
1968	Worley Homes, Inc.	New York	Supreme Court
1969	Amagansett Water Supply	New York	24883
1969	Citizens Water Supply Co.	New York	25049
1969	Worley Homes, Inc.	New York	24466/24992
1970	Brooklyn Union Gas Company	New York	25448
1970	Consolidated Edison of New York	New York	25185
1971	Hudson Valley Water Companies	New York	26093
1971	Jamaica Water Supply Company	New York	26094
1971	Port Chester Water Works, Inc.	New York	25797
1971	U & I Corp. - Merrick District	New York	26143
1971	Wanakah Water Company	New York	25873
1972	Spring Valley Water Company	New York	26226
1972	U & I Corp. - Woodhaven District	New York	26232
1973	Citizens Water Supply Company	New York	26366
1978	Rhode Island DPU&C (Bristol County)	Rhode Island	1367A
1979	Candlewick Lake Utilities Co.	Illinois	76-0218
1979	Candlewick Lake Utilities Co.	Illinois	76-0347
1979	Candlewick Lake Utilities Co.	Illinois	78-0151
1979	Jacksonville Suburban Utilities	Florida	770316-WS
1979	New York Water Service Corporation	New York	27594
1979	Salem Hills Sewerage Disposal Corp. v. V. of Voorheesville	New York	Supreme Court

John F. Guastella
List of Proceedings in which
Expert Testimony
was Presented

Year	Client	State	Regulatory Docket/Case Number
1979	Seabrook Water Corporation	New Jersey	7910-846
1979	Southern Utilities Corporation	Florida	770317-WS
1979	Township of South Brunswick	New Jersey	Municipal
1979	Westchester Joint Water Works	New York	Municipal
1979	Woodhaven Utilities Corporation	Illinois	77-0109
1980	Crestwood Village Sewer Company	New Jersey	BPU 802-78
1980	Crestwood Village Water Company	New Jersey	BPU 802-77
1980	Gateway Water Supply Corporation	Texas	Municipal
1980	GWW-Central Florida District	Florida	800004-WS
1980	Jamaica Water Supply Company	New York	27587
1980	Rhode Island DPU&C (Newport Water)	Rhode Island	1480
1981	Briarcliff Utilities, Inc.	Texas	3620
1981	Candlewick Lake Utilities Co.	Illinois	81-0011
1981	Caroline Water Company, Inc.	Virginia	810065
1981	GDU, Inc. - Northport	Florida	Municipal
1981	GDU, Inc. - Port Charlotte	Florida	Municipal
1981	GDU, Inc. - Port Malabar	Florida	80-2192
1981	Hobe Sound Water Company	Florida	8000776
1981	Lake Buckhorn Utilities, Inc.	Ohio	80-999
1981	Lake Kiowa Utilities, Inc.	Texas	3621
1981	Lakengren Utilities, Inc.	Ohio	80-1001
1981	Lorelei Utilities, Inc.	Ohio	80-1000
1981	New York Water Service Corporation	New York	28042
1981	Rhode Island DPU&C (Newport Water)	Rhode Island	1581
1981	Shawnee Hills Utility Company	Ohio	80-1002
1981	Smithville Water Company, Inc.	New Jersey	808-541
1981	Spring Valley Water Company, Inc.	New York	27936
1981	Spring Valley Water Company, Inc.	New York	27936
1981	Sunhill Water Corporation	New York	27903

John F. Guastella
List of Proceedings in which
Expert Testimony
was Presented

Year	Client	State	Regulatory Docket/Case Number
1981	Swan Lake Water Corporation	New York	27904
1982	Chesterfield Commons Sewer Company	New Jersey	822-84
1982	Chesterfield Commons Water Company	New Jersey	822-83
1982	Crescent Waste Treatment Corp.	New York	Municipal
1982	Crestwood Village Sewer Company	New Jersey	821-33
1982	Crestwood Village Water Company	New Jersey	821-38
1982	Salem Hills Sewerage Disposal Corp.	New York	Municipal
1982	Township of South Brunswick	New Jersey	Municipal
1982	Woodhaven Utilities Corporation	Illinois	82-0167
1983	Country Knolls Water Works, Inc.	New York	28194
1983	Heritage Hills Water Works Corp.	New York	28453
1984	Crestwood Village Sewer Company	New Jersey	8310-861
1984	Crestwood Village Water Company	New Jersey	8310-860
1984	Environmental Disposal Corp.	New Jersey	816-552
1984	GDU, Inc. - Port St. Lucie	Florida	830421
1984	Heritage Village Water (water/sewer)	Connecticut	84-08-03
1984	Hurley Water Company, Inc.	New York	28820
1984	New York Water Service Corporation	New York	28901
1985	Deltona Utilities (water/sewer)	Florida	830281
1985	J. Filiberto Sanitation, Inc.	New Jersey	8411-1213
1985	Sterling Forest Pollution Control	New York	Municipal
1985	Water Works Enterprise, Grand Forks	North Dakota	Municipal
1986	GDU, Inc. - Port Charlotte	Florida	Municipal
1986	GDU, Inc. - Sebastian Highlands	Florida	Municipal
1986	Kings Grant Water/Sewer Companies (settled)	New Jersey	WR8508-868
1986	Mt. Ebo Sewage Works, Inc.	New York	Municipal
1986	Sterling Forest Pollution Control	New York	Municipal
1987	Country Knolls Water Works, Inc.	New York	29443
1987	Crestwood Village Sewer Co. (settled)	New Jersey	WR8701-38

John F. Guastella
List of Proceedings in which
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Year	Client	State	Regulatory Docket/Case Number
1987	Deltona Utilities – Marco Island	Florida	85151-WS
1987	Deltona Utilities, Inc. - Citrus Springs (settled)	Florida	870092-WS
1987	First Brewster Water Corp. v. Town of Southeast (settled)	New York	Supreme Court
1987	GDU, Inc. - Silver Springs Shores	Florida	870239-WS
1987	Ocean County Landfill Corporation	New Jersey	SR-8703117
1987	Palm Coast Utility Corporation	Florida	870166-WS
1987	Sanlando Utilities Corp. (settled)	Florida	860683-WS
1987	Township of South Brunswick	New Jersey	Municipal
1987	Woodhaven Utilities Corp. (settled)	Illinois	87-0047
1988	Crescent Estates Water Co., Inc.	New York	88-W-035
1988	Elizabethtown Water Co.	New Jersey	OAL PUC3464-88
1988	Heritage Village Water Company	Connecticut	87-10-02
1988	Instant Disposal Service, Inc.	New Jersey	SR-87080864
1988	J. Filiberto Sanitation v. Morris County Transfer Station	New Jersey	01487-88
1988	Ohio Water Service Co.	Ohio	86-1887-WW-CO1
1988	St. Augustine Shores Utilities	Florida	870980-WS
1989	Elizabethtown Water Co.	New Jersey	BPU WR89020132J
1989	GDU (FPSC generic proceeding as to rate setting procedures)	Florida	880883-WS
1989	Gordon's Corner Water Co.	New Jersey	OAL PUC479-89
1989	Heritage Hills Sewage Works	Connecticut	Municipal
1989	Heritage Village Water Company	Connecticut	87-10-02
1989	Palm Coast Utility Corporation	Florida	890277-WS
1989	Southbridge Water Supply Co.	Massachusetts	DPU 89-25
1989	Sterling Forest Water Co.	New York	PSC 88-W-263
1990	American Utilities, Inc. - United States Bankruptcy Court	New Jersey	85-00316
1990	City of Carson City	Nevada	Municipal
1990	Country Knolls Water Works, Inc.	New York	90-W-0458
1990	Elizabethtown Water Company	New Jersey	WR900050497J

John F. Guastella
List of Proceedings in which
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Year	Client	State	Regulatory Docket/Case Number
1990	Kent County Water Authority	Rhode Island	1952
1990	Palm Coast Utility Corporation	Florida	871395-WS
1990	Southern States Utilities, Inc.	Florida	Workshop
1990	Trenton Water Works	New Jersey	WR90020077J
1990	Waste Management of New Jersey	New Jersey	SE 87070552
1990	Waste Management of New Jersey	New Jersey	SE 87070566
1991	City of Grand Forks	North Dakota	Municipal
1991	Gordon's Corner Water Co.	New Jersey	OAL PUC8329-90
1991	Southern States Utilities, Inc.	Florida	900329-WS
1992	Elizabethtown Water Co.	New Jersey	WR 91081293J
1992	General Development Utilities, Inc. - Port Malabar Division	Florida	911030-WS
1992	General Development Utilities, Inc. - West Coast Division	Florida	911067-WS
1992	Heritage Hills Water Works, Inc.	New York	92-2-0576
1993	General Development Utilities, Inc. - Port LaBelle Division	Florida	911737-WS
1993	General Development Utilities, Inc. - Silver Springs Shores	Florida	911733-WS
1993	General Waterworks of Pennsylvania - Dauphin Cons. Water Supply	Pennsylvania	R-00932604
1993	Kent County Water Authority	Rhode Island	2098
1993	Southern States Utilities - FPSC Rulemaking	Florida	911082-WS
1993	Southern States Utilities - Marco Island	Florida	920655-WS
1994	Capital City Water Company	Missouri	WR-94-297
1994	Capital City Water Company	Missouri	WR-94-297
1994	Elizabethtown Water Company	New Jersey	WR94080346
1994	Elizabethtown Water Company	New Jersey	WR94080346
1994	Environmental Disposal Corp.	New Jersey	WR94070319
1994	General Development Utilities - Port Charlotte	Florida	940000-WS
1994	General Waterworks of Pennsylvania	Pennsylvania	R-00943152

John F. Guastella
List of Proceedings in which
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Year	Client	State	Regulatory Docket/Case Number
1994	Hoosier Water Company - Mooresville Division	Indiana	39839
1994	Hoosier Water Company - Warsaw Division	Indiana	39838
1994	Hoosier Water Company - Winchester Division	Indiana	39840
1994	West Lafayette Water Company	Indiana	39841
1994	Wilmington Suburban Water Corporation	Delaware	94-149 (stld)
1995	Butte Water Company	Montana	Cause 90-C-90
1995	Heritage Hills Sewage Works Corporation	New York	Municipal
1996	Consumers Illinois Water Company	Illinois	95-0342
1996	Elizabethtown Water Company	New Jersey	WR95110557
1996	Palm Coast Utility Corporation	Florida	951056-WS
1996	PenPac, Inc.	New Jersey	OAL-00788-93N
1996	Southern States Utilities, Marco Island	Florida	950495-WS
1997	Crestwood Village Water Company	New Jersey	BPU 96100739
1997	Indiana American Water Co., Inc.	Indiana	IURC 40703
1997	Missouri-American Water Company	Missouri	WR-97-237
1997	South County Water Corp	New York	97-W-0667
1997	United Water Florida	Florida	960451-WS
1998	Consumer Illinois Water Company	Illinois	98-0632
1998	Consumers Illinois Water Company	Illinois	97-0351
1998	Heritage Hills Water Company	New York	97-W-1561
1998	Missouri-American Wastewater Company	Missouri	SR-97-238
1999	Consumers Illinois Water Company	Illinois	99-0288
1999	Environmental Disposal Corp.	New Jersey	WR99040249
1999	Indiana American Water Co., Inc.	Indiana	IURC 41320
2000	South Haven Sewer Works, Inc.	Indiana	Cause: 41410
2000	Utilities Inc. of Maryland	Maryland	CAL 97-17811
2001	Artesian Water Company	Delaware	00-649
2001	Citizens Utilities Company	Illinois	01-0001
2001	Elizabethtown Water Company	New Jersey	WR-0104205

John F. Guastella
List of Proceedings in which
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Year	Client	State	Regulatory Docket/Case Number
2001	Kiawah Island Utility, Inc.	South Carolina	2001-164-W/S
2001	Placid Lakes Water Company	Florida	011621-WU
2001	South Haven Sewer Works, Inc.	Indiana	41903
2001	Southlake Utilities, Inc.	Florida	981609-WS
2002	Artesian Water Company	Delaware	02-109
2002	Consumers Illinois Water- Grant Park	Illinois	02-0480
2002	Consumers Illinois Water- Village Woods	Illinois	02-0539
2002	Valencia Water Company	California	02-05-013
2003	Consumers Illinois Water - Indianola	Illinois	03-0069
2003	Elizabethtown Water Company	New Jersey	WR-030-70510
2003	Golden Heart Utilities, Inc.	Alaska	U-02-13, 14 & 15
2003	Utilities, Inc. – Georgia	Georgia	CV02-0495-AB
2004	Aquarion Water Company	Connecticut	04-02-14
2004	Artesian Water Company	Delaware	04-42
2004	El Dorado Utilities, Inc.	New Mexico	D-101-CU-2004-
2004	Environmental Disposal Corp.	New Jersey	DPU WR 03 070509
2004	Heritage Hills Water Company	New York	03-W-1182
2004	Sun Valley Water & Washoe County Dept. of Water Revenues	Nevada	TMWA Municipal
2004	Jersey City MUA	New Jersey	Municipal
2004	Rockland Electric Company	New Jersey	EF02110852
2005	Aquarion Water Company	New Hampshire	DW 05-119
2005	Intercoastal Utilities, Inc.	Florida	04-0007-0011-0001
2005	Haig Point Utility Company, Inc.	South Carolina	2005-34-W/S
2005	South Central Connecticut Regional Water Auth.	Connecticut	Municipal
2006	Pennichuck Water Works, Inc.	New Hampshire	DW-04048
2006	Village of Williston Park	New York	Municipal
2006	Jersey City MUA	New Jersey	Municipal
2006	Groton Utilities	Connecticut	Municipal

John F. Guastella
List of Proceedings in which
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Year	Client	State	Regulatory Docket/Case Number
2006	Connecticut Water Company	Connecticut	06-07-08
2006	Birmingham Utilities, Inc.	Connecticut	06-05-10
2006	Aqua Florida Utilities, Inc.	Florida	060368-WS
2007	Aquarion Water Company of CT	Connecticut	07-05-19
2007	Pennichuck Water Works, Inc.	New Hampshire	DW 04-048
2007	Aqua Indiana - Utility Center	Indiana	43331
2007	Environmental Disposal Corp.	New Jersey	WR 04 080760
2007	Aqua Florida Utilities, Inc.	Florida	07-0183
2007	Aqua Illinois, Inc. - Hawthorn Woods, Willowbrook & Vermilion	Illinois	07-0620/07-0621/08-0067
2008	Aqua Florida Utilities, Inc.	Florida	080121-WS
2008	Aquarion Water Company of MA	Massachusetts	D.P.U. 08-27
2008	Haig Point Utility Company, Inc.	South Carolina	2007-414-WS
2009	R.M.V. Land & C.M. Livestock, L.C.C.	New Jersey	EM02050313
2010	City of Griffin	Georgia	Civil Action No. 09V-2866
2010	Connecticut Water Company	Connecticut	09-12-11
2010	Montville WPCA	Connecticut	1400012464
2010	Milford Water Company	Massachusetts	DPU 10-78
2010	Arizona American Water Company	Arizona	W-01303A-10-0448
2011	Aqua Illinois	Illinois	ICC Docket (Consolidated)
2011	Artesian Water Company	Maryland	MPSC Case 9252
2011	Artesian Water Company	Delaware	PSC 11-207
2011	Kiawah Island Utility, Inc.	South Carolina	2011-317-WS
2012	Washington Gas Light	Maryland	Senate SB541
2012	Washington Gas Light	Maryland	House HB662
2012	Daufuskie Island Utility	South Carolina	2011-229-W/S
2012	Milford Water Company	Massachusetts	DPU 12-86
2013	Artesian Water Company	Pennsylvania	2:10-CV-07453-JP
2013	Aquarion Water Company - Oxford	Massachusetts	CA 09-00592E

John F. Guastella
List of Proceedings in which
Expert Testimony
was Presented

Year	Client	State	Regulatory Docket/Case Number
2013	Water Management Services	Florida	110200-WU
2013	City of Fernandina Beach	Florida	Civil Action No. 13CA000485AXYX
2013	City of Elizabeth	New Jersey	Docket Nos. UNN-L-0556-10 and UNN-L-2608-11
2014	Daufuskie Island Utility Company, Inc.	South Carolina	Case No. 2013-CP-7-02255
2014	Artesian Water Company	Delaware	Docket No. PSC 14-132
2014	Aquarion Water Company - Hingham	New Hampshire	SUCU 2013-03159-BLS2
2015	EPCOR	Arizona	ACC Docket # WS-01303A-14-0010
2015	Mountain Water Company	Montana	Case # DV-14-352
2015	Daufuskie Island Utility Company, Inc.	South Carolina	Docket No. 2014-346-WS
2015	Housatonic Water Works	Massachusetts	D.P.U. 15-179
2016	Epcor Water Arizona	Arizona	Docket No. W501303A-16-0145
2016	Community Utilities of Indiana	Indiana	Case No. 44724
2016	Utilities Inc. Of Florida	Florida	Docket No. 16101-WS
2017	Epcor Water Arizona	Arizona	Docket No. W10303A-17-0141
2017	Aquarion Water Company Of Massachusetts	Massachusetts	D.P.U. 17-90
2017	Milford Water Company	Massachusetts	D.P.U. 17-107

Papers and Presentations

By

John F. Guastella

Year	Title	Forum
1974 through 2018	1. Basics of Rate Setting 2. Cost Allocation and Rate Design 3. Revenue Requirements	Semi-annual seminars on utility rate regulation, National Association of Regulatory Utility Commissioners, sponsored by the University of South Florida, the University of Utah, Florida State University, The University of Florida and currently Michigan State University
1974	Rate Design Studies: A Regulatory Point-of- View	Annual convention of the National Association of Water Companies, New Haven, Connecticut
1976	Lifeline Rates	Annual convention of the National Association of Water Companies, Chattanooga, Tennessee
1977	Regulating Water Utilities: The Customers' Best Interest	Annual symposium of the New England Conference of Public Utilities Commissioners, Mystic Seaport, Connecticut
1978	Rate Design: Preaching v. Practice	Annual convention of the National Association of Water Companies, Baton Rouge, Louisiana
1979	Small Water Companies	Annual symposium of the New England Conference of Public Utilities Commissioners, Newport, Rhode Island
1979	Rate Making Problems Peculiar to Private Water and Sewer Companies	Special educational program sponsored by Independent Water and Sewer Companies of Texas, Austin, Texas
1980	Water Utility Regulation	Annual meeting of the National Association of Regulatory Utility Commissioners, Houston, Texas
1981	The Impact of Water Rates on Water Usage	Annual Pennsylvania Environmental Conference, Harrisburg, Pennsylvania
1981	A Realistic Approach to Regulating Water Utilities	Mid-America Regulatory Conference, Clarksville, Indiana
1982	Issues in Water Utility Regulation	Annual symposium of the New England Conference of Public Utilities Commissioners, Rockport, Maine
1982	New Approaches to the Regulation of Water Utilities	Southeastern Association of Regulatory Utility Commissioners, Asheville, North Carolina
1983	Allocating Costs and Revenues Fairly and Effectively	Maryland Water and Sewer Finance Conference, Westminster, Maryland
1983	Lifeline and Social Policy Pricing	Annual conference of the American Water Works Association, Las Vegas, Nevada (published)
1984	The Real Cost of Service: Some Special Considerations	Annual New Jersey Section AWWA Spring Meeting, Atlantic City, New Jersey
1987	Margin Reserve: It's Not the Issue	Florida Waterworks Association Newsletter, April/May/June 1987 issue

Papers and Presentations

By

John F. Guastella

Year	Title	Forum
1987	A "Current" Issue: CIAC	NAWC - New England Chapter November 6, 1987 meeting
1988	Small Water Company rate Setting: Take It or Leave It	NAWC - New York Chapter June 14, 1988 meeting
1989	The Solution to all the Problems of Good Small Water Companies	NAWC Quarterly magazine, Winter issue
1989	Current Issues Workshop - Panel	New England Conference of Public Utilities Commissioners, Kennebunkport, Maine
1991	Alternative Rate Structures	New Jersey Section 1991 Annual Conference, AWWA, Atlantic City, New Jersey
1994	Conservation Impact on Water Rates	New England NAWC and New England AWWA, Sturbridge, Massachusetts
1996	Utility Regulation - 21st Century	NAWC Annual Meeting, Orlando, Florida
1997	Current Status Drinking Water State Revolving Fund	NAWC Annual Meeting, San Diego, California
1998	Small Water Companies - Problems and Solutions	NAWC Annual Meeting, Indianapolis, Indiana
1998	Basic Rate Regulation Seminar	New England Chapter - NAWC, Rockport, Maine
2000	Developer Related Water and Sewer Utilities Seminar	Florida State University, Orlando, Florida
2001	Developer Related Water and Sewer Utilities Seminar	Florida State University, Orlando, Florida
2002	Regulatory Cooperation - Small Company Education	New England Chapter - NAWC, Annual Meeting
2003	Developer Related Water and Sewer Utilities Seminar	University of Florida, Orlando, Florida
2004	Basic Regulation & Rate Setting Training Seminar	Office of Regulatory Staff, Columbia, South Carolina
2005	Municipal Water Rates	Nassau-Suffolk Water Commissioners Association, Franklin Square, New York
2005	Innovations in Rate Setting and Procedures	NAWC New York Chapter, West Point, New York

Papers and Presentations

By

John F. Guastella

Year	Title	Forum
2006	Basics of Rate Setting	The Connecticut Water Company, Clinton, Connecticut
2006	Innovations in Rate Setting and Procedures	NAWC New York Chapter, Catskill, New York
2006	Best Practices as Regulatory Policy	NAWC New England Chapter, Ogunquit, Maine
2006	Rate and Valuation Seminar	NAWC New York Chapter
2006	Full Cost Pricing	U.S. Environmental Protection Agency Expert Workshop, Lansing, Michigan
2006	Innovations in Rate Setting	NAWC New England Chapter, Portsmouth, New Hampshire
2007	Weather Sensitive Customer Demands	NAWC Water Utility Executive Council, Half Moon Bay, California
2007	Basics of Rate Setting and Valuation Seminar	NAWC New England Chapter, Ogunquit, Maine
2007	Small Company Characteristics	National Drinking Water Symposium, La Jolla, California
2013	Rate and Valuation Seminar	NAWC New York Chapter
2015	Rate and Valuation Seminar	NAWC New England Chapter

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Application of Water Service Corporation)
of Kentucky for a General Adjustment)
in Existing Rates) Case No. 2018-00208

DIRECT TESTIMONY OF CONSTANCE E. HEPPENSTALL

WATER SERVICE CORPORATION OF KENTUCKY

CASE NO. 2018-00208

Direct Testimony of Constance E. Heppenstall

INTRODUCTION AND QUALIFICATIONS

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Q1. Please state your name and business address.

A1. My name is Constance E. Heppenstall. My business address is 1010 Adams Avenue, Audubon, Pennsylvania.

Q2. By whom are you employed and in what capacity?

A2. I am employed by Gannett Fleming Valuation and Rate Consultants, LLC. My title is Project Manager, Rate Studies. My duties and responsibilities include the preparation of accounting and financial data for revenue requirement and cash working capital claims, the allocation of cost of service to customer classifications, and the design of customer rates in support of public utility rate filings.

Q3. What is your educational and professional background?

A3. I have a Bachelor of Arts Degree in Economics from the University of Virginia, Charlottesville, Virginia and a Master's of Science in Industrial Administration from Carnegie-Mellon University' Tepper School of Business, Pittsburgh, Pennsylvania. I am a member of the American Water Works Association, the Pennsylvania Municipal Authorities Association and the National Association of Water Companies. In addition, I am a certified PMI Project Management Professional (PMI-PMP).

1 Q4. Please outline your business experience.

2 A4. I joined the Valuation and Rates Division of Gannett Fleming (formerly Gannett
3 Fleming, Inc.) in August 2006, as a Rate Analyst. Prior to my employment at Gannett
4 Fleming, I was a Vice President of PriMuni, LLP where I developed financial analyses to
5 test proprietary software in order to ensure its pricing accuracy in accordance with
6 securities industry's conventions. From 1987 to 2001, I was employed by
7 Commonwealth Securities and Investments, Inc. as a public finance professional where I
8 created and implemented financial models for public finance clients in order to create
9 debt structures to meet clients' needs. From 1986 to 1987, I was a public finance
10 associate with Mellon Capital Markets

11 Q5. Have you previously testified before the Public Service Commission of Kentucky?

12 A5. Yes. I have also testified before the Pennsylvania Public Utility Commission, the
13 Arizona Corporation Commission, the Virginia State Corporation Commission, the
14 Hawaii Public Utility Commission, the West Virginia Public Service Commission and the
15 Missouri Public Service Commission. A list of cases in which I have testified is attached
16 to my testimony.

17 Q6. What is the purpose of your testimony?

18 A6. The purpose of my testimony is to sponsor the Water Service Corporation of Kentucky's
19 ("Petitioner") cost of service study and rate design.

20 Q7. Are you sponsoring any Exhibits?

21 A7. Yes

22 Petitioner's Exhibit CEH- 1. The Company's Cost of Service Study.

1 Q8. Was the Exhibit that you're sponsoring prepared by you and/or under your supervision?

2 A8. Yes, and I am incorporating this Exhibit into my testimony by reference.

3 EXHIBIT CEH-1 – COST OF SERVICE STUDY

4 Q9. Briefly describe the purpose of your cost allocation study.

5 A9. The purpose of the study was to allocate the Petitioner's cost of service, which is the total
6 revenue requirement to the customer classifications. In this study, the aggregated cost of
7 water service was allocated to the following customer classifications: Residential class,
8 Commercial/Public class, the Industrial class, Private Fire customer class and the Public
9 Fire Customer class using the Base-Extra Capacity method of allocation. The study was
10 performed in accordance with generally accepted principles and procedures and results in
11 indications of the relative cost responsibilities of each class of customers. The allocated
12 cost of service is one of several criteria appropriate for consideration in designing
13 customer rates to produce the required revenues. The results of the allocation of the cost
14 of service for the test year ended December 31, 2017 and the revenues from the proposed
15 rates, which produce the pro forma revenue requirements, are presented in the study.

16 Q10. Please describe the method of cost allocation that was used in your study.

17 A10. The base-extra capacity method, as described in 2017 and prior Water Rates Manuals
18 published by the American Water Works Association (AWWA), was used to allocate the
19 pro forma costs. Base-extra capacity is a recognized method for allocating the cost of
20 providing water service to customer classifications in proportion to the classifications' use
21 of the commodity, facilities, and services. It is generally accepted as a sound method for
22 allocating the cost of water service.

1 Base Costs are costs that tend to vary with the quantity of water used, plus costs
2 associated with supplying, treating, pumping and distributing water to customers under
3 average load conditions, without the elements necessary to meet peak demands. Base
4 costs were allocated to customer classifications on the basis of average daily usage.

5 Extra Capacity Costs are costs associated with meeting usage requirements in excess of
6 the average. They include operating and capital costs for additional plant and system
7 capacity beyond that required for average use. The extra capacity costs in this study are
8 subdivided into costs necessary to meet maximum day extra demand and costs to meet
9 maximum hour extra demand. The extra capacity costs were allocated to customer
10 classifications on the bases of each classification's maximum day and hour usage in
11 excess of average usage. (Extra capacity costs related to fire protection are allocated
12 directly to the fire protection classifications.)

13 Customer Costs are costs associated with serving customers regardless of their usage or
14 demand characteristics. Customer costs include the operating and capital costs related to
15 meters and services, meter reading costs, and billing and collecting costs. The customer
16 costs were allocated on the bases of the relative cost of meters and services and the
17 number of customers.

18 Fire Protection Costs are costs associated with providing the facilities to meet the
19 potential peak demand of fire protection service. Fire protection costs are subdivided into
20 costs to meet Public Fire Protection and Private Fire Protection demands. Operating and
21 capital costs for hydrants were allocated directly to the Public Fire Protection
22 classification. The extra capacity costs assigned to fire protection service were allocated

1 to Public and Private Fire Protection on the basis of the total relative demands of the
2 hydrants and fire service lines.

3
4 Q11. Please describe the procedure followed in preparing the cost allocation study described
5 above.

6 A11. Each identified classification of cost in the cost of service study was allocated to the
7 customer classifications through the use of appropriate factors. These allocations are
8 presented in Schedule B. The items of cost, which include operation and maintenance
9 expenses, depreciation expense, taxes and income available for return, are identified in
10 column 1 of Schedule B. The cost of each item, shown in column 3, is allocated to the
11 several customer classifications based on allocation factors referenced in column 2. The
12 development of the allocation factors is presented in Schedule C. I will use some of the
13 larger cost items to illustrate the principles and considerations used in the cost allocation
14 methodology.

15 Purchased water, purchased electric power, treatment chemicals and waste disposal are
16 examples of costs that tend to vary with the amount of water consumed and are thus
17 considered base costs. They are allocated to the several customer classifications in direct
18 proportion to the average daily consumption of those classifications through the use of
19 Factor 1. The development of Factor 1 is shown in Schedule C.

20 Other source of supply, water treatment and transmission costs are associated with
21 meeting usage requirements in excess of the average, generally to meet maximum day
22 requirements. Costs of this nature were allocated to customer classifications partially as

1 base costs, proportional to average daily consumption, partially as maximum day extra
2 capacity costs, in proportion to maximum day extra capacity, and, in the case of pumping
3 stations and transmission mains, partially as fire protection costs, through the use of
4 Factors 2 and 3. The development of the allocation factors, referenced as Factors 2 and
5 3, is shown in Schedule C.

6 Costs associated with storage facilities and the capital costs of distribution mains were
7 allocated partly on the basis of average consumption and partly on the basis of maximum
8 hour extra demand, including the demand for fire protection service, because these
9 facilities are designed to meet maximum hour and fire demand requirements. The
10 development of the factors, referenced as Factors 4 and 5, used for these allocations is
11 shown in Schedule C.

12 Fire demand costs were allocated to public and private fire protection service in
13 proportion to the relative potential demands on the system by public fire hydrants and
14 private service lines as presented in Schedule E.

15 For operation and maintenance of mains, the relative weightings of Factor 3 (maximum
16 day and fire) and Factor 4 (maximum hour) were based on the footage of transmission
17 and distribution mains. Generally, for cost allocation purposes, mains 10-inch and larger
18 were classified as serving a transmission function and mains smaller than 10-inch were
19 classified as serving a distribution function. The development of this weighted factor is
20 referenced as Factor 6.

21 Costs associated with meters were allocated to customer classifications in proportion to
22 the relative unit costs of the sizes and quantities of meters serving each classification.

1 The development of the factor for meters is referenced as Factor 8. Factor 9, Allocation
2 of Services, was developed in a similar manner as Factor 8, except that the relative unit
3 cost per foot by service size was used in order to weight the number of services by
4 classification. Costs associated with public fire hydrants were assigned directly to the
5 public fire protection class (Factor 7).

6 Costs for customer accounting, billing and collecting were allocated on the basis of the
7 number of customers for each classification, and costs for meter reading were allocated
8 on the basis of metered customers. The development of these factors is referenced as
9 Factor 10 and Factor 11.

10 Administrative and general costs were allocated on the basis of allocated direct costs,
11 excluding those costs such as purchased water, power, chemicals and waste disposal,
12 which require little administrative and general expense. The development of this factor is
13 referenced as Factor 12.

14 Cash working capital is allocated based on total operation and maintenance expense. The
15 development of the factor is referenced as Factor 13.

16 Annual depreciation accruals were allocated on the basis of the function of the facilities
17 represented by the depreciation expense for each depreciable plant account. The original
18 cost less depreciation of utility plant in service was similarly allocated for the purpose of
19 developing factors, referenced as Factor 16, for allocating items such as income taxes and
20 return. The development of Factor 16 is presented in Schedule C.

1 Factors 13 and 16, as well as Factors 14 and 17, are composite allocation factors. These
2 factors are based on the result of allocating other costs and are computed internally in the
3 cost allocation program. Refer to Schedule C for a description of the bases for each
4 composite allocation factor.

5 Q12. What was the source of the total cost of service data set forth in column 3 of Schedule B?

6 A12. The pro forma costs of service were furnished by the Petitioner and are set forth in the
7 Petitioner's accounting exhibits and workpapers.

8 Q13. Refer to Schedule C, and explain the source of the system maximum day and maximum
9 hour ratios used in the development of factors referenced as Factors 2, 3 and 4.

10 A13. The ratios were based on a review of system deliveries for the water system. Schedule D
11 shows the experienced maximum day ratios over the last several years. The maximum
12 hour ratios were estimated based on actual data or the relationship of system maximum
13 hour ratios compared to system maximum day ratios for similar systems.

14 Q13. How were the maximum day extra capacity and maximum hour extra capacity demands
15 used for the customer classifications in the development of Factors 2, 3 and 4 developed?

16 A13. . The estimated demands were based on judgment which considered field studies of customer
17 class demands conducted for other water utilities, peaking trends of system-wide deliveries, and
18 generally-accepted customer class maximum day and maximum hour demand ratios.

19 Q14. Have you summarized the results of your cost allocation study?

1 A14. Yes. The results are summarized in columns 1, 2 and 3 of Schedule A. Column 2 sets
2 forth the total allocated pro forma cost of service as of December 31, 2017 for each
3 customer classification identified in column 1. Column 3 presents each customer
4 classification's cost responsibility as a percent of the total cost.

5
6 Q15. Have you compared these cost responsibilities with the proportionate revenue under
7 existing rates for each customer classification?

8 A15. Yes. A comparison of the allocated cost responsibilities and the percentage revenue
9 under existing rates can be made by comparing columns 3 and 5 of Schedule A. A
10 similar comparison of the percentage cost responsibilities (relative cost of service) and
11 the percentage of pro forma revenues (relative revenues) under proposed rates can be
12 made by comparing columns 3 and 7 of Schedule A.

13 **PROPOSED RATE DESIGN**

14 Q16. Please describe the Petitioner's present rate design.

15 A16. Present rate design includes a monthly service charge and a two-tier volumetric charge
16 (first 100,000 gallons and over 100,000 gallons) for the Middleboro Service Area and a
17 one-tier volumetric rate for the Clinton Service Area. The Petitioner also has monthly
18 fire protection charges for Private and Public Fire services.

19 Q17. Did the Petitioner give you guidelines concerning the proposed rate design?

20 A17. Yes, the Petitioner's guidelines are as follows: (1) that the volumetric rates for Middleboro
21 and Clinton Service Areas be the same. The two rate districts already have the same

1 monthly service charge. (2) Increase customer charges and volumetric charges to
2 produce revenues among the classes in conformity with or toward the indicated cost of
3 service and to generate sufficient revenues to recover the total cost of service.

4 Q18. Does your recommended proposed rate design accomplish this?

5 A18. Yes. The proposed volumetric rates in the two service areas are set to be the same and
6 each include a 2-tier rate structure rather than a single volumetric rate as currently in
7 effect in the Clinton Service Area. In addition, the 5/8-inch monthly service charge is
8 increased under proposed rates to \$12.50 based on the results of the cost of service study
9 and in consideration of revenue stability for the Petitioner. The service charges for the
10 larger meter sizes are increased based on the AWWA M1 Manual recommended
11 equivalent meter ratios.

12 Q19. Please describe the development of the service charges.

13 A19 The development of the service charges is set forth on Schedule F of the Exhibit CEH-1.
14 Service charges should, at a minimum, recover the cost of customer facilities such as
15 meters and services and the cost of customer accounting including billing and collecting
16 and meter reading costs.

17 Schedule F shows the cost of service for these cost functions in column 2. These
18 amounts were taken from an analysis of customer costs generated within the cost
19 allocation study. The costs associated with meters and unrecovered public fire are
20 divided by the total 5/8-inch meter equivalents and by 12 months to determine the
21 monthly cost related to a 5/8-inch meter. The costs associated with services are divided
22 by 3/4-inch service equivalents and by 12 months to determine the monthly cost related

1 to a 3/4-inch. Costs associated with billing and collecting are divided by the number of
2 customers and by 12 to determine the cost per bill for these functions. The sum of the
3 monthly costs for a 5/8-inch meter is \$9.53. This method is consistent with the AWWA
4 M1 manual and is used as a guide for setting the level of service charges.

5 Q20. Why is the Petitioner requesting a service charge of \$12.50 when the costs are \$9.53 per
6 month?

7 A20. Presently the Petitioner receives 35% of its revenue from fixed charges including the
8 service charge and the Public and Private Fire charges. If the Petitioner were to request a
9 service charge of \$9.53, only 27% of its proposed revenue would be from fixed charges.
10 The lowering of this percentage puts the Petitioner at risk of not recovering its revenue
11 requirement since much of the Petitioner's costs are fixed. Under proposed rates the
12 percentage of revenue from recovered from fixed charges would be 35%, the same as the
13 current percentage. In addition, any lowering of the proposed customer charge would
14 necessarily increase the volumetric charges over the proposed increase of 37% for the
15 first tier and 26% for the second tier for the Clinton Service Area. Finally, the proposed
16 5/8-inch service charge of \$12.50 puts the Petitioner generally in line with the amount
17 charged by other water companies in Kentucky.

18
19 Q19. Are there any other tariff changes that you would like to discuss?

20 A19. Yes, the Company requested that a special Private Fire surcharge rate be implemented for
21 the Ambleside area. Instead of paying for each individual Private Fire hydrant, the 22
22 hydrants in this area will be paid for by the implementation of a surcharge on the

1 individual customers in this area. The amount of the surcharge is equal to the proposed
2 Private Fire Hydrant Rate X 22 hydrants divided by the total number of customers in the
3 service area of 221. This monthly surcharge and the other proposed rates are shown on
4 Schedule G of Exhibit CEH-1.

5 Q20. Does this complete your direct testimony?

6 A20. Yes, it does.

CONSTANCE E. HEPPENSTALL – LIST OF CASES TESTIFIED

1

	<u>Year</u>	<u>Jurisdiction</u>	<u>Docket No.</u>	<u>Client/Utility</u>	<u>Subject</u>
1.	2010	AZ CC	W-01303A-09-0343 and SW-01303A-09-0343	Arizona American Water Company	Rate Consolidation
2.	2010	Pa PUC	R-2010-2179103	City of Lancaster – Bureau of Water	Revenue Requirements
3.	2012	Pa PUC	R-2012-2311725	Hanover Borough	Cost of Service/Rev Reqmts.
4.	2012	Pa PUC	R-2012-2310366	City of Lancaster – Sewer Fund	Revenue Requirements
5.	2013	Pa PUC	R-2013-2350509	City of DuBois – Bureau of Water	Revenue Requirements
6.	2013	Pa PUC	R-2013-2390244	City of Bethlehem – Bureau of Water	Revenue Requirements
7.	2014	Pa PUC	R-2014-2418872	City of Lancaster – Bureau of Water	Revenue Requirements
8.	2014	Pa PUC	R-2014-2428304	Hanover Borough	Revenue and Revenue Reqmts.
9.	2015	KY PSC	Case No.2015-000143	Northern Kentucky Water District	Cost of Service
10.	2016	Pa PUC	R-2016-2554150	City of DuBois – Bureau of Water	Cost of Service/Revenue Reqmts.
11.	2016	AZ CC	WS-01303A-16-0145	EPCOR Water Arizona, Inc.	Cost of service/Rate Design
12.	2017	MO PSC	WR-2017-0285	Missouri-American Water Company	Cost of Service/Rate Design
13.	2017	MO PSC	SR-2017-0286	Missouri-American Water Company	Cost of Service/Rate Design
14.	2017	VA SCC	PUR-2017-00082	Aqua Virginia, Inc.	Cost of Service/Rate Design
15.	2017	AZ CC	WS-01303A-17-0257	EPCOR Water Arizona, Inc.	Cost of Service/Rate Design
16.	2017	HI PUC	2017-0446	Hana Water Systems LLC – North	Cost of Service/Rate Design
17.	2017	HI PUC	2017-0447	Hana Water Systems LLC – South	Cost of Service/Rate Design
18.	2018	PA PUC	2018-3000834	SUEZ Water Pennsylvania, Inc.	Revenue and Revenue Reqmts.

AFFIDAVIT

The undersigned, Constance Heppenstall, being duly sworn, deposes and says that she is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of her knowledge, information and belief, after reasonable inquiry, and as to those matters that are based on information provided to her, she believes to be true and correct.



Constance Heppenstall, Affiant

NOTARY CERTIFICATE

COMMONWEALTH OF PENNSYLVANIA

COUNTY OF CUMBERLAND

Subscribed, acknowledged and sworn to before me by Constance Heppenstall on this 3rd day of July, 2018.

My commission expires: February 20, 2019.

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
Cheryl Ann Rutter, Notary Public
East Pennsboro Twp., Cumberland County
My Commission Expires Feb. 20, 2019
MEMBER, PENNSYLVANIA ASSOCIATION OF NOTARIES


NOTARY PUBLIC

WATER SERVICE CORPORATION OF KENTUCKY

COST OF SERVICE

ALLOCATION STUDY

AS OF DECEMBER 31, 2017

AND

PROPOSED CUSTOMER RATES

WATER SERVICE CORPORATION OF KENTUCKY

COMPARISON OF COST OF SERVICE WITH REVENUES UNDER PRESENT AND PROPOSED RATES
FOR THE TEST YEAR ENDED DECEMBER 31, 2017

Customer Classification (1)	Cost of Service		Revenues, Present Rates		Revenues, Proposed Rates		Proposed Increase	
	Amount (Schedule B) (2)	Percent (3)	Amount (4)	Percent (5)	Amount (6)	Percent (7)	Amount (8)	Percent Increase (9)
Residential	\$ 2,169,243	66.3%	\$ 1,578,341	65.3%	\$ 2,082,645	63.7%	\$ 504,304	32.0%
Commercial/Public	761,816	23.3%	624,376	25.8%	890,115	27.2%	265,739	42.6%
Industrial	228,258	7.0%	169,076	7.0%	229,173	7.0%	60,097	35.5%
Private Fire Service	78,027	2.4%	23,468	1.0%	35,241	1.1%	11,773	50.2%
Public Fire Service	31,979	1.0%	21,319	0.9%	31,979	1.0%	10,660	50.0%
Total Sales	3,269,323	100.0%	2,416,580	100.0%	3,269,153	100.0%	852,573	35.3%
Other Revenues	62,803		62,803		62,803		-	0.0%
Total	\$ 3,332,126		\$ 2,479,383		\$ 3,331,956		\$ 852,573	34.4%

→

WATER SERVICE CORPORATION OF KENTUCKY

COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

	Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)		Commercial/ Public (5)		Industrial (6)		Fire Protection Private (7)		Public (8)	
OPERATION AND MAINTENANCE EXPENSES													
SOURCE OF SUPPLY EXPENSES													
Labor		2	\$ 210,733	\$	129,580	\$	60,565	\$	19,999	\$	105	\$	485
Purchased Water		1	123,204		69,031		38,661		14,858		111		542
Maintenance Expense		2	99,435		61,142		28,577		9,436		50		229
Transportation		2	8,634		5,309		2,481		819		4		20
Total Source of Supply			442,006		265,062		130,285.0		45,113		270		1,275
WATER TREATMENT													
Labor Expense		2	\$ 210,733	\$	129,580	\$	60,565	\$	19,999	\$	105	\$	485
Chemicals		1	108,012		60,519		33,894		13,026		97		475
Purchased Power		1	101,367		56,796		31,809		12,225		91		446
Operating Expense Charged to Plant		2	(7,515)		(4,621)		(2,160)		(713)		(4)		(17)
Transportation		2	8,635		5,310		2,482		819		4		20
Lab Testing		2	43,482		26,737		12,497		4,126		22		100
Rents WT		2	28,396		17,461		8,161		2,695		14		65
Total Water Treatment Expenses			493,110		291,781		147,247.5		52,177		330		1,574
TRANSMISSION AND DISTRIBUTION EXPENSES													
Labor Expense		6	\$ 331,150	\$	157,330	\$	65,237	\$	19,140	\$	20,896	\$	68,548
Materials and Supplies		6	99,435		47,241		19,589		5,747		6,274		20,583
Operating Leases		6	48,332		22,962		9,521		2,794		3,050		10,005
Transportation		6	13,570		6,447		2,673		784		856		2,809
Total Transmission and Distribution			492,487		233,980		97,019.9		28,466		31,076		101,945

WATER SERVICE CORPORATION OF KENTUCKY
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial/ Public (5)	Industrial (6)	Fire Protection		
						Private (7)	Public (8)	
CUSTOMER ACCOUNTS								
Labor - Customer Accounting	10	49,449	42,605	6,082	104	643	15	
Uncollectible Accounts	10	53,173	45,814	6,540	112	691	16	
Contractual Services - Other	10	20,698	17,834	2,546	43	269	6	
Misc. Expense	10	23,604	20,337	2,903	50	307	7	
Total Customers' Accounting and Collecting Expenses		146,925	126,590	18,071.7	309	1,910	44	
ADMINISTRATIVE AND GENERAL EXPENSES								
-OPERATION-								
Administrative & General Salaries	12	94,604	55,107	18,684	4,834	3,907	12,072	
Contracted Services	12	19,071	11,109	3,767	975	788	2,434	
Insurance - Liability, Vehicle and Other	12	75,288	43,855	14,869	3,847	3,109	9,607	
Employee Pensions and Benefits	14	238,521	136,768	56,172	17,054	6,822	21,705	
Regulatory Expenses	17	87,450	51,080	20,376	6,104	2,090	7,801	
Misc Expense	12	122,166	71,162	24,128	6,243	5,045	15,588	
Total Administrative and General Expenses		637,101	369,081	137,995.6	39,057	21,761	69,206	
Total Operation and Maintenance Expenses		2,211,628	1,286,495	530,619.8	165,121	55,348	174,044	
503_DEPRECIATION EXPENSE								
Organization	15	3,082	1,776	699	202	63	341	
Source of Supply Struct & Improv	2	5,262	3,236	1,512	499	3	12	
Water Treatment Struct & Improv	2	14,209	8,737	4,084	1,348	7	33	
T&D Struct & Improv	6	42	20	8	2	3	9	
General Plant Struct & Improv	12	5,184	3,020	1,024	265	214	661	
Office Struct & Improvements	12	6,008	3,500	1,187	307	248	767	
Wells and Springs	2	7,958	4,893	2,287	755	4	18	
Supply Mains	2	184	113	53	17	0	0	
Pumping Equipment	3	26,641	15,577	7,278	2,400	320	1,066	
Water Treat Equipment	2	35,556	21,863	10,219	3,374	18	82	
Distrib. Reservoirs & Standpipes	5	9,156	5,725	2,346	689	90	306	
Transmission & Distribution Mains								
Distribution Mains	4	34,161	15,998	6,566	1,906	2,265	7,427	
Transmission Mains	3	32,313	18,894	8,828	2,911	388	1,293	
Services	9	34,235	28,394	5,057	171	613	-	

WATER SERVICE CORPORATION OF KENTUCKY
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial/ Public (5)	Industrial (6)	Fire Protection		Public (8)
						Private (7)	Public (8)	
Meters	8	68,477	55,234	12,374	870	-	-	-
Hydrants	7	16,457	-	-	-	-	-	16,457
Office Furniture and Equipment	12	4,708	2,742	930	241	194	601	601
Transportation Equip	12	55,799	32,503	11,020	2,851	2,305	7,120	7,120
Computers	12	56,572	32,953	11,173	2,891	2,336	7,219	7,219
Tools, Shop & Garage Equipment	12	19,804	11,536	3,911	1,012	818	2,527	2,527
Laboratory Equipment	2	4,534	2,788	1,303	430	2	10	10
Power Operated Equipment	12	774	451	153	40	32	99	99
Communication Equipment	12	6,744	3,928	1,332	345	279	860	860
Water Plant Allocated	12	0	-	-	-	-	-	-
Total Depreciation Expense		447,861	273,882	93,343.0	23,528	10,201	46,907	46,907
Expense Reduction Related to Clinton Sewer Oper.	17	(177,741)	(103,818)	(41,414)	(12,406)	(4,248)	(15,854)	(15,854)
TAXES, OTHER THAN INCOME								
Federal and State Payroll Taxes	14	77,401	44,382	18,228	5,534	2,214	7,043	7,043
Property Taxes	16	101,099	58,091	23,071	6,713	2,113	11,111	11,111
Other Taxes and Licenses	16	100	58	23	7	2	11	11
Utility Commission tax	17	6,717	3,923	1,565	469	161	599	599
ITC	16	0	-	-	-	-	-	-
Total Taxes, Other Than Income		185,317	106,454	42,886.5	12,723	4,489	18,764	18,764

WATER SERVICE CORPORATION OF KENTUCKY
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial/ Public (5)	Industrial (6)	Fire Protection Private (7)	Public (8)
INCOME TAXES							
Utility Operating Income Available for Return	16	126,763	72,838	28,927	8,417	2,649	13,931
Total Cost of Service	15	<u>538,299</u>	<u>310,275</u>	<u>122,086</u>	<u>35,259</u>	<u>11,089</u>	<u>59,590</u>
Unrecovered Public Fire		3,332,126	1,946,126	776,449	232,641	79,528	297,382
Total Cost of Service with Unrecovered Public Fire		<u>3,332,126</u>	<u>2,205,926</u>	<u>776,449.2</u>	<u>232,641</u>	<u>79,528</u>	<u>37,581</u>
Less: Misc. Water Revenues Service	17	(62,803)	(36,683)	(14,633)	(4,384)	(1,501)	(5,602)
Total Cost of Service Related to Sales of Water		<u>3,269,323</u>	<u>2,169,243</u>	<u>761,816</u>	<u>228,258</u>	<u>78,027</u>	<u>31,979</u>

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS

FACTOR 1. ALLOCATION OF COSTS WHICH VARY WITH THE AMOUNT OF WATER CONSUMED.

Factors are based on the pro forma test year average daily consumption for each customer classification.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Allocation Factor (3)
Residential	630.7	0.5603
Commercial/Public	353.3	0.3138
Industrial	135.8	0.1206
Private Fire Protection	1.0	0.0009
Public Fire Protection	<u>5.0</u>	<u>0.0044</u>
Total	<u><u>1,126</u></u>	<u><u>1.0000</u></u>

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the factors for average daily consumption (Factor 1) and the factors derived from maximum day extra capacity demand for each customer classification, as

Customer Classification (1)	Average Daily Consumption		Maximum Day Extra Capacity		Allocation Factor (6)=(3)+(5)
	Allocation Factor 1 (2)	Weighted Factor (3)=(2)x 0.5263	Allocation Factor (4)	Weighted Factor (5)=(4)x 0.4737	
Residential	0.5603	0.2948	0.6758	0.3201	0.6149
Commercial/Public	0.3138	0.1652	0.2580	0.1222	0.2874
Industrial	0.1206	0.0635	0.0662	0.0314	0.0949
Private Fire Protection	0.0009	0.0005			0.0005
Public Fire Protection	<u>0.0044</u>	<u>0.0023</u>			<u>0.0023</u>
Total	<u><u>1.0000</u></u>	<u><u>0.5263</u></u>	<u><u>1.0000</u></u>	<u><u>0.4737</u></u>	<u><u>1.0000</u></u>

The derivation of the maximum day extra capacity factors in column 4 and the basis for the column 3 and 5 weightings are presented on the following page.

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 2. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM DAY EXTRA CAPACITY FUNCTIONS, cont.

Customer Classification (1)	Average Daily Consumption, Thousand Gallons (2)	Maximum Day Extra Capacity		
		Factor* (3)	Rate of Flow, Thousand Gallons Per Day (4)=(2)x(3)	Allocation Factor (5)
Residential	631	2.20	1,388	0.6758
Commercial/Public	353	1.50	530	0.2580
Industrial	136	1.00	136	0.0662
Total	1,120		2,054	1.0000

The weighting of the factors is based on the maximum day ratio of 1.90, based on a review of maximum day ratios experienced during the period 2007 through 2017 (see Schedule D).

	Maximum Day Ratio	Weight
Average Day	1.00	0.5263
Maximum Day Extra Capacity	0.90	0.4737
Total	1.90	1.0000

* Ratio of maximum day to average day minus 1.0.

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE, MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Daily Consumption		Maximum Day Extra Capacity		Fire Protection		Allocation Factor (8)=(3)+(5)+(7)
	Allocation Factor (2)	Weighted Factor (3)=(2) X 0.5003	Allocation Factor (4)	Weighted Factor (5)=(4) X 0.4504	Allocation Factor (6)	Weighted Factor (7)=(6) X 0.0493	
Residential	0.5603	0.2803	0.6758	0.3044			0.5847
Commercial/Public	0.3138	0.1570	0.2580	0.1162			0.2732
Industrial	0.1206	0.0603	0.0662	0.0298			0.0901
Private Fire Protection	0.0009	0.0005			0.2342	0.0115	0.0120
Public Fire Protection	0.0044	0.0022			0.7658	0.0378	0.0400
Total	<u>1.0000</u>	<u>0.5003</u>	<u>1.0000</u>	<u>0.4504</u>	<u>1.0000</u>	<u>0.0493</u>	<u>1.0000</u>

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 3. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE,
MAXIMUM DAY EXTRA CAPACITY AND FIRE PROTECTION FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum day ratio of 1.90 and the average daily system sendout for year ending 2017 of 1.22 MGD. The system demand for fire protection is 1000 Gallons per minute for 2 hours.

	<u>Ratio</u>	<u>Rate of Flow, (GPD)</u>	<u>Weight</u>
Average Day	1.00	1,219,151	0.5003
Maximum Day Extra Capacity	<u>0.90</u>	<u>1,097,236</u>	<u>0.4504</u>
Subtotal	<u>1.90</u>	2,316,387	0.9507
Fire Protection		<u>120,000</u>	<u>0.0493</u>
Total		<u>2,436,387</u>	<u>1.0000</u>

The public and private fire protection allocation factors in column 6 on the previous page are based on the relative potential demands (see Schedule E).

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS.

Factors are based on the weighting of the average daily consumption, the maximum day extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption		Maximum Hour Extra Capacity		Fire Protection		Allocation Factor	Allocation Factor
	Thousand Gallons	Allocation Factor	Weighted Factor	Allocation Factor	Weighted Factor	Allocation Factor		
(1)	(2)	(3)	(4)=(3) X	(5)	(6)=(5) X	(7)	(8)=(7) X	(9)=(4)+(6)+(8)
			0.2392		0.4784		0.2824	
Residential	26.279	0.5603	0.1340	0.6988	0.3343			0.4683
Commercial/Public	14.721	0.3138	0.0751	0.2447	0.1171			0.1922
Industrial	5.658	0.1206	0.0288	0.0565	0.0270			0.0558
Private Fire Protection	0.042	0.0009	0.0002			0.2342	0.0661	0.0663
Public Fire Protection	0.208	0.0044	0.0011			0.7658	0.2163	0.2174
Total	46.908	1.0000	0.2392	1.0000	0.4784	1.0000	0.2824	1.0000

The maximum hour extra capacity factors in column 5 are determined on the next page.

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 4. ALLOCATION OF COSTS ASSOCIATED WITH FACILITIES SERVING BASE AND
MAXIMUM HOUR EXTRA CAPACITY FUNCTIONS, cont.

The weighting of the factors is based on the potential demand of general and fire protection service. The bases for the potential demand of general service are the maximum hour ratio of 3.0 and the average daily system sendout for the year ending 2017 of 1.22 MGD. The system demand for fire protection is 1,000 gallons per minute.

	Ratio	Rate of Flow, (GPM)	Weight
Average Hour	1.00	847	0.2392
Maximum Hour Extra Capacity	<u>2.00</u>	<u>1,694</u>	<u>0.4784</u>
Subtotal	<u>3.00</u>	2,541	0.7176
Fire Protection		<u>1,000</u>	<u>0.2824</u>
Total		<u>3,541</u>	<u>1.0000</u>

The maximum hour extra capacity factors in column 5 of the previous page are determined as follows:

Customer Classification (1)	Average Hourly Consumption Thousand Gallons (2)	Maximum Hour Extra Capacity		
		Factor* (3)	1,000 Gallons Per Hour (4)=(2)x(3)	Allocation Factor (5)
Residential	26.3	4.00	105.1	0.6988
Commercial/Public	14.7	2.50	36.8	0.2447
Industrial	<u>5.7</u>	1.50	<u>8.5</u>	<u>0.0565</u>
Total	<u>46.7</u>		<u>150.4</u>	<u>1.0000</u>

* Ratio of Maximum Hour To Average Hour Minus 1.0.

The public and private fire protection allocation factors in column 7 on the previous page are based on the relative potential demands (see Schedule E).

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES.

Factors are based on the weighting of the average hourly consumption, the maximum hour extra capacity demand, and the fire protection demand for each customer classification.

Customer Classification	Average Hourly Consumption			Maximum Hour Extra Capacity		Fire Protection		Allocation Factor (9)=(4)+(6)+(8)
	Thousand Gallons (2)	Allocation Factor (3)	Weighted Factor (4)=(3) X 0.3194	Allocation Factor (5)	Weighted Factor (6)=(5) X 0.6388	Allocation Factor (7)	Weighted Factor (8)=(7) X 0.0418	
Residential	26.3	0.5608	0.1791	0.6985	0.4462			0.6253
Commercial/Public	14.7	0.3134	0.1001	0.2444	0.1561			0.2562
Industrial	5.7	0.1215	0.0388	0.0571	0.0365			0.0753
Private Fire Protection	0.0	0.0000	0.0000			0.2342	0.0098	0.0098
Public Fire Protection	0.2	0.0043	0.0014			0.7658	0.0320	0.0334
Total	46.9	1.0000	0.3194	1.0000	0.6388	1.0000	0.0418	1.0000

The weighting of the factors is based on the ratio of the capacity required for a 10 hour demand of fire flow, as related to total storage capacity. The calculation is shown on the following page.

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 5. ALLOCATION OF COSTS ASSOCIATED WITH STORAGE FACILITIES, cont.

The weighting of the factors is based on the ratio of the capacity required for a 2 hour demand of fire flow, as related to total storage capacity.

$$\text{Fire Protection Weight} = \frac{1,000 \text{ GPM} \times 60 \text{ Min.} \times 2 \text{ Hrs.}}{2,871,000 \text{ Gallons}} = 0.0418$$

$$\text{General Service Weight} = 1.0000 - 0.0418 = 0.9582$$

The weighting of the average hourly consumption and maximum hour extra demand for general service is based on the maximum hour ratio, as follows:

	Maximum Hour Ratio	Percent	Weight
Average Hour	1.00	33.33	0.3194
Extra Capacity Maximum Hour	<u>2.00</u>	<u>66.67</u>	<u>0.6388</u>
Total	<u><u>3.00</u></u>	<u><u>100.00</u></u>	<u><u>0.9582</u></u>

Customer Classification	Average Hourly Consumption Thousand Gallons	Maximum Hour Extra Capacity		
		Factor*	1,000 Gallons Per Hour	Allocation Factor
(1)	(2)	(3)	(4)=(2)x(3)	(5)
Residential	26.3	4.0	105.2	0.6985
Commercial/Public	14.7	2.5	36.8	0.2444
Industrial	<u>5.7</u>	1.5	<u>8.6</u>	<u>0.0571</u>
Total	<u><u>46.7</u></u>		<u><u>150.6</u></u>	<u><u>1.0000</u></u>

* Ratio of Maximum Hour To Average Hour Minus 1.0.

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 6. ALLOCATION OF COSTS ASSOCIATED WITH TRANSMISSION AND DISTRIBUTION MAINS

Factors are based on the weighting of the maximum daily consumption with fire, Factor 3, and the maximum hour consumption, Factor 5, for each customer classification, as follows:

Customer Classification	Maximum Daily Consumption w/ Fire		Maximum Hourly Consumption		Allocation Factor
	Allocation Factor 3	Weighted Factor (3)=(2)X 0.0584	Allocation Factor 4	Weighted Factor (5)=(4)X 0.9416	
(1)	(2)	(3)=(2)X 0.0584	(4)	(5)=(4)X 0.9416	(6)=(3)+(5)
Residential	0.5847	0.0341	0.4683	0.4410	0.4751
Commercial/Public	0.2732	0.0160	0.1922	0.1810	0.1970
Industrial	0.0901	0.0053	0.0558	0.0525	0.0578
Private Fire Protection	0.0120	0.0007	0.0663	0.0624	0.0631
Public Fire Protection	0.0400	0.0023	0.2174	0.2047	0.2070
Total	1.0000	0.0584	1.0000	0.9416	1.0000

The weighting of the factors is based on the total footage of mains, designated as either transmission mains or distribution mains, as follows:

	Total Footage of Mains	Weight
Transmission Mains	30,036	0.0584
Distribution Mains	483,915	0.9416
Total	513,951	1.0000

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 7. ALLOCATION OF COSTS ASSOCIATED WITH FIRE HYDRANTS.

Costs are assigned directly to Public Fire Protection.

<u>Customer Classification</u> (1)	<u>Allocation Factor</u> (3)
Public Fire Protection	<u>1.0000</u>
Total	<u><u>1.0000</u></u>

FACTOR 8. ALLOCATION OF COSTS ASSOCIATED WITH METERS.

Factors are based on the relative cost of meters by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>5/8" Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	5,509	0.8066
Commercial/Public	1,234	0.1807
Industrial	87	0.0127
Private Fire	-	<u>0.0000</u>
Total	<u><u>6,830.0000</u></u>	<u><u>1.0000</u></u>

WATER SERVICE CORPORATION OF KENTUCKY

BASIS FOR ALLOCATING METER COSTS TO CUSTOMER CLASSIFICATIONS

Meter Size (1)	5/8" Dollar Equivalent (2)	Residential		Commercial/Public		Industrial		Private Fire Protection		Total	
		Number of Meters (3)	Weighting (4)=(2)X(3)	Number of Meters (5)	Weighting (6)=(2)X(5)	Number of Meters (7)	Weighting (8)=(2)X(7)	Number of Meters (9)	Weighting (10)=(2)X(9)	Number of Meters (11)	Weighting (12)
5/8	1.0	4,838	4,838	520	520	4	4	0	0	5,362	5,362
3/4	1.4	451	631	65	91	0	0	0	0	516	722
1	1.8	22	40	81	146	1	2	0	0	104	188
1-1/2	3.0	0	0	31	93	1	3	0	0	32	96
2	4.0	0	0	50	200	4	16	0	0	54	216
3	12.0	0	0	7	84	1	12	0	0	8	96
4	20.0	0	0	2	40	1	20	0	0	3	60
6	30.0	0	0	2	60	1	30	0	0	3	90
8	40.0	0	0	0	0	0	0	0	0	0	0
Total		5,311	5,509	758	1,234	13	87	0	0	6,082	6,830

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 9. ALLOCATION OF COSTS ASSOCIATED WITH SERVICES.

Factors are based on the relative cost of services by size and customer classification, as developed on the following page and summarized below.

<u>Customer Classification</u> (1)	<u>3/4" Dollar Equivalents</u> (2)	<u>Allocation Factor</u> (3)
Residential	5,333	0.8294
Non-Residential	950	0.1477
Private Fire Protection	<u>115</u>	<u>0.0179</u>
Total	<u><u>6,430</u></u>	<u><u>1.0000</u></u>

WATER SERVICE CORPORATION OF KENTUCKY

BASIS FOR ALLOCATING SERVICE COSTS TO CUSTOMER CLASSIFICATIONS

Service Size (1)	3/4" Dollar Equivalent (2)	Residential		Commercial/Public		Industrial		Private Fire Protection		Total	
		Number of Services (3)	Weighting (4)=(2)X(3)	Number of Services (5)	Weighting (6)=(2)X(5)	Number of Services (7)	Weighting (8)=(2)X(7)	Number of Services (9)	Weighting (10)=(2)X(9)	Number of Services (11)	Weighting (12)
3/4	1.00	5,289	5,289	520	520	4	4	0	0	5,813	5,813
1	2.00	22	44	81	162	1	2	0	0	104	208
1-1/2	2.20	0	0	31	68	1	2	0	0	32	70
2	3.20	0	0	50	160	4	13	36	115	90	288
4	3.50	0	0	9	32	2	7	0	0	11	39
6	4.00	0	0	2	8	1	4	0	0	3	12
8	5.10	0	0	0	0	0	0	0	0	0	0
10	8.90	0	0	0	0	0	0	0	0	0	0
12	9.50	0	0	0	0	0	0	0	0	0	0
>12	12.70	0	0	0	0	0	0	0	0	0	0
Total		5,311	5,333	693	950	13	32	36	115	6,053	6,430

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 10. ALLOCATION OF BILLING AND COLLECTING COSTS.

Factors are based on the total number of customers.

<u>Customer Classification</u> (1)	<u>Total Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	5,311	0.8616
Commercial/Public	758	0.1230
Industrial	13	0.0021
Private Fire Protection	80	0.0130
Public Fire Protection	<u>2</u>	<u>0.0003</u>
Total	<u><u>6,164</u></u>	<u><u>1.0000</u></u>

FACTOR 11. ALLOCATION OF METER READING COSTS.

Factors are based on the number of metered customers.

<u>Customer Classification</u> (1)	<u>Total Metered Customers</u> (2)	<u>Allocation Factor</u> (3)
Residential	5,311	0.8733
Commercial/Public	758	0.1246
Industrial	13	0.0021
Private Fire Protection	<u>-</u>	<u>0.0000</u>
Total	<u><u>6,082</u></u>	<u><u>1.0000</u></u>

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 12. ALLOCATION OF ADMINISTRATIVE AND GENERAL EXPENSES

Factors are based on the allocation of all other operation and maintenance expenses excluding purchased water, power, chemicals and waste disposal.

<u>Customer Classification</u> (1)	<u>Operation & Maintenance Expenses</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 466,006	0.5825
Non-Residential	157,975	0.1975
Private Fire Protection	33,017	0.0413
Public Fire Protection	<u>102,099</u>	<u>0.1276</u>
Total	<u>\$ 799,939</u>	<u>1.0000</u>

FACTOR 13. ALLOCATION OF CASH WORKING CAPITAL

Factors are based on the allocation of operation and maintenance expenses including purchased water, power, chemicals, waste disposal, and administrative and general expenses.

<u>Customer Classification</u> (1)	<u>Operation & Maintenance Expenses</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 1,286,495	0.5817
Commercial/Public	530,620	0.2399
Industrial	165,121	0.0747
Private Fire Protection	55,348	0.0250
Public Fire Protection	<u>174,044</u>	<u>0.0787</u>
Total	<u>\$ 2,211,628</u>	1.0000

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 14. ALLOCATION OF LABOR RELATED TAXES AND BENEFITS.

Factors are based on the allocation of direct labor expense.

<u>Customer Classification</u> (1)	<u>Direct Labor Expense</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 514,201	0.5734
Commercial/Public	211,133	0.2355
Industrial	64,076	0.0715
Private Fire Protection	25,656	0.0286
Public Fire Protection	<u>81,604</u>	<u>0.0910</u>
Total	<u>\$ 896,670</u>	<u>1.0000</u>

FACTOR 15. ALLOCATION OF ORGANIZATION, FRANCHISES AND CONSENTS,
MISCELLANEOUS INTANGIBLE PLANT AND OTHER RATE BASE ELEMENTS.

Factors are based on the allocation of the original cost less depreciation other than those items being allocated, as follows:

<u>Customer Classification</u> (1)	<u>Original Cost Less Depreciation</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 3,681,218	0.5764
Commercial/Public	1,448,119	0.2268
Industrial	417,979	0.0655
Private Fire Protection	131,810	0.0206
Public Fire Protection	<u>706,593</u>	<u>0.1107</u>
Total	<u>\$ 6,385,718</u>	<u>1.0000</u>

WATER SERVICE CORPORATION OF KENTUCKY

FACTORS FOR ALLOCATING COST OF SERVICE TO CUSTOMER CLASSIFICATIONS, cont.

FACTOR 16. ALLOCATION OF INCOME TAXES AND INCOME AVAILABLE FOR RETURN.

Factors are based on the allocation of the original cost measure of value rate base as shown on the following pages and summarized below.

<u>Customer Classification</u> (1)	<u>Original Cost Measure of Value</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 3,507,132	0.5746
Commercial/Public	1,393,161	0.2282
Industrial	405,313	0.0664
Private Fire Protection	127,693	0.0209
Public Fire Protection	<u>671,106</u>	<u>0.1099</u>
Total	<u>\$ 6,104,405</u>	<u>1.0000</u>

FACTOR 17. ALLOCATION OF REGULATORY COMMISSION EXPENSES, ASSESSMENTS
AND OTHER WATER REVENUES.

The factors are based on the allocation of the total cost of service, excluding those items being allocated.

<u>Customer Classification</u> (1)	<u>Total Cost of Service</u> (2)	<u>Allocation Factor</u> (3)
Residential	\$ 1,994,941	0.5841
Commercial/Public	795,922	0.2330
Industrial	238,475	0.0698
Private Fire Protection	81,526	0.0239
Public Fire Protection	<u>304,837</u>	<u>0.0892</u>
Total	<u>\$ 3,415,700</u>	<u>1.0000</u>

WATER SERVICE CORPORATION OF KENTUCKY
COST OF SERVICE FOR THE TWELVE MONTHS ENDED DECEMBER 31, 2017, ALLOCATED TO CUSTOMER CLASSIFICATIONS

Account (1)	Factor Ref. (2)	Cost of Service (3)	Residential (4)	Commercial/ Public (5)	Industrial (6)	Fire Protection		Public (8)
						Private (7)	Public (8)	
<u>RATE BASE</u>								
Organization	15	136,460	78,656	30,949	8,938	2,811	15,106	
Land and Land Rights	2	22,331	13,731	6,418	2,119	11	51	
Source of Supply Struct & Improv	2	81,744	50,264	23,493	7,757	41	188	
Water Treatment Struct & Improv	2	281,011	172,794	80,763	26,668	141	646	
T&D Struct & Improv	6	2,003	951	395	116	126	415	
General Plant Struct & Improv	12	98,278	57,247	19,410	5,022	4,059	12,540	
Office Struct & Improv	12	79,364	46,230	15,674	4,056	3,278	10,127	
Wells and Springs	2	331,908	204,090	95,390	31,498	166	763	
Supply Mains	2	8,321	5,117	2,392	790	4	19	
Pumping Equipment	3	675,268	394,829	184,483	60,842	8,103	27,011	
Water Treat Equipment	2	668,940	411,331	192,253	63,482	334	1,539	
Distrib. Reservoirs & Standpipes	5	234,755	146,793	60,144	17,677	2,301	7,841	
Transmission & Distribution Mains								
Distribution Mains	4	1,124,552	526,628	216,139	62,750	74,558	244,478	
Transmission Mains	3	1,063,718	621,956	290,608	95,841	12,765	42,549	
Services	9	309,819	256,964	45,760	1,549	5,546	-	
Meters	8	556,981	449,261	100,647	7,074	-	-	
Fire Hydrants	7	295,423	-	-	-	-	295,423	
Office Furniture and Equipment	12	8,822	5,139	1,742	451	364	1,126	
Transportation Equip	12	107,164	62,423	21,165	5,476	4,426	13,674	
Computers	12	154,643	90,079	30,542	7,902	6,387	19,732	
Tools, Shop & Garage Equipment	12	150,106	87,437	29,646	7,670	6,199	19,154	
Laboratory Equipment	2	58,595	36,030	16,840	5,561	29	135	
Power Operated Equipment	12	23,934	13,942	4,727	1,223	988	3,054	
Communication Equipment	12	(3,047)	(1,775)	(602)	(156)	(126)	(389)	
Other Tangible Property	12	51,085	29,757	10,089	2,610	2,110	6,518	
Total Plant in Service, Net of Accumulated Depreciation, Contributions and Advances		6,522,179	3,759,873	1,479,067.8	426,917	134,621	721,700	
<u>OTHER RATE BASE ELEMENTS</u>								
Cash Working Capital	13	299,405	174,164	71,827	22,366	7,485	23,563	
Deferred Income Taxes	15	(669,763)	(386,052)	(151,902)	(43,869)	(13,797)	(74,143)	
Customer Deposits	10	(47,416)	(40,854)	(5,832)	(100)	(616)	(14)	
Total Other Rate Base Elements		(417,774)	(252,741)	(85,907.2)	(21,604)	(6,928)	(50,594)	
Total Original Cost Measure of Value		6,104,405	3,507,132	1,393,161	405,313	127,693	671,106	

WATER SERVICE CORPORATION OF KENTUCKY

SUMMARY OF AVERAGE DAY AND PEAK DAY DELIVERY FOR THE YEARS 2007-2017

<u>Year</u>	<u>Annual Sendout (MG)</u>	<u>Average Day (MGD)</u>	<u>Peak Day (MGD)</u>	<u>Ratio Peak Day To Avg. Day</u>
(1)	(2)	(3)	(4)	(5)
2007	532.69	1.46	2.37	1.62
2008	530.22	1.45	2.24	1.54
2009	526.20	1.44	2.50	1.73
2010	552.39	1.51	2.30	1.52
2011	517.19	1.42	2.25	1.59
2012	507.28	1.39	2.34	1.68
2013	468.70	1.28	2.17	1.69
2014	461.04	1.26	2.43	1.92
2015	498.71	1.37	1.82	1.33
2016	441.60	1.21	2.34	1.93
2017	444.99	1.22	2.28	1.87

WATER SERVICE CORPORATION OF KENTUCKY

BASIS FOR ALLOCATING DEMAND RELATED COSTS OF FIRE SERVICE
TO PRIVATE AND PUBLIC FIRE PROTECTION CUSTOMER CLASSIFICATIONS

Description (1)	Restrictive Diameters Squared (2)	Quantity (3)	Relative Demand* (4)=(2)x(3)	Allocation Factor (5)
<u>PRIVATE FIRE PROTECTION</u>				
<u>Fire Lines</u>				
2 -inch	4.0	36	216	
Private Hydrants	27.6	44	1,822	
Total Private Fire Protection		<u>80</u>	<u>2,038</u>	<u>0.2342</u>
<u>PUBLIC FIRE PROTECTION</u>				
4 1/2 inch w/ 2-2 1/2, 1-4 1/2	20.3	329	6,662	
Total Public Fire Protection		<u>329</u>	<u>6,662</u>	<u>0.7658</u>
Total Fire Protection		<u>409</u>	<u>8,700</u>	<u>1.0000</u>

* Relative Demand for Private Fire lines and hydrants are calculated at 1.5 times the Public Fire Relative Demand.

WATER SERVICE CORPORATION OF KENTUCKY
CALCULATION OF MONTHLY SERVICE CHARGES

<u>Cost Function</u> (1)	<u>Cost of Service</u> (2)	<u>Number of Units</u> (3)	<u>Description</u> (4)	<u>Cost Per Unit Per Month</u> (5)
Meters	\$ 128,984	6,830	5/8-inch meter equivalents	\$ 1.57
Services	66,824	6,283	3/4-inch service equivalents	0.89
Billing & Collecting	255,171	6,069	Number of customers	3.50
Unrecovered Public Fire	<u>259,801</u>	6,069	5/8-inch meter equivalents	<u>3.57</u>
Total	<u><u>\$ 710,780</u></u>			<u><u>\$ 9.53</u></u>

WATER SERVICE CORPORATION OF KENTUCKY
COMPARISON OF PRESENT AND PROPOSED RATES

Service Charges, Per Month

<u>Meter Size</u>	<u>Present Rate</u>	<u>Proposed Rate</u>
5/8	\$ 10.00	\$ 12.50
3/4	10.00	12.50
1	17.50	31.30
1-1/2	30.00	62.50
2	45.00	100.00
3	85.00	187.50
4	130.00	312.50
6	255.00	1,000.00

	<u>Per Thousand Gallons</u>	
	<u>Present</u>	<u>Proposed</u>
<u>Consumption Charges:</u>		
Middlesboro		
First 100,000 gallons	\$ 4.0580	\$ 5.5650
All Over 100,000 gallons	\$ 3.1330	\$ 3.9200
Clinton		
All Usage	\$ 4.3620	
First 100,000 gallons		\$ 5.5650
All Over 100,000 gallons		\$ 3.9200

Fire Protection:

	<u>Present Rate Per Month</u>	<u>Proposed Rate Per Month</u>
Private Fire Line	\$ 24.30	\$ 36.50
Private Fire Hydrant	24.30	36.50
Ambleside Private Fire Surcharge		3.63
Public Fire Hydrant	\$ 5.40	\$ 8.10

Application

Exhibit 6

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Calculation of Average Bill Increase
Test Year Ended 12/31/2017

Exhibit 6

Line No.	A	B	C	D	E	F	G	H	I	J
		# of Bills	Tier 1 Present Gallonage	Tier 2 Present Gallonage	Pro Forma Revenue	Current Avg Bill	Proposed Revenue	Proposed Avg Bill	Dollar Increase	% Increase
<u>Middlesboro</u>										
1.	5/8" and 3/4" Meter	64,046	236,083,753	630,415	\$ 1,600,203	\$ 25.00	\$ 2,116,856	\$ 33.07	\$ 8.07	32.28%
2.	1" Meter	1,090	13,485,362	187,673	\$ 74,392	\$ 68.39	\$ 109,909	\$ 101.09	\$ 32.70	47.81%
3.	1.5" Meter	325	8,484,625	2,720,131	\$ 52,708	\$ 169.83	\$ 78,203	\$ 254.26	\$ 84.43	49.71%
4.	2" Meter	592	19,467,671	32,132,004	\$ 206,290	\$ 398.96	\$ 293,452	\$ 585.41	\$ 186.45	46.73%
5.	3" Meter	96	4,991,447	16,306,039	\$ 79,502	\$ 872.55	\$ 109,697	\$ 1,221.65	\$ 349.10	40.01%
6.	4" Meter	36	2,609,547	970,006	\$ 18,309	\$ 533.50	\$ 29,575	\$ 865.84	\$ 332.34	62.30%
7.	6" Meter	41	3,206,999	39,145,308	\$ 144,836	\$ 3,599.70	\$ 212,097	\$ 5,233.64	\$ 1,633.94	45.39%
8.	Municipally Owned Hydrants	3,300			\$ 17,820	\$ 5.40	\$ 26,730	\$ 8.10	\$ 2.70	50.00%
9.	Private Hydrants	496			\$ 12,062	\$ 24.30	\$ 8,481	\$ 36.50	\$ 12.20	50.21%
10.	Sprinkler Systems	358			\$ 8,699	\$ 24.30	\$ 13,067	\$ 36.50	\$ 12.20	50.21%
11.	Ambleside Private Fire Surcharge	2,652			\$ -	\$ -	\$ 9,627	\$ 3.63	\$ 3.63	N/A
<u>Clinton</u>										
12.	5/8" and 3/4" Meter	6,485	20,023,849	-	\$ 152,179	\$ 23.47	\$ 192,493	\$ 29.68	\$ 6.21	26.48%
13.	1" Meter	159	1,922,299	-	\$ 11,176	\$ 70.08	\$ 15,660	\$ 98.38	\$ 28.30	40.38%
14.	1.5" Meter	60	3,854,590	-	\$ 18,614	\$ 310.23	\$ 24,348	\$ 420.01	\$ 109.78	35.39%
15.	2" Meter	60	2,495,394	-	\$ 13,585	\$ 226.42	\$ 19,646	\$ 331.45	\$ 105.03	46.39%
16.	Municipally Owned Hydrants	648			\$ 3,499	\$ 5.40	\$ 5,249	\$ 8.10	\$ 2.70	50.00%
17.	Private Hydrants	32			\$ 770	\$ 24.30	\$ 1,157	\$ 36.50	\$ 12.20	50.21%
18.	Sprinkler Systems	80			\$ 1,937	\$ 24.30	\$ 2,909	\$ 36.50	\$ 12.20	50.21%

Application

Exhibit 7

Line No.	A	B	C	D	E	F	G	H	I	J	K	L
		# of Bills	Rate	Flat Revenue	Tier 1 Gallons Consumed	Tier 1 Rate	Volumetric Tier 1 Revenue	Tier 2 Gallons Consumed	Tier 2 Rate	Volumetric Tier 2 Revenue	Billing Adjustments	Total Revenue
MIDDLESBORO												
1.	1"	1,090	\$ 17.50	\$ 19,081	13,485,362	\$ 4.06	\$ 54,724	187,673	\$ 3.13	\$ 588	\$ -	\$ 74,392
2.	1.5"	325	\$ 30.00	\$ 9,755	8,484,625	\$ 4.06	\$ 34,431	2,720,131	\$ 3.13	\$ 8,522	\$ -	\$ 52,708
3.	2"	592	\$ 45.00	\$ 26,621	19,467,671	\$ 4.06	\$ 79,000	32,132,004	\$ 3.13	\$ 100,670	\$ -	\$ 206,290
4.	3"	96	\$ 85.00	\$ 8,160	4,991,447	\$ 4.06	\$ 20,255	16,306,039	\$ 3.13	\$ 51,087	\$ -	\$ 79,502
5.	3/4"	13	\$ 10.00	\$ 130	-	\$ 4.06	\$ -	-	\$ 3.13	\$ -	\$ -	\$ 130
6.	4"	36	\$ 130.00	\$ 4,680	2,609,547	\$ 4.06	\$ 10,590	970,006	\$ 3.13	\$ 3,039	\$ -	\$ 18,309
7.	5/8"	64,033	\$ 10.00	\$ 640,333	236,083,753	\$ 4.06	\$ 958,028	630,415	\$ 3.13	\$ 1,975	\$ 263	\$ 1,600,072
8.	6"	36	\$ 255.00	\$ 9,180	3,206,999	\$ 4.06	\$ 13,014	39,145,308	\$ 3.13	\$ 122,642	\$ -	\$ 144,836
9.	Municipally Owned Hydrants	3,300	\$ 5.40	\$ 17,820	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 17,820
10.	Private Hydrants	496	\$ 24.30	\$ 12,062	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 12,062
11.	Sprinkler Systems	358	\$ 24.30	\$ 8,699	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 8,699
12.	Total	70,376		\$ 756,520	288,329,404		\$ 1,170,041	92,091,577		\$ 288,523	\$ 263	\$ 2,214,821
CLINTON												
13.	1"	159	\$ 17.50	\$ 2,791	1,922,299	\$ 4.36	\$ 8,385	-	\$ -	\$ -	\$ -	\$ 11,176
14.	1.5"	60	\$ 30.00	\$ 1,800	3,854,590	\$ 4.36	\$ 16,814	-	\$ -	\$ -	\$ -	\$ 18,614
15.	2"	60	\$ 45.00	\$ 2,700	2,495,394	\$ 4.36	\$ 10,885	-	\$ -	\$ -	\$ -	\$ 13,585
16.	3"	-	\$ 85.00	\$ -	-	\$ 4.36	\$ -	-	\$ -	\$ -	\$ -	\$ -
17.	3/4"	6,170	\$ 10.00	\$ 61,697	19,154,752	\$ 4.36	\$ 83,553	-	\$ -	\$ -	\$ 13	\$ 145,237
18.	4"	-	\$ 130.00	\$ -	-	\$ 4.36	\$ -	-	\$ -	\$ -	\$ -	\$ -
19.	5/8"	315	\$ 10.00	\$ 3,151	869,097	\$ 4.36	\$ 3,791	-	\$ -	\$ -	\$ 1	\$ 6,942
20.	6"	-	\$ 255.00	\$ -	-	\$ 4.36	\$ -	-	\$ -	\$ -	\$ -	\$ -
14.	Municipally Owned Hydrants	648	\$ 5.40	\$ 3,499	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 3,499
15.	Private Hydrants	32	\$ 24.30	\$ 770	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 770
16.	Sprinkler Systems	80	\$ 24.30	\$ 1,937	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 1,937
17.	Total	7,524		\$ 78,345	28,296,133		\$ 123,428	-		\$ -	\$ 13	\$ 201,759
18.	WSCKY Total	77,899		\$ 834,865	316,625,536		\$ 1,293,468	92,091,577		\$ 288,523	\$ 277	\$ 2,416,580

Application

Exhibit 8

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Revenue Requirement
Test Year Ended 12/31/2017

Exhibit 8

A	B
Line No.	Item
	Operating Ratio Method
	(d)
1.	Total Operating Expenses \$ 2,568,215
2.	Less: Federal & State Income Taxes 83,279
3.	
4.	Operating Expenses Net of Income Taxes \$ 2,651,494
5.	Divide by: Operating Ratio 88%
6.	
7.	Revenue to Cover Operating Ratio \$ 3,013,061
8.	Less: Operating Expenses Net of Income Taxes \$ (2,651,494)
9.	
10.	Net Operating Income After Income Taxes \$ 361,567
11.	Less: Pro Forma Net Income 260,394
12.	
13.	Net Operating Income Adjustment \$ 621,962
14.	Multiplied by Gross-up Factor 1.371054133
15.	
16.	Revenue Requirement \$ 852,743
17.	
18.	Percentage Increase/Decrease 35.29%

Application

Exhibit 9

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Reconciliation of Rate Base and Capital
Test Year Ended 12/31/2017

Exhibit 9

Line No.	A	B
		12/31/2017
1.	Total Capitalization:	\$ 8,265,480
2.		
3.	Reconciling Items:	
4.	Reduction of Gross Plant in Service	\$ 217,565
5.	Restatement of accumulated depreciation	(462,488)
6.	Actual and estimated cash working capital	299,405
7.	Contributions in aid of construction	(253,585)
8.	Advances in aid of construction	-
9.	Accumulated deferred income taxes	(669,763)
10.	Customer deposits	(47,416)
11.	Plant acquisition adjustment	128,117
12.	Work in process on books at 12/31/17	(0)
13.	Cash	(108,453)
14.	Accounts receivable - net	(1,042,284)
15.	Other current assets	(14,782)
16.	Deferred charges	(207,391)
17.		
18.		
19.	Net Rate Base Used to Determine Interest Expense:	<u><u>\$ 6,104,405</u></u>

Application

Exhibit 10

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1.	1000		TOTAL ASSETS
2.	1005		LONG TERM ASSETS
3.	1010		PROPERTY, PLANT & EQPT
4.	1015		WTR UTILITY PLANT IN SER
5.	1020		ORGANIZATION
6.	1025		FRANCHISES
7.	1030		LAND & LAND RIGHTS PUMP
8.	1035		LAND & LAND RIGHTS WTR
9.	1040		LAND & LAND RIGHTS TRAN
10.	1045		LAND & LAND RIGHTS GEN
11.	1050		STRUCT & IMPRV SRC SUPP
12.	1055		STRUCT & IMPRV WTR TRT
13.	1060		STRUCT & IMPRV TRANS DI
14.	1065		STRUCT & IMPRV GEN PLT
15.	1070		COLLECTING RESERVOIRS
16.	1075		LAKE, RIVER, OTHER INTA
17.	1080		WELLS & SPRINGS
18.	1085		INFILTRATION GALLERY
19.	1090		SUPPLY MAINS
20.	1095		POWER GENERATION EQUIP
21.	1100		ELECTRIC PUMP EQUIP SRC
22.	1105		ELECTRIC PUMP EQUIP WTP
23.	1110		ELECTRIC PUMP EQUIP TRA
24.	1115		WATER TREATMENT EQPT
25.	1120		DIST RESV & STANDPIPES
26.	1125		TRANS & DISTR MAINS
27.	1130		SERVICE LINES
28.	1135		METERS
29.	1140		METER INSTALLATIONS
30.	1145		HYDRANTS
31.	1150		BACKFLOW PREVENTION DEV
32.	1155		OTH PLT&MISC EQUIP INTA
33.	1160		OTH PLT&MISC EQUIP SRC
34.	1165		OTH PLT&MISC EQUIP WTP
35.	1170		OTH PLT&MISC EQUIP TRAN
36.	1175		OFFICE STRUCT & IMPRV
37.	1180		OFFICE FURN & EQPT
38.	1185		STORES EQUIPMENT
39.	1190		TOOL SHOP & MISC EQPT

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
40.	1195		LABORATORY EQUIPMENT
41.	1200		POWER OPERATED EQUIP
42.	1205		COMMUNICATION EQPT
43.	1210		MISC EQUIPMENT
44.	1215		WATER PLANT ALLOCATED
45.	1220		OTHER TANGIBLE PLT WATE
46.	1240		SWR UTILITY PLANT IN SER
47.	1245		ORGANIZATION
48.	1250		FRANCHISES INTANG PLT
49.	1255		FRANCHISES RECLAIM WTR
50.	1260		LAND & LAND RIGHTS INTA
51.	1265		LAND & LAND RIGHTS COLL
52.	1270		LAND & LAND RIGHTS TRTM
53.	1275		LAND & LAND RIGHTS RECL
54.	1280		LAND & LAND RIGHTS RCL
55.	1285		LAND & LAND RIGHTS GEN
56.	1290		STRUCT/IMPRV COLL PLT
57.	1295		STRUCT/IMPRV PUMP PLT L
58.	1300		STRUCT/IMPRV TREAT PLT
59.	1305		STRUCT/IMPRV RECLAIM WT
60.	1310		STRUCT/IMPRV RECLAIM WT
61.	1315		STRUCT/IMPRV GEN PLT
62.	1320		POWER GEN EQUIP COLL PL
63.	1325		POWER GEN EQUIP PUMP PL
64.	1330		POWER GEN EQUIP TREAT P
65.	1335		POWER GEN EQUIP RECLAIM
66.	1340		POWER GEN EQUIP RCL WTR
67.	1345		SEWER FORCE MAIN
68.	1350		SEWER GRAVITY MAIN
69.	1353		MANHOLES
70.	1355		SPECIAL COLL STRUCTURES
71.	1360		SERVICES TO CUSTOMERS
72.	1365		FLOW MEASURE DEVICES
73.	1370		FLOW MEASURE INSTALL
74.	1375		RECEIVING WELLS
75.	1380		PUMPING EQUIPMENT PUMP
76.	1385		PUMPING EQUIPMENT RECLA
77.	1390		PUMPING EQUIPMENT RCL W
78.	1395		TREAT/DISP EQUIP LAGOON

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
79.	1400		TREAT/DISP EQUIP TRT PL
80.	1405		TREAT/DISP EQUIP RCL WT
81.	1410		PLANT SEWERS TRTMT PLT
82.	1415		PLANT SEWERS RECLAIM WT
83.	1420		OUTFALL LINES
84.	1425		OTHER PLT TANGIBLE
85.	1430		OTHER PLT COLLECTION
86.	1435		OTHER PLT PUMP
87.	1440		OTHER PLT TREATMENT
88.	1445		OTHER PLT RECLAIM WTR T
89.	1450		OTHER PLT RECLAIM WTR D
90.	1455		OFFICE STRUCT & IMPRV
91.	1460		OFFICE FURN & EQPT
92.	1465		STORES EQUIPMENT
93.	1470		TOOL SHOP & MISC EQPT
94.	1475		LABORATORY EQPT
95.	1480		POWER OPERATED EQUIP
96.	1485		COMMUNICATION EQPT
97.	1490		MISC EQUIP SEWER
98.	1495		SEWER PLANT ALLOCATED
99.	1500		OTHER TANGIBLE PLT SEWE
100.	1520		REUSE PLANT
101.	1525		REUSE SERVICES
102.	1530		REUSE MTR/INSTALLATIONS
103.	1535		REUSE DIST RESERVOIRS
104.	1540		REUSE TRANMISSION & DIS
105.	1550		TRANSPORTATION EQPT
106.	1555		TRANSPORTATION EQPT WTR
107.	1560		TRANSPORTATION EQPT SWR
108.	1570		COMPUTER EQUIPMENT WTR
109.	1575		DESKTOP COMPUTER WTR
110.	1580		MAINFRAME COMPUTER WTR
111.	1585		MINI COMPUTERS WTR
112.	1590		COMP SYS COST WTR
113.	1595		MICRO SYS COST WTR
114.	1600		GAS PLANT
115.	1605		ORGANIZATION
116.	1606		FRANCHISES INTANG PLT
117.	1607		LAND & LAND RIGHTS

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
118.	1608		STRUCT/IMPRV PRODUCTION
119.	1609		STRUCT/IMPRV NATUAL GAS
120.	1610		STRUCT/IMPRV TRANSMISSI
121.	1611		STRUCT/IMPRV DISTRIB PL
122.	1612		STRUCT/IMPRV GEN PLT
123.	1613		MAINS
124.	1614		SERVICE LINES
125.	1615		METERS
126.	1616		METER INSTALLATIONS
127.	1617		RESERVOIRS
128.	1618		HOUSE REGULATORS
129.	1619		HOUSE REGULATORY INSTAL
130.	1620		COMMUNICATION EQPT
131.	1621		OFFICE EQUIPMENT
132.	1622		POWER OPERATED EQUIP
133.	1623		MISC EQUIP GAS
134.	1640		OTHER PLANT
135.	1650		PLANT UNDER CONSTRUCTION
136.	1655		WORK IN PROGRESS
137.	1660		WATER PLANT IN PROCESS
138.	1661		WATER PLANT IN PROCESS
139.	1665	00101	WIP-CAP TIME WATER STO
140.	1665	00102	WIP-CAP TIME STORAGE B
141.	1665	00103	WIP-CAP TIME BUILD WTP
142.	1665	00104	WIP-CAP TIME ABANDON W
143.	1665	00105	WIP-CAP TIME INTER/REP
144.	1665	00106	WIP-CAP TIME INSTALL W
145.	1665	00107	WIP-CAP TIME EXPAND WT
146.	1665	00108	WIP-CAP TIME HYDRANTS
147.	1665	00109	WIP-CAP TIME INSTALL F
148.	1665	00110	WIP-CAP TIME TELEMETER
149.	1665	00111	WIP-CAP TIME INSTALL M
150.	1665	00112	WIP-CAP TIME GENERATOR
151.	1666	00101	WIP - INTEREST DURING
152.	1666	00102	WIP - INTEREST DURING
153.	1666	00103	WIP - INTEREST DURING
154.	1666	00104	WIP - INTEREST DURING
155.	1666	00105	WIP - INTEREST DURING
156.	1666	00106	WIP - INTEREST DURING

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
157.	1666	00107	WIP - INTEREST DURING
158.	1666	00108	WIP - INTEREST DURING
159.	1666	00109	WIP - INTEREST DURING
160.	1666	00110	WIP - INTEREST DURING
161.	1666	00111	WIP - INTEREST DURING
162.	1666	00112	WIP - INTEREST DURING
163.	1667	00101	WIP - ENGINEERING
164.	1667	00102	WIP - ENGINEERING
165.	1667	00103	WIP - ENGINEERING
166.	1667	00105	WIP - ENGINEERING
167.	1667	00106	WIP - ENGINEERING
168.	1667	00107	WIP - ENGINEERING
169.	1667	00109	WIP - ENGINEERING
170.	1667	00112	WIP - ENGINEERING
171.	1668	00101	WIP - LABOR/INSTALLATI
172.	1668	00105	WIP - LABOR/INSTALLATI
173.	1668	00106	WIP - LABOR/INSTALLATI
174.	1668	00108	WIP - LABOR/INSTALLATI
175.	1668	00109	WIP - LABOR/INSTALLATI
176.	1668	00110	WIP - LABOR/INSTALLATI
177.	1668	00111	WIP - LABOR/INSTALLATI
178.	1668	00112	WIP - LABOR/INSTALLATI
179.	1669	00103	WIP - EQUIPMENT
180.	1669	00106	WIP - EQUIPMENT
181.	1669	00108	WIP - EQUIPMENT
182.	1669	00109	WIP - EQUIPMENT
183.	1669	00110	WIP - EQUIPMENT
184.	1669	00111	WIP - EQUIPMENT
185.	1669	00112	WIP - EQUIPMENT
186.	1670	00101	WIP - MATERIAL
187.	1670	00102	WIP - MATERIAL
188.	1670	00103	WIP - MATERIAL
189.	1670	00104	WIP - MATERIAL
190.	1670	00105	WIP - MATERIAL
191.	1670	00106	WIP - MATERIAL
192.	1670	00107	WIP - MATERIAL
193.	1670	00108	WIP - MATERIAL
194.	1670	00109	WIP - MATERIAL
195.	1670	00110	WIP - MATERIAL

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
196.	1670	00111	WIP - MATERIAL
197.	1670	00112	WIP - MATERIAL
198.	1671	00101	WIP - ELECTRICAL
199.	1671	00102	WIP - ELECTRICAL
200.	1671	00103	WIP - ELECTRICAL
201.	1671	00106	WIP - ELECTRICAL
202.	1671	00107	WIP - ELECTRICAL
203.	1671	00109	WIP - ELECTRICAL
204.	1671	00110	WIP - ELECTRICAL
205.	1671	00112	WIP - ELECTRICAL
206.	1672	00101	WIP - PIPING
207.	1672	00103	WIP - PIPING
208.	1672	00105	WIP - PIPING
209.	1672	00106	WIP - PIPING
210.	1672	00109	WIP - PIPING
211.	1673	00102	WIP - SITE WORK
212.	1673	00103	WIP - SITE WORK
213.	1673	00104	WIP - SITE WORK
214.	1673	00105	WIP - SITE WORK
215.	1674	00103	WIP - BUILDING ADDITIO
216.	1674	00107	WIP - BUILDING ADDITIO
217.	1674	00109	WIP - BUILDING ADDITIO
218.	1675	00102	WIP - CARPENTRY
219.	1676	00101	WIP - CRANE
220.	1677	00106	WIP - DRILLING COSTS
221.	1678	00101	WIP - FOUNDATION
222.	1678	00102	WIP - FOUNDATION
223.	1679	00105	WIP - LAND/LEASE
224.	1679	00106	WIP - LAND/LEASE
225.	1680	00101	WIP - MAIN EXTENSION/T
226.	1681	00101	WIP - PERMITS
227.	1682	00107	WIP - PLUMBING
228.	1683	00107	WIP - PUMPS/EQUIPMENT
229.	1684	00104	WIP - RELOCATION
230.	1685	00111	WIP - RESTORATION
231.	1686	00101	WIP - SOIL BORING
232.	1687	00101	WIP - TANK/COST OF
233.	1688	00107	WIP - TANK/DETENTION A
234.	1689	00106	WIP - TANK/PNEUMATIC

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
235.	1690	00106	WIP - TESTS/DRAWDOWN
236.	1691	00104	WIP - WELL ABANDONMENT
237.	1692	00106	WIP - WELL HOUSE
238.	1697		WIP - CLOSE CP TO GL L
239.	1698		WIP - J/E CLEARING LEG
240.	1699	00101	WIP - TRANSFER TO FIXE
241.	1699	00102	WIP - TRANSFER TO FIXE
242.	1699	00103	WIP - TRANSFER TO FIXE
243.	1699	00104	WIP - TRANSFER TO FIXE
244.	1699	00105	WIP - TRANSFER TO FIXE
245.	1699	00106	WIP - TRANSFER TO FIXE
246.	1699	00107	WIP - TRANSFER TO FIXE
247.	1699	00108	WIP - TRANSFER TO FIXE
248.	1699	00109	WIP - TRANSFER TO FIXE
249.	1699	00110	WIP - TRANSFER TO FIXE
250.	1699	00111	WIP - TRANSFER TO FIXE
251.	1699	00112	WIP - TRANSFER TO FIXE
252.	1700		SEWER PLANT IN PROCESS
253.	1701		SEWER PLANT IN PROCESS
254.	1705	00201	WIP-CAP TIME EXPAND/MO
255.	1705	00202	WIP-CAP TIME ABANDON W
256.	1705	00203	WIP-CAP TIME LAGOON
257.	1705	00204	WIP-CAP TIME AERATOR
258.	1705	00205	WIP-CAP TIME SLUDGE DR
259.	1705	00206	WIP-CAP TIME BUILD LFT
260.	1705	00207	WIP-CAP TIME GENERATOR
261.	1705	00208	WIP-CAP TIME INTER/REP
262.	1705	00209	WIP-CAP TIME RELO FORC
263.	1705	00210	WIP-CAP TIME ACCESS RO
264.	1705	00211	WIP-CAP TIME INSTALL F
265.	1706	00201	WIP - INTEREST DURING
266.	1706	00202	WIP - INTEREST DURING
267.	1706	00203	WIP - INTEREST DURING
268.	1706	00204	WIP - INTEREST DURING
269.	1706	00205	WIP - INTEREST DURING
270.	1706	00206	WIP - INTEREST DURING
271.	1706	00207	WIP - INTEREST DURING
272.	1706	00208	WIP - INTEREST DURING
273.	1706	00209	WIP - INTEREST DURING

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
274.	1706	00210	WIP - INTEREST DURING
275.	1706	00211	WIP - INTEREST DURING
276.	1707	00201	WIP - ENGINEERING
277.	1707	00203	WIP - ENGINEERING
278.	1707	00204	WIP - ENGINEERING
279.	1707	00205	WIP - ENGINEERING
280.	1707	00206	WIP - ENGINEERING
281.	1707	00207	WIP - ENGINEERING
282.	1707	00208	WIP - ENGINEERING
283.	1707	00209	WIP - ENGINEERING
284.	1707	00211	WIP - ENGINEERING
285.	1708	00201	WIP - LABOR/INSTALLATI
286.	1708	00202	WIP - LABOR/INSTALLATI
287.	1708	00205	WIP - LABOR/INSTALLATI
288.	1708	00206	WIP - LABOR/INSTALLATI
289.	1708	00208	WIP - LABOR/INSTALLATI
290.	1708	00210	WIP - LABOR/INSTALLATI
291.	1708	00211	WIP - LABOR/INSTALLATI
292.	1709	00201	WIP - EQUIPMENT
293.	1709	00203	WIP - EQUIPMENT
294.	1709	00204	WIP - EQUIPMENT
295.	1709	00206	WIP - EQUIPMENT
296.	1709	00207	WIP - EQUIPMENT
297.	1709	00208	WIP - EQUIPMENT
298.	1709	00211	WIP - EQUIPMENT
299.	1710	00201	WIP - MATERIAL
300.	1710	00202	WIP - MATERIAL
301.	1710	00203	WIP - MATERIAL
302.	1710	00204	WIP - MATERIAL
303.	1710	00205	WIP - MATERIAL
304.	1710	00206	WIP - MATERIAL
305.	1710	00207	WIP - MATERIAL
306.	1710	00208	WIP - MATERIAL
307.	1710	00209	WIP - MATERIAL
308.	1710	00210	WIP - MATERIAL
309.	1710	00211	WIP - MATERIAL
310.	1711	00201	WIP - ELECTRICAL
311.	1711	00204	WIP - ELECTRICAL
312.	1711	00206	WIP - ELECTRICAL

WATER SERVICE CORPORATION OF KENTUCKY

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
313.	1711	00207	WIP - ELECTRICAL
314.	1711	00211	WIP - ELECTRICAL
315.	1712	00201	WIP - PIPING
316.	1712	00205	WIP - PIPING
317.	1712	00206	WIP - PIPING
318.	1713	00201	WIP - SITE WORK
319.	1713	00202	WIP - SITE WORK
320.	1713	00208	WIP - SITE WORK
321.	1713	00209	WIP - SITE WORK
322.	1714	00207	WIP - BUILDING ADDITIO
323.	1715	00201	WIP - BUILDING/BLOWER
324.	1716	00205	WIP - CONCRETE CONTRAC
325.	1717	00203	WIP - CONSTRUCTION
326.	1717	00206	WIP - CONSTRUCTION
327.	1718	00202	WIP - DRAINING/PLANT
328.	1719	00201	WIP - FOUNDATION
329.	1719	00207	WIP - FOUNDATION
330.	1720	00201	WIP - INSTALLATION OF
331.	1721	00203	WIP - LAND/LEASE
332.	1721	00210	WIP - LAND/LEASE
333.	1722	00201	WIP - MODIFICATION/LIF
334.	1723	00201	WIP - PACKAGE PLANT PU
335.	1724	00209	WIP - PERMITS
336.	1725	00202	WIP - PUMP REMOVAL
337.	1726	00206	WIP - PUMPS/EQUIPMENT
338.	1727	00201	WIP - RELOCATION
339.	1727	00202	WIP - RELOCATION
340.	1728	00205	WIP - SAND
341.	1729	00202	WIP - SLUDGE/DISPOSAL
342.	1729	00203	WIP - SLUDGE/DISPOSAL
343.	1730	00201	WIP - SURVEY
344.	1730	00209	WIP - SURVEY
345.	1731	00201	WIP - TESTS/SOIL BORE
346.	1732	00203	WIP - VEGITATION/REMOV
347.	1739	00201	WIP - TRANSFER TO FIXE
348.	1739	00202	WIP - TRANSFER TO FIXE
349.	1739	00203	WIP - TRANSFER TO FIXE
350.	1739	00204	WIP - TRANSFER TO FIXE
351.	1739	00205	WIP - TRANSFER TO FIXE

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
352.	1739	00206	WIP - TRANSFER TO FIXE
353.	1739	00207	WIP - TRANSFER TO FIXE
354.	1739	00208	WIP - TRANSFER TO FIXE
355.	1739	00209	WIP - TRANSFER TO FIXE
356.	1739	00210	WIP - TRANSFER TO FIXE
357.	1739	00211	WIP - TRANSFER TO FIXE
358.	1740		OTHER PLANT IN PROCESS
359.	1741		OTHER PLANT IN PROCESS
360.	1745	00301	WIP-CAP TIME OFFICE RE
361.	1745	00302	WIP-CAP TIME ELECTRICA
362.	1745	00303	WIP-CAP TIME LAB EXPAN
363.	1745	00304	WIP-CAP TIME COMPUTER
364.	1745	00305	WIP-CAP TIME COMPUTER
365.	1745	00306	WIP-CAP TIME RADIO EQU
366.	1746	00301	WIP - INTEREST DURING
367.	1746	00302	WIP - INTEREST DURING
368.	1746	00303	WIP - INTEREST DURING
369.	1746	00304	WIP - INTEREST DURING
370.	1746	00305	WIP - INTEREST DURING
371.	1746	00306	WIP - INTEREST DURING
372.	1747	00303	WIP - LABOR/INSTALLATI
373.	1747	00304	WIP - LABOR/INSTALLATI
374.	1747	00305	WIP - LABOR/INSTALLATI
375.	1748	00302	WIP - EQUIPMENT
376.	1748	00303	WIP - EQUIPMENT
377.	1748	00304	WIP - EQUIPMENT
378.	1748	00306	WIP - EQUIPMENT
379.	1749	00301	WIP - MATERIAL
380.	1749	00302	WIP - MATERIAL
381.	1749	00303	WIP - MATERIAL
382.	1749	00304	WIP - MATERIAL
383.	1749	00305	WIP - MATERIAL
384.	1749	00306	WIP - MATERIAL
385.	1750	00301	WIP - ELECTRICAL
386.	1751	00301	WIP - SITE WORK
387.	1752	00301	WIP - CONTRACTOR/LABOR
388.	1752	00302	WIP - CONTRACTOR/LABOR
389.	1753	00301	WIP - ARCHITECT/DESIGN
390.	1753	00302	WIP - ARCHITECT/DESIGN

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
391.	1753	00303	WIP - ARCHITECT/DESIGN
392.	1754	00303	WIP - BUILDING ADDITIO
393.	1755	00301	WIP - FURNITURE
394.	1755	00302	WIP - FURNITURE
395.	1756	00301	WIP - HEATING/AIR COND
396.	1756	00302	WIP - HEATING/AIR COND
397.	1757	00301	WIP - INTERIOR FINISH
398.	1757	00302	WIP - INTERIOR FINISH
399.	1758	00305	WIP - MODIFICATION/CON
400.	1759	00304	WIP - REMODELING
401.	1769	00301	WIP - TRANSFER TO FIXE
402.	1769	00302	WIP - TRANSFER TO FIXE
403.	1769	00303	WIP - TRANSFER TO FIXE
404.	1769	00304	WIP - TRANSFER TO FIXE
405.	1769	00305	WIP - TRANSFER TO FIXE
406.	1769	00306	WIP - TRANSFER TO FIXE
407.	1770		DEFERRED PLANT IN PROCE
408.	1771		DEFERRED PLANT IN PROC
409.	1775	00401	WIP-CAP TIME WATER TOW
410.	1775	00402	WIP-CAP TIME W/S PLT P
411.	1775	00403	WIP-CAP TIME WATER TAN
412.	1775	00404	WIP-CAP TIME CLEAN SEW
413.	1775	00405	WIP-CAP TIME CHNG FILT
414.	1775	00406	WIP-CAP TIME TV SEWER
415.	1775	00407	WIP-CAP TIME SLUDGE &
416.	1775	00408	WIP-CAP TIME W/S PLT L
417.	1776	00401	WIP - INTEREST DURING
418.	1776	00402	WIP - INTEREST DURING
419.	1776	00403	WIP - INTEREST DURING
420.	1776	00404	WIP - INTEREST DURING
421.	1776	00405	WIP - INTEREST DURING
422.	1776	00406	WIP - INTEREST DURING
423.	1776	00407	WIP - INTEREST DURING
424.	1776	00408	WIP - INTEREST DURING
425.	1777	00408	WIP - ENGINEERING
426.	1778	00401	WIP - LABOR/INSTALLATI
427.	1779	00401	WIP - EQUIPMENT
428.	1779	00404	WIP - EQUIPMENT
429.	1779	00406	WIP - EQUIPMENT

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
430.	1780	00401	WIP - MATERIAL
431.	1780	00402	WIP - MATERIAL
432.	1780	00403	WIP - MATERIAL
433.	1780	00404	WIP - MATERIAL
434.	1780	00405	WIP - MATERIAL
435.	1780	00406	WIP - MATERIAL
436.	1780	00407	WIP - MATERIAL
437.	1780	00408	WIP - MATERIAL
438.	1781	00408	WIP - SITE WORK
439.	1782	00401	WIP - CONTRACTOR/LABOR
440.	1782	00402	WIP - CONTRACTOR/LABOR
441.	1782	00403	WIP - CONTRACTOR/LABOR
442.	1782	00405	WIP - CONTRACTOR/LABOR
443.	1782	00406	WIP - CONTRACTOR/LABOR
444.	1783	00404	WIP - GROUTING/SEALING
445.	1784	00404	WIP - JET CLEANING
446.	1785	00407	WIP - PUMP & HAUL SLUD
447.	1786	00404	WIP - RENTAL/MACHINE
448.	1786	00405	WIP - RENTAL/MACHINE
449.	1787	00402	WIP - REPAIR
450.	1787	00403	WIP - REPAIR
451.	1799	00401	WIP - TRANSFER TO FIXE
452.	1799	00402	WIP - TRANSFER TO FIXE
453.	1799	00403	WIP - TRANSFER TO FIXE
454.	1799	00404	WIP - TRANSFER TO FIXE
455.	1799	00405	WIP - TRANSFER TO FIXE
456.	1799	00406	WIP - TRANSFER TO FIXE
457.	1799	00407	WIP - TRANSFER TO FIXE
458.	1799	00408	WIP - TRANSFER TO FIXE
459.	1800		PLANT HELD FOR FUTURE USE
460.	1805		PLT HELD FUTURE USE-WTR
461.	1810		PLT HELD FUTURE USE-SWR
462.	1815		PLT HELD FUTURE USE-REUS
463.	1825		ACCUMULATED DEPRECIATION
464.	1830		ACC DEPR WATER PLANT
465.	1835		ACC DEPR-ORGANIZATION
466.	1840		ACC DEPR-FRANCHISES
467.	1845		ACC DEPR-STRUCT&IMPRV S
468.	1850		ACC DEPR-STRUCT&IMPRV W

WATER SERVICE CORPORATION OF KENTUCKY

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
469.	1855		ACC DEPR-STRUCT&IMPRV T
470.	1860		ACC DEPR-STRUCT&IMPRV G
471.	1865		ACC DEPR-COLLECTING RES
472.	1870		ACC DEPR-LAKE,RIVER,OTH
473.	1875		ACC DEPR-WELLS & SPRING
474.	1880		ACC DEPR-INFILTRATION G
475.	1885		ACC DEPR-SUPPLY MAINS
476.	1890		ACC DEPR-POWER GENERATI
477.	1895		ACC DEPR-ELECT PUMP EQU
478.	1900		ACC DEPR-ELECT PUMP EQU
479.	1905		ACC DEPR-ELECT PUMP EQU
480.	1910		ACC DEPR-WATER TREATMEN
481.	1915		ACC DEPR-DIST RESV & ST
482.	1920		ACC DEPR-TRANS & DISTR
483.	1925		ACC DEPR-SERVICE LINES
484.	1930		ACC DEPR-METERS
485.	1935		ACC DEPR-METER INSTALLS
486.	1940		ACC DEPR-HYDRANTS
487.	1945		ACC DEPR-BACKFLOW PREVE
488.	1950		ACC DEPR-OTH PLANT&MISC
489.	1955		ACC DEPR-OTH PLANT&MISC
490.	1960		ACC DEPR-OTH PLANT&MISC
491.	1965		ACC DEPR-OTH PLANT&MISC
492.	1970		ACC DEPR-OFFICE STRUCTU
493.	1975		ACC DEPR-OFFICE FURN/EQ
494.	1980		ACC DEPR-STORES EQUIPME
495.	1985		ACC DEPR-TOOL SHOP & MI
496.	1990		ACC DEPR-LABORATORY EQU
497.	1995		ACC DEPR-POWER OPERATED
498.	2000		ACC DEPR-COMMUNICATION
499.	2005		ACC DEPR-MISC EQUIPMENT
500.	2010		ACC DEPR-OTHER TANG PLT
501.	2025		ACC DEPR SEWER PLANT
502.	2030		ACC DEPR-ORGANIZATION
503.	2040		ACC DEPR FRANCHISES INT
504.	2045		ACC DEPR FRANCH RCLM WT
505.	2050		ACC DEPR-STRUCT/IMPRV C
506.	2055		ACC DEPR-STRUCT/IMPRV P
507.	2060		ACC DEPR-STRUCT/IMPRV T

WATER SERVICE CORPORATION OF KENTUCKY

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Line	Obj	Sub	Account Description
508.	2065		ACC DEPR-STRUCT/IMPRV R
509.	2070		ACC DEPR-STRUCT/IMPRV R
510.	2075		ACC DEPR-STRUCT/IMPRV G
511.	2080		ACC DEPR-PWR GEN EQP CO
512.	2085		ACC DEPR-PWR GEN EQP PU
513.	2090		ACC DEPR-PWR GEN EQP TR
514.	2095		ACC DEPR-PWR GEN EQP RC
515.	2100		ACC DEPR-PWR GEN EQP RC
516.	2105		ACC DEPR-SEWER FORCE MA
517.	2110		ACC DEPR-SEWER GRAVITY
518.	2113		ACC DEPR-MANHOLE
519.	2115		ACC DEPR-SPECIAL COLL S
520.	2120		ACC DEPR-SERVICES TO CU
521.	2125		ACC DEPR-FLOW MEASURE D
522.	2130		ACC DEPR-FLOW MEASURE I
523.	2135		ACC DEPR-RECEIVING WELL
524.	2140		ACC DEPR-PUMP EQP PUMP
525.	2145		ACC DEPR-PUMP EQP RCLM
526.	2150		ACC DEPR-PUMP EQP RCLM
527.	2155		ACC DEPR-TREAT/DISP EQP
528.	2160		ACC DEPR-TREAT/DISP EQP
529.	2165		ACC DEPR-TREAT/DISP EQP
530.	2170		ACC DEPR-PLANT SEWERS T
531.	2175		ACC DEPR-PLANT SEWERS R
532.	2180		ACC DEPR-OUTFALL LINES
533.	2185		ACC DEPR-OTHER PLT TANG
534.	2190		ACC DEPR-OTHER PLT COLL
535.	2195		ACC DEPR-OTHER PLT PUMP
536.	2200		ACC DEPR-OTHER PLT TREA
537.	2205		ACC DEPR-OTHER PLT RCLM
538.	2210		ACC DEPR-OTHER PLT RCLM
539.	2215		ACC DEPR-OFFICE STRUCTU
540.	2220		ACC DEPR-OFFICE FURN/EQ
541.	2225		ACC DEPR-STORES EQUIPME
542.	2230		ACC DEPR-TOOL SHOP & MI
543.	2235		ACC DEPR-LABORATORY EQP
544.	2240		ACC DEPR-POWER OPERATED
545.	2245		ACC DEPR-COMMUNICATION
546.	2250		ACC DEPR-MISC EQUIP SEW

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Line	Obj	Sub	Account Description
547.	2255		ACC DEPR-OTHER TANG PLT
548.	2265		ACC DEPR REUSE PLANT
549.	2270		ACC DEPR-REUSE SERVICES
550.	2275		ACC DEPR-REUSE MTR/INST
551.	2280		ACC DEPR-REUSE DIST RES
552.	2285		ACC DEPR-REUSE TRANS/DI
553.	2295		ACC DEPR-TRANSPORTATION
554.	2300		ACC DEPR-TRANSPORTATION
555.	2305		ACC DEPR-TRANSPORTATION
556.	2310		ACC DEPR COMPUTER WTR
557.	2315		ACC DEPR-DESKTOP COMPUT
558.	2320		ACC DEPR-MAINFRAME COMP
559.	2325		ACC DEPR-MINI COMP WTR
560.	2330		COMP SYS AMORTIZATION W
561.	2335		MICRO SYS AMORTIZATION
562.	2340		ACC DEPR GAS PLANT
563.	2345		ACC DEPR-ORGANIZATION
564.	2346		ACC DEPR-FRANCHISES INT
565.	2347		ACC DEPR-STRUCT/IMPRV P
566.	2348		ACC DEPR-STRUCT/IMPRV N
567.	2349		ACC DEPR-STRUCT/IMPRV T
568.	2350		ACC DEPR-STRUCT/IMPRV D
569.	2351		ACC DEPR-STRUCT/IMPRV G
570.	2352		ACC DEPR-MAINS
571.	2353		ACC DEPR-SERVICE LINES
572.	2354		ACC DEPR-METERS
573.	2355		ACC DEPR-METER INSTALLA
574.	2356		ACC DEPR-RESERVOIRS
575.	2357		ACC DEPR-HOUSE REGULATO
576.	2358		ACC DEPR-HOUSE REGULATO
577.	2359		ACC DEPR-COMMUNICATION
578.	2360		ACC DEPR-OFFICE EQUIPME
579.	2361		ACC DEPR-POWER OPERATED
580.	2362		ACC DEPR-MISC EQUIP SEW
581.	2365		MICRO SYS AMORTIZATION
582.	2370		ACC DEPR PLT LEASED TO O
583.	2375		ACC DEPR PLT HELD FUT US
584.	2380		ACC DEPR PLT HELD FUT US
585.	2385		ACC DEPR PLT HELD FUT US

WATER SERVICE CORPORATION OF KENTUCKY

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Line	Obj	Sub	Account Description
586.	2395		PLANT ACQ ADJ
587.	2400		UTILITY PAA WTR PLANT AM
588.	2405		UTILITY PAA WTR PLANT UN
589.	2410		UTILITY PAA SWR PLANT AM
590.	2415		UTILITY PAA SWR PLANT UN
591.	2417		UTILITY PAA GAS PLANT AM
592.	2420		ACC AMORT UTIL PAA-WATER
593.	2425		ACC AMORT UTIL PAA-SEWER
594.	2427		ACC AMORT UTIL PAA-GAS
595.	2435		INVESTMENT IN OPER COS
596.	2440		INVEST IN OPERATING COS
597.	2445	010	INVEST IN OPER COS
598.	2445	011	INVEST IN WTR SERV CORP
599.	2445	012	INVEST IN WTR SERV DISB
600.	2445	013	INVEST IN APPLE CANYON
601.	2445	014	INVEST IN CAMELOT
602.	2445	015	INVEST IN CHARMAR
603.	2445	016	INVEST IN CHERRY HILL
604.	2445	017	INVEST IN CLARENDON
605.	2445	018	INVEST IN COUNTY LINE
606.	2445	019	INVEST IN DEL MAR
607.	2445	020	INVEST IN FERSON CREEK
608.	2445	021	INVEST IN GALENA TERRIT
609.	2445	022	INVEST IN KILLARNEY
610.	2445	023	INVEST IN LAKE HOLIDAY
611.	2445	024	INVEST IN LAKE WILDWOOD
612.	2445	025	INVEST IN NORTHERN HILL
613.	2445	026	INVEST IN PRESTWICK
614.	2445	027	INVEST IN LAKE MARIAN
615.	2445	028	INVEST IN WILDWOOD
616.	2445	029	INVEST IN VALENTINE
617.	2445	030	INVEST IN WALK UP WOODS
618.	2445	031	INVEST IN WHISPERING HI
619.	2445	032	INVEST IN HOLIDAY HILLS
620.	2445	033	INVEST IN MEDINA
621.	2445	034	INVEST IN WESTLAKE
622.	2445	035	INVEST IN CEDAR BLUFF
623.	2445	036	INVEST IN HARBOR RIDGE
624.	2445	037	INVEST IN GREAT NORTHER

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Line	Obj	Sub	Account Description
625.	2445	038	INVEST IN ILL COST CTR
626.	2445	039	INVEST IN UI OF NEVADA
627.	2445	040	INVEST IN SPRING CREEK
628.	2445	041	INVEST IN LA WTR SERV
629.	2445	042	INVEST IN UI OF LA
630.	2445	043	INVEST IN U I OF MARYLA
631.	2445	044	INVEST IN COLCHESTER
632.	2445	045	INVEST IN GREENRIDGE
633.	2445	046	INVEST IN PROVINCES
634.	2445	047	INVEST IN PINTO
635.	2445	048	INVEST IN OCCOQUAN SEWE
636.	2445	049	INVEST IN OCCOQUAN WATE
637.	2445	050	INVEST IN MASSANUTTEN S
638.	2445	051	INVEST IN HOLIDAY SERVI
639.	2445	052	INVEST IN WESTGATE
640.	2445	053	INVEST IN UI OF PA
641.	2445	054	INVEST IN PENN ESTATES
642.	2445	055	INVEST IND BLU MT LAKE
643.	2445	056	INVEST IN SKIDAWAY ISLA
644.	2445	057	INVEST IN ELK RIVER
645.	2445	058	INVEST IN MONTAGUE WATE
646.	2445	059	INVEST IN MONTAGUE SEWE
647.	2445	060	INVEST IN TWIN LAKES
648.	2445	061	INVEST IN TIERRE VERDE
649.	2445	062	INVEST IN LAKE PLACID
650.	2445	063	INVEST IN EAST LAKE
651.	2445	064	INVEST IN CHARLESTON U
652.	2445	065	INVEST IN PEBBLECREEK
653.	2445	066	INVEST IN ALAFAYA
654.	2445	067	INVEST IN LONGWOOD
655.	2445	068	INVEST IN WEDGEFIELD
656.	2445	069	INVEST IN CAROLINA WTR
657.	2445	070	INVEST IN UTIL SERV OF
658.	2445	071	INVEST IN CYPRESS LAKES
659.	2445	072	INVEST IN UTIL INC EAGL
660.	2445	073	INVEST IN SOUTHLAND
661.	2445	074	INVEST IN UNITED UTILIT
662.	2445	075	INVEST IN KEOWEE KEY
663.	2445	076	INVEST IN S C UTILITIES

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Line	Obj	Sub	Account Description
664.	2445	077	INVEST IN WILD DUNES
665.	2445	078	INVEST IN TEGA CAY
666.	2445	079	INVEST IN CWS INC OF N
667.	2445	080	INVEST IN RIVER POINTE
668.	2445	081	INVEST IN FAIRFIELD
669.	2445	082	INVEST IN CNC-GENOA
670.	2445	083	INVEST IN WATAUGA VISTA
671.	2445	084	INVEST IN BRANDYWINE BA
672.	2445	085	INVEST IN TRANSYLVANIA
673.	2445	086	INVEST IN MID COUNTY
674.	2445	087	INVEST IN LAKE UTIL INC
675.	2445	088	INVEST IN U I OF FLORID
676.	2445	089	INVEST IN MILES GRANT
677.	2445	090	INVEST IN TENN WTR SERV
678.	2445	091	INVEST IN BIOTECH
679.	2445	092	INVEST IN HUTCHINSON IS
680.	2445	093	INVEST IN SANLANDO
681.	2445	094	INVEST IN LAKE GROVES
682.	2445	095	INVEST IN SANDALVEN
683.	2445	096	INVEST IN BAYSIDE
684.	2445	097	INVEST IN SOUTH GATE
685.	2445	098	INVEST IN LABRADOR UI
686.	2445	099	INVEST IN UI OF PENNBRO
687.	2445	100	INVEST IN UI OF HUTCHIN
688.	2445	101	INVEST IN SANDY CREEK
689.	2445	102	INVEST IN NORTH TOPSAIL
690.	2445	103	INVEST IN CAROLINA PINE
691.	2445	104	INVEST IN BRADFIELD FAR
692.	2445	105	INVEST IN NERO UTILITY
693.	2445	106	INVEST IN SKY RANCH
694.	2445	107	INVEST IN BERMUDA WATER
695.	2445	108	INVEST IN UI OF CENTRAL
696.	2445	109	INVEST IN WSC OF IND IN
697.	2445	110	INVEST IN INDIANA WATER
698.	2445	111	INVEST IN WTR SERV CORP
699.	2445	112	INVEST IN WSC OF GEORGI
700.	2450		NON-UTILITY INVESTMENTS
701.	2455		NON-UTILITY PROPERTY & I
702.	2460		NON-UTIL PROP & INVENTO

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Line	Obj	Sub	Account Description
703.	2465		ORGANIZATION
704.	2470		LAND & LAB RIGHTS
705.	2475		PROCESSING PLANT
706.	2480		OFF STRUCT & IMPROV
707.	2485		PORTABLE OFFICE STRUCTU
708.	2490		OFFICE FURNITURE
709.	2495		OFFICE EQUIPMENT
710.	2500		MAINTENANCE STRUCT & IM
711.	2505		LAB FURNITURE
712.	2510		MAINTENANCE TOOL
713.	2515		EQUIPMENT & MACHINERY
714.	2520		COMMUNICATION EQUIPMENT
715.	2525		ACC DEPR NON-UTILITY PRO
716.	2530		ACC DEPR-PROP & INV
717.	2535		ACC DEPR-ORGANIZATION
718.	2540		ACC DEPR-LAND&LAB
719.	2545		ACC DEPR-PROCESSING PLA
720.	2550		ACC DEPR-OFF STRUCTURE
721.	2555		ACC DEPR-PORT OFF STRUC
722.	2560		ACC DEPR-OFF FURNITURE
723.	2565		ACC DEPR-OFF EQUIPMENT
724.	2570		ACC DEPR-MAINT STRUCTUR
725.	2575		ACC DEPR-LAB FURNITURE
726.	2580		ACC DEPR-MAINT TOOL
727.	2585		ACC DEPR-EQ & MACHINERY
728.	2590		ACC DEPR-COMMUN EQPT
729.	2595		NONREG GOODWILL
730.	2600		NONREGULATED GOODWILL
731.	2605		ACCUM AMORT NONREG GOOD
732.	2610		ESCROW DEPOSIT
733.	2615		ESCROW DEPOSIT
734.	2620		UTIL PLANT ACQUIRED/DIS
735.	2625		CURRENT ASSETS
736.	2630		CASH
737.	2635		CASH-IN BANK
738.	2640	10	CASH-CHASE-WSC DISBURSE
739.	2640	11	CASH-CHASE-DEPOSITORY
740.	2640	12	CASH-CHASE MONEY MARKET
741.	2640	13	CASH CONSOLIDATION

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Line	Obj	Sub	Account Description
742.	2640	14	CASH CLEARING ACCOUNT
743.	2640	15	CASH CLEARING-COLLECT A
744.	2640	16	CASH-CHASE-WSCIL
745.	2640	17	CASH-CHASE-WSC INS DISB
746.	2640	18	CASH-TD BANK CANADA USD
747.	2640	19	CASH-BANK OF NEW YORK M
748.	2640	20	CASH-TD BANK NA USD
749.	2640	21	CASH-CHASE-CWS COLLECTI
750.	2640	22	CASH-BANK OF AMERICA-AC
751.	2640	23	CASH-CHASE-CREDIT CARD
752.	2640	24	CASH-CHASE-FLEXSERV
753.	2640	25	CASH-BANK OF AMERICA-SC
754.	2640	26	CASH-WILLIAM BLAIR
755.	2640	27	CASH-WIRE TRANSFER CLEA
756.	2640	28	CASH-CNC MOREHEAD CTY-W
757.	2640	29	CASH-CHASE-AZ 2185-0135
758.	2640	30	CASH-COBANK-AZ
759.	2640	31	CASH-BANK OF AMERICA-GA
760.	2640	32	CASH-BANK OF AMERICA-NV
761.	2640	33	CASH-CHASE-SPG CRK HYD
762.	2640	34	CASH-CHASE-SPG CRK CAP
763.	2640	35	CASH-BANK OF AMERICA-MD
764.	2640	36	CASH-CHASE-BETTERMENT F
765.	2640	37	CASH-CHASE-PLT CAP FUND
766.	2640	38	CASH-CHASE-WTR STORAGE
767.	2640	39	CASH-FL NATL OF ORLANDO
768.	2640	40	CASH-COMMERICAL BANK-KY
769.	2640	41	CASH-CLINTON 1ST NATL B
770.	2640	42	CASH-CLINTON-DEBT RESER
771.	2640	43	CASH-BANK OF AMERICA-FL
772.	2640	44	CASH-NATIONS BANK-SEUI
773.	2640	45	CASH-BARNETT BANK
774.	2640	46	CASH-CHASE-LA
775.	2640	47	CASH-BANK OF AMERICA-NC
776.	2640	48	CASH-BANK OF AM-COLCHES
777.	2640	49	CASH-TALLAHATCHIE-MS
778.	2640	50	CASH-BB&T
779.	2640	51	CASH-CHASE-WTR RTS PRO
780.	2640	52	CASH-CHASE-UIL ESCROW

WATER SERVICE CORPORATION OF KENTUCKY

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Line	Obj	Sub	Account Description
781.	2640	53	CASH-1ST COMMUNITY BANK
782.	2645		PETTY CASH
783.	2650	10	CASH-WSC PETTY CASH-CHA
784.	2650	11	CASH-CWS PETTY CASH-BOA
785.	2650	12	CASH-CNC PETTY CASH-BOA
786.	2650	13	CASH-UUC PETTY CASH
787.	2650	14	CASH-MD PETTY CASH-BOA
788.	2650	15	CASH-FL PETTY CASH-BOA
789.	2650	16	CASH-GA PETTY CASH-BOA
790.	2650	17	CASH-LA PETTY CASH-CHAS
791.	2650	18	CASH-MS PETTY CASH-TALL
792.	2650	19	CASH-BIOTECH PETTY CASH
793.	2650	20	CASH-AZ PETTY CASH-CHAS
794.	2650	21	CASH-NV PETTY CASH-BOA
795.	2650	22	PETTY CASH
796.	2655		ACCOUNTS RECEIVABLE
797.	2660		A/R CASH UNAPPLIED
798.	2665		CASH UNAPPLIED
799.	2670		ACCOUNTS RECEIVABLE CUST
800.	2675		A/R-CUSTOMER TRADE CC&B
801.	2676		A/R-TRADE US
802.	2677		A/R-OTHER USD
803.	2678		A/R-INTEREST
804.	2680		A/R-CUSTOMER ACCRUAL
805.	2685		A/R-CUSTOMER REFUNDS
806.	2690		ACCUM PROV UNCOLLECT ACC
807.	2695		ACCOUNTS RECEIVABLE OTHE
808.	2700		A/R-OTHER
809.	2710		A/R ASSOC COS
810.	2715		TOTAL NOTES RECEIVABLE
811.	2720		NOTES REC ACCOCIATED COS
812.	2725		N/R ASSOC COS
813.	2730		N/R OTHER
814.	2735		LONG TERM NOTES RECEIVAB
815.	2740		N/R STOCK PURCHASE
816.	2745		N/R STOCK PURCHASE
817.	2750		INVENTORY TOTAL
818.	2755		INVENTORY
819.	2770		TOTAL SPECIAL DEPOSITS

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Line	Obj	Sub	Account Description
820.	2775		SPECIAL DEPOSITS
821.	2780		PREPAID EXPENSES
822.	2785		PREPAYMENTS
823.	2790		PREPAID INSURANCE
824.	2795		PREPAID REIMBURSEMENTS
825.	2800		PREPAID TARIFF FUNDS
826.	2805		OTHER CURRENT ASSETS
827.	2810		INTEREST & DIVIDENDS REC
828.	2815		INT & DIV RECEIVABLE
829.	2820		MISC CURRENT ASSETS
830.	2825		MISC CURRENT ASSETS
831.	2830		INVESTMENTS IN STOCK
832.	2835		TEMPORARY CASH INVESTME
833.	2840		DEFERRED STOCK COMPENSA
834.	2845		CASH VALUE OF LIFE INS
835.	2850		PRELIMINARY SURVEY
836.	2855		PRELIMINARY SURVEY
837.	2856	00801	PRELIMINARY SURVEY PRO
838.	2860		CLEARING
839.	2865		PAYROLL CLEARING
840.	2870		FLEX SERV
841.	2875		401K CLEARING
842.	2880		DEF CHGS & OTHER ASSETS
843.	2885		UNAMORT DEBT DISCOUNT &
844.	2890		DEBT EXPENSE BEING AMOR
845.	2895		AMORT - DEBT EXPENSE
846.	2900		DEFERRED RATE CASE EXPEN
847.	2905		RATE CASE IN PROGRESS
848.	2906	00901	RCIP - ATTORNEY FEES
849.	2907	00901	RCIP - CAPITALIZED TIM
850.	2908	00901	RCIP - ADMINISTRATIVE
851.	2909	00901	RCIP - TRAVEL
852.	2910	00901	RCIP - CONSULTING FEES
853.	2914	00901	RCIP - TRANSFER TO DEF
854.	2915		REG EXP BEING AMORT
855.	2920		RATE CASE BEING AMORT
856.	2925		MISC REGULATORY COMM EX
857.	2930		RATE CASE ACCUM AMORT
858.	2933		WATER CONSERVATION REBA

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Line	Obj	Sub	Account Description
859.	2935		ORIG COST EXPENSE
860.	2940		ORIG COST ACCUM AMORT
861.	2945		OTHER DEFERRED CHARGES
862.	2950		DEF CHGS-LANDSCAPING
863.	2955		DEF CHGS-CUSTOMER COMPL
864.	2960		DEF CHGS-TANK MAINT&REP
865.	2965		DEF CHGS-RELOCATION EXP
866.	2970		DEF CHGS-ATTORNEY FEE
867.	2975		DEF CHGS-HURRICANE/STOR
868.	2980		DEF CHGS-EMP FEES
869.	2985		DEF CHGS-OTHER
870.	3000		DEF CHGS-OTHER WTR & SW
871.	3005		DEF CHGS-MULTI YR TESTI
872.	3020		DEF CHGS-SLUDGE HAULING
873.	3025		DEF CHGS-PR WASH/JET SW
874.	3030		DEF CHGS-TV SEWER MAINS
875.	3040		DEF CHGS-TANK MAINT&REP
876.	3080		AMORT - LANDSCAPING
877.	3090		AMORT - CUSTOMER COMPLA
878.	3110		AMORT - TANK MAINT&REP
879.	3120		AMORT - RELOCATION EXP
880.	3125		AMORT - ATTORNEY FEE
881.	3130		AMORT - HURRICANE/STORM
882.	3135		AMORT - EMPLOYEE FEES
883.	3140		AMORT - OTHER
884.	3155		AMORT - OTHER WTR & SWR
885.	3160		AMORT - MULTI YR TESTIN
886.	3175		AMORT - SLUDGE HAULING
887.	3180		AMORT - PR WASH/JET SWR
888.	3185		AMORT - TV SEWER MAINS
889.	3195		AMORT - TANK MAINT&REP
890.	3200		REGULATORY INCOME TAX AS
891.	3210		TOTAL LIABILITIES
892.	3215		LONG TERM LIABILITIES
893.	3220		ADVANCES IN AID OF CONSTR
894.	3225		ADV-IN-AID OF CONST-WATE
895.	3230		ADV-IN-AID OF CONST-SEWE
896.	3235		ACC AMORT-AIA-WATER
897.	3240		ACC AMORT-CIA-SEWER

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Line	Obj	Sub	Account Description
898.	3245		CONTRIBUTIONS IN AID CONS
899.	3250		CONTRIBUTIONS IN AID WAT
900.	3255		CIAC-ORGANIZATION
901.	3260		CIAC-FRANCHISES
902.	3265		CIAC-STRUCT & IMPRV SRC
903.	3270		CIAC-STRUCT & IMPRV WTP
904.	3275		CIAC-STRUCT & IMPRV TRA
905.	3280		CIAC-STRUCT & IMPRV GEN
906.	3285		CIAC-COLLECTING RESERVO
907.	3290		CIAC-LAKE, RIVER, OTHER
908.	3295		CIAC-WELLS & SPRINGS
909.	3300		CIAC-INFILTRATION GALLE
910.	3305		CIAC-SUPPLY MAINS
911.	3310		CIAC-POWER GENERATION E
912.	3315		CIAC-ELEC PUMP EQP SRC
913.	3320		CIAC-ELEC PUMP EQP WTP
914.	3325		CIAC-ELEC PUMP EQP TRAN
915.	3330		CIAC-WATER TREATMENT EQ
916.	3335		CIAC-DIST RESV & STANDP
917.	3340		CIAC-TRANS & DISTR MAIN
918.	3345		CIAC-SERVICE LINES
919.	3350		CIAC-METERS
920.	3355		CIAC-METER INSTALLS
921.	3360		CIAC-HYDRANTS
922.	3365		CIAC-BACKFLOW PREVENT D
923.	3370		CIAC-OTH PLT&MISC EQP I
924.	3375		CIAC-OTH PLT&MISC EQP S
925.	3380		CIAC-OTH PLT&MISC EQP W
926.	3385		CIAC-OTH PLT&MISC EQP D
927.	3390		CIAC-OFFICE STRUCTURE
928.	3395		CIAC-OFFICE FURN/EQPT
929.	3400		CIAC-STORES EQUIPMENT
930.	3405		CIAC-TOOL SHOP & MISC E
931.	3410		CIAC-LABORATORY EQUIPME
932.	3415		CIAC-POWER OPERATED EQU
933.	3420		CIAC-COMMUNICATION EQPT
934.	3425		CIAC-MISC EQUIPMENT
935.	3430		CIAC-OTHER TANGIBLE PLT
936.	3435		CIAC-WATER-TAP

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
937.	3440		CIAC-WTR MGMT FEE
938.	3442		CIAC-WTR LINE EXT FEE
939.	3445		CIAC-WTR RES CAP FEE
940.	3450		CIAC-WTR PLT MOD FEE
941.	3455		CIAC-WTR PLT MTR FEE
942.	3475		CONTRIBUTIONS IN AID SEW
943.	3480		CIAC-ORGANIZATION
944.	3485		CIAC-FRANCHISES INTANG
945.	3490		CIAC-FRANCHISES RCLM WT
946.	3495		CIAC-STRUCT/IMPRV COLL
947.	3500		CIAC-STRUCT/IMPRV PUMP
948.	3505		CIAC-STRUCT/IMPRV TREAT
949.	3510		CIAC-STRUCT/IMPRV RCLM
950.	3515		CIAC-STRUCT/IMPRV RCLM
951.	3520		CIAC-STRUCT/IMPRV GEN P
952.	3525		CIAC-POWER GEN EQUIP CO
953.	3530		CIAC-POWER GEN EQUIP PU
954.	3535		CIAC-POWER GEN EQUIP TR
955.	3540		CIAC-POWER GEN EQUIP RC
956.	3545		CIAC-POWER GEN EQUIP RC
957.	3550		CIAC-SEWER FORCE MAIN
958.	3555		CIAC-SEWER GRAVITY MAIN
959.	3557		CIAC-MANHOLE
960.	3560		CIAC-SPECIAL COLL STRUC
961.	3565		CIAC-SERVICES TO CUSTOM
962.	3570		CIAC-FLOW MEASURE DEVIC
963.	3575		CIAC-FLOW MEASURE INSTA
964.	3580		CIAC-RECEIVING WELLS
965.	3585		CIAC-PUMP EQP PUMP PLT
966.	3590		CIAC-PUMP EQP RCLM WTP
967.	3595		CIAC-PUMP EQP RCLM DIST
968.	3600		CIAC-TREAT/DISP EQUIP L
969.	3605		CIAC-TREAT/DISP EQUIP T
970.	3610		CIAC-TREAT/DISP EQUIP R
971.	3615		CIAC-PLANT SEWERS TRTMT
972.	3620		CIAC-PLANT SEWERS RCLM
973.	3625		CIAC-OUTFALL LINES
974.	3630		CIAC-OTHER PLT TANGIBLE
975.	3635		CIAC-OTHER PLT COLLECTI

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
976.	3640		CIAC-OTHER PLT PUMP
977.	3645		CIAC-OTHER PLT TREATMEN
978.	3650		CIAC-OTHER PLT RCLM WTR
979.	3655		CIAC-OTHER PLT RCLM WTR
980.	3660		CIAC-OFFICE STRUCTURE
981.	3665		CIAC-OFFICE FURN/EQPT
982.	3670		CIAC-STORES EQUIPMENT
983.	3675		CIAC-TOOL SHOP & MISC E
984.	3680		CIAC-LABORATORY EQPT
985.	3685		CIAC-POWER OPERATED EQU
986.	3690		CIAC-COMMUNICATION EQPT
987.	3695		CIAC-MISC EQUIP SEWER
988.	3700		CIAC-OTHER TANGIBLE PLT
989.	3705		CIAC-SEWER-TAP
990.	3710		CIAC-SWR MGMT FEE
991.	3712		CIAC-SWR LINE EXT FEE
992.	3715		CIAC-SWR RES CAP FEE
993.	3720		CIAC-SWR PLT MOD FEE
994.	3725		CIAC-SWR PLT MTR FEE
995.	3726		CIAC-GAS
996.	3727		CIAC-ORGANIZATION
997.	3728		CIAC-FRANCHISES INTANG
998.	3729		CIAC-GAS-TAP
999.	3730		CIAC-STRUCT/IMPRV NATUA
1000.	3731		CIAC-STRUCT/IMPRV TRANS
1001.	3732		CIAC-STRUCT/IMPRV DISTR
1002.	3733		CIAC-STRUCT/IMPRV GEN P
1003.	3734		CIAC-MAINS
1004.	3735		CIAC-SERVICE LINES
1005.	3736		CIAC-METERS
1006.	3737		CIAC-METER INSTALLATION
1007.	3738		CIAC-RESERVOIRS
1008.	3739		CIAC-HOUSE REGULATORS
1009.	3745		CIAC-REUSE
1010.	3750		CIAC-REUSE SERVICES
1011.	3755		CIAC-REUSE MTR/INSTALLA
1012.	3760		CIAC-REUSE DIST RESERVO
1013.	3765		CIAC-REUSE TRANMISSION
1014.	3770		CIAC-REUSE-TAP

WATER SERVICE CORPORATION OF KENTUCKY

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1015.	3775		CIAC-REUSE MGMT FEE
1016.	3777		CIAC-REUSE LINE EXT FEE
1017.	3780		CIAC-REUSE RES CAP FEE
1018.	3785		CIAC-REUSE PLT MOD FEE
1019.	3790		CIAC-REUSE PLT MTR FEE
1020.	3795		ACCUM AMORT OF CIA WATER
1021.	3800		ACC AMORT ORGANIZATION
1022.	3805		ACC AMORT FRANCHISES
1023.	3810		ACC AMORT STRUCT & IMPR
1024.	3815		ACC AMORT STRUCT & IMPR
1025.	3820		ACC AMORT STRUCT & IMPR
1026.	3825		ACC AMORT STRUCT & IMPR
1027.	3830		ACC AMORT COLLECTING RE
1028.	3835		ACC AMORT LAKE, RIVER,
1029.	3840		ACC AMORT WELLS & SPRIN
1030.	3845		ACC AMORT INFILTRATION
1031.	3850		ACC AMORT SUPPLY MAINS
1032.	3855		ACC AMORT POWER GEN EQP
1033.	3860		ACC AMORT ELEC PUMP EQP
1034.	3865		ACC AMORT ELEC PUMP EQP
1035.	3870		ACC AMORT ELEC PUMP EQP
1036.	3875		ACC AMORT WATER TREATME
1037.	3880		ACC AMORT DIST RESV & S
1038.	3885		ACC AMORT TRANS & DISTR
1039.	3890		ACC AMORT SERVICE LINES
1040.	3895		ACC AMORT METERS
1041.	3900		ACC AMORT METER INSTALL
1042.	3905		ACC AMORT HYDRANTS
1043.	3910		ACC AMORT BACKFLOW PREV
1044.	3915		ACC AMORT OTH PLT&MISC
1045.	3920		ACC AMORT OTH PLT&MISC
1046.	3925		ACC AMORT OTH PLT&MISC
1047.	3930		ACC AMORT OTH PLT&MISC
1048.	3935		ACC AMORT OFFICE STRUCT
1049.	3940		ACC AMORT OFFICE FURN/E
1050.	3945		ACC AMORT STORES EQUIPM
1051.	3950		ACC AMORT TOOL SHOP & M
1052.	3955		ACC AMORT LABORATORY EQ
1053.	3960		ACC AMORT POWER OPERATE

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1054.	3965		ACC AMORT COMMUNICATION
1055.	3970		ACC AMORT MISC EQUIPMEN
1056.	3975		ACC AMORT OTHER TANG PL
1057.	3980		ACC AMORT WATER-CIAC TA
1058.	3990		ACC AMORT WTR MGMT FEE
1059.	3992		ACC AMORT WTR LINE EXT
1060.	3995		ACC AMORT WTR RES CAP F
1061.	4000		ACC AMORT WTR PLT MOD F
1062.	4005		ACC AMORT WTR PLT MTR F
1063.	4025		ACCUM AMORT OF CIA SEWER
1064.	4030		ACC AMORT ORGANIZATION
1065.	4035		ACC AMORT FRANCHISES IN
1066.	4040		ACC AMORT FRANCHISES RC
1067.	4045		ACC AMORTSTRUCT/IMPRV C
1068.	4050		ACC AMORTSTRUCT/IMPRV P
1069.	4055		ACC AMORTSTRUCT/IMPRV T
1070.	4060		ACC AMORTSTRUCT/IMPRV R
1071.	4065		ACC AMORTSTRUCT/IMPRV R
1072.	4070		ACC AMORTSTRUCT/IMPRV G
1073.	4075		ACC AMORT PWR GEN EQP C
1074.	4080		ACC AMORT PWR GEN EQP P
1075.	4085		ACC AMORT PWR GEN EQP T
1076.	4090		ACC AMORT PWR GEN EQP R
1077.	4095		ACC AMORT PWR GEN EQP R
1078.	4100		ACC AMORT SEWER FORCE M
1079.	4105		ACC AMORT SEWER GRAVITY
1080.	4107		ACC AMORT MANHOLES
1081.	4110		ACC AMORT SPCL COLL STR
1082.	4115		ACC AMORT SERVICES TO C
1083.	4120		ACC AMORT FLOW MEASURE
1084.	4125		ACC AMORT FLOW MEASURE
1085.	4130		ACC AMORT RECEIVING WEL
1086.	4135		ACC AMORT PUMP EQP PUMP
1087.	4140		ACC AMORT PUMP EQP RCLM
1088.	4145		ACC AMORT PUMP EQP RCLM
1089.	4150		ACC AMORT TREAT/DISP EQ
1090.	4155		ACC AMORT TREAT/DISP EQ
1091.	4160		ACC AMORT TREAT/DISP EQ
1092.	4165		ACC AMORT PLANT SWR TRT

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1093.	4170		ACC AMORT PLANT SWR RCL
1094.	4175		ACC AMORT OUTFALL LINES
1095.	4180		ACC AMORT OTH PLT TANGI
1096.	4185		ACC AMORT OTH PLT COLLE
1097.	4190		ACC AMORT OTH PLT PUMP
1098.	4195		ACC AMORT OTH PLT TREAT
1099.	4200		ACC AMORT OTH PLT RCLM
1100.	4205		ACC AMORT OTH PLT RCLM
1101.	4210		ACC AMORT OFFICE STRUCT
1102.	4215		ACC AMORT OFFICE FURN/E
1103.	4220		ACC AMORT STORES EQUIPM
1104.	4225		ACC AMORT TOOL SHOP & M
1105.	4230		ACC AMORT LABORATORY EQ
1106.	4235		ACC AMORT POWER OPERATE
1107.	4240		ACC AMORT COMMUNICATION
1108.	4245		ACC AMORT MISC EQUIP SE
1109.	4250		ACC AMORT STRUCT/IMPRV
1110.	4255		ACC AMORT STRUCT/IMPRV
1111.	4260		ACC AMORT OTHER TANG PL
1112.	4265		ACC AMORT SEWER-TAP
1113.	4270		ACC AMORT SWR MGMT FEE-
1114.	4272		ACC AMORT SWR LINE EXT
1115.	4275		ACC AMORT SWR RES CAP F
1116.	4280		ACC AMORT SWR PLT MOD F
1117.	4285		ACC AMORT SWR PLT MTR F
1118.	4286		ACC AMORT-CIAC GAS
1119.	4287		ACC AMORT-ORGANIZATION
1120.	4288		ACC AMORT-FRANCHISES IN
1121.	4289		ACC AMORT-GAS-TAP
1122.	4290		ACC AMORT-STRUCT/IMPRV
1123.	4291		ACC AMORT-STRUCT/IMPRV
1124.	4292		ACC AMORT-STRUCT/IMPRV
1125.	4293		ACC AMORT-STRUCT/IMPRV
1126.	4294		ACC AMORT-MAINS
1127.	4295		ACC AMORT-SERVICE LINES
1128.	4296		ACC AMORT-METERS
1129.	4297		ACC AMORT-METER INSTALL
1130.	4298		ACC AMORT-RESERVOIRS
1131.	4299		ACC AMORT-HOUSE REGULAT

WATER SERVICE CORPORATION OF KENTUCKY

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1132.	4305		ACC AMORT-CIA REUSE
1133.	4310		ACC AMORT-REUSE SERVICE
1134.	4315		ACC AMORT-REUSE MTR/INS
1135.	4320		ACC AMORT-REUSE DIST RE
1136.	4325		ACC AMORT-REUSE TRANS D
1137.	4330		ACC AMORT REUSE-TAP
1138.	4335		ACC AMORT REUSE MGMT FE
1139.	4337		ACC AMORT REUSE LINE EX
1140.	4340		ACC AMORT REUSE RES CAP
1141.	4345		ACC AMORT REUSE PLT MOD
1142.	4350		ACC AMORT REUSE PLT MTR
1143.	4360		DEFERRED INCOME TAXES
1144.	4365		ACCUM DEFERRED FIT
1145.	4367		ACCUM DEF INCOME TAX-FE
1146.	4369		DEF FED TAX - CIAC PRE
1147.	4371		DEF FED TAX - TAP FEE P
1148.	4373		DEF FED TAX - IDC
1149.	4375		DEF FED TAX - RATE CASE
1150.	4377		DEF FED TAX - DEF MAINT
1151.	4379		DEF FED TAX - OTHER OPE
1152.	4381		DEF FED TAX - SOLD CO
1153.	4383		DEF FED TAX - ORGN EXP
1154.	4385		DEF FED TAX - BAD DEBT
1155.	4387		DEF FED TAX - DEPRECIAT
1156.	4389		DEF FED TAX - NOL
1157.	4391		DEF FED TAX - CONT PROP
1158.	4393		DEF FED TAX - AMT
1159.	4395		DEF FED TAX - PRE ACRS
1160.	4397		DEF FED TAX - RES CAP F
1161.	4415		ACCUM DEFERRED SIT
1162.	4417		ACCUM DEF INCOME TAX -
1163.	4419		DEF ST TAX - CIAC PRE 1
1164.	4421		DEF ST TAX - TAP FEE PO
1165.	4423		DEF ST TAX - IDC
1166.	4425		DEF ST TAX - RATE CASE
1167.	4427		DEF ST TAX - DEF MAINT
1168.	4429		DEF ST TAX - OTHER OPER
1169.	4431		DEF ST TAX - SOLD CO
1170.	4433		DEF ST TAX - ORGN EXP

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Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1171.	4435		DEF ST TAX - BAD DEBT
1172.	4437		DEF ST TAX - DEPRECIATI
1173.	4439		DEF ST TAX - NOL
1174.	4441		DEF ST TAX - CONT PROP
1175.	4443		DEF ST TAX - AMT
1176.	4445		DEF ST TAX - RES CAP FE
1177.	4455		DEFERRED INV TAX CREDITS
1178.	4460		UNAMORT INVEST TAX CREDI
1179.	4465		LONG TERM DEBT
1180.	4470		LONG TERM NOTES PAYABLE
1181.	4475	10	L/T NOTES PAYABLE
1182.	4475	11	L/T N/P \$180M 07/06
1183.	4475	12	L/T N/P - IPRI
1184.	4475	13	L/T N/P TO IDS LIFE INS
1185.	4475	14	L/T N/P TEACHERS 8.95%
1186.	4475	15	L/T N/P \$50MM
1187.	4475	16	L/T N/P AMERICAN NATL
1188.	4475	17	L/T N/P CENTURY 21
1189.	4475	18	L/T N/P 20M @ 4.55%
1190.	4475	19	L/T N/P 20M @ 4.62
1191.	4475	20	L/T N/P TEACHERS 9.16%
1192.	4475	21	L/T DEBT-SOUTHERN GULF
1193.	4475	22	L/T N/P TEACHERS 9.01%
1194.	4475	23	N/P CITY OF ST PETERSBU
1195.	4475	24	N/P CITY OF ST PETERSBU
1196.	4475	25	L/T N/P LINCOLN/AMERICA
1197.	4475	26	L/T N/P FIRST UNION
1198.	4475	27	L/T N/P \$41MM 8.42%
1199.	4475	28	L/T DEBT BERMUDA
1200.	4475	29	L/T N/P TO TIERRA VERDE
1201.	4475	30	L/T N/P TO OFFICERS
1202.	4480		BOOK VALUE IN EXCESS INV
1203.	4485		UNAMORT EXCESS BK VAL
1204.	4490		ACCUM AMORT OF EXC BK VA
1205.	4495		CURRENT MATURITY L/T DEB
1206.	4500		CURRENT LIABILITIES
1207.	4505		ACCOUNTS PAYABLE
1208.	4510		ACCOUNTS PAYABLE TRADE
1209.	4515		A/P TRADE

WATER SERVICE CORPORATION OF KENTUCKY

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Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1210.	4516		INTERCO TRADE PAY-CII
1211.	4517		INTERCO TRADE PAY-CWP(U
1212.	4518		INTERCO TRADE PAY-CISUS
1213.	4519		INTERCO PAYABLE-CU(US)
1214.	4520		A/P RETIREMENT PLANS
1215.	4521		INTERCO PAYABLE-IPRI
1216.	4522		INTERCO PAYABLE-CI
1217.	4523		INTERCO PAYABLE-CWP(US)
1218.	4524		INTERCO PAYABLE-CISUS
1219.	4525		A/P TRADE - ACCRUAL
1220.	4526		PAYROLL-CASH EXP PAYABL
1221.	4527		A/P TRADE - RECD NOT VO
1222.	4528		CONTRACT OBLIGATIONS
1223.	4529		INTERCO PAYABLE-CU OU
1224.	4530		ACCTS PAYABLE ASSOC COS
1225.	4535		A/P-ASSOC COMPANIES
1226.	4540		ACCOUNTS PAYABLE MISC
1227.	4545		A/P MISCELLANEOUS
1228.	4547		NON QUALIFIED DEF COMP
1229.	4548		A/P 3RD PARTY LIABILITY
1230.	4550		DEF CREDITS
1231.	4555		DEF CREDITS OTHER
1232.	4560		AMORT DEF CREDITS
1233.	4565		ADVANCES FROM UTILITIES
1234.	4570		NOTES PAYABLE TO BANKS
1235.	4575		NOTES PAYABLE SHORT TERM
1236.	4580	10	N/P SHORT TERM
1237.	4580	11	N/P CHASE
1238.	4580	12	N/P BANK OF AMERICA
1239.	4580	13	N/P C & S NATIONAL BANK
1240.	4580	14	N/P NATIONS BANK
1241.	4580	15	S/T N/P FIRST UNION
1242.	4580	16	N/P UTIL SUPPLY AMERICA
1243.	4585		N/P TO ASSOC COS UI
1244.	4590		CUSTOMER DEPOSITS
1245.	4595		CUSTOMER DEPOSITS
1246.	4600		METER DEPOSITS
1247.	4605		ACCRUED TAXES
1248.	4610		ACCRUED TAXES

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Line	Obj	Sub	Account Description
1249.	4612		ACCRUED TAXES GENERAL
1250.	4614		ACCRUED GROSS RECEIPT T
1251.	4616		ACCRUED FRANCHISE TAX A
1252.	4617		ACCRUED FRANCHISE TAX B
1253.	4618		ACCRUED UTIL OR COMM TA
1254.	4619		ACCRUED ADEM / ADPH
1255.	4620		ACCRUED SAFE DRINKING A
1256.	4621		ACCRUED DEQ PERMIT
1257.	4622		ACCRUED SUI
1258.	4623		ACCRUED TCEQ
1259.	4624		ACCRUED ST DISABILITY
1260.	4626		ACCRUED ASSOCIATION FEE
1261.	4628		ACCRUED REAL EST TAX
1262.	4630		ACCRUED PERS PROP & ICT
1263.	4632		ACCRUED SPECIAL ASSESSM
1264.	4634		ACCRUED SALES TAX
1265.	4636		ACCRUED COUNTY TAX A
1266.	4637		ACCRUED COUNTY TAX B
1267.	4638		ACCRUED CITY TAX A
1268.	4639		ACCRUED CITY TAX B
1269.	4640		ACCRUED RESTOR FUND
1270.	4642		ACCRUED ST W/H TAX
1271.	4642	10	ACCRUED ST W/H TAX GEOR
1272.	4642	11	ACCRUED ST W/H TAX ILLI
1273.	4642	12	ACCRUED ST W/H TAX INDI
1274.	4642	13	ACCRUED ST W/H TAX MISS
1275.	4642	14	ACCRUED ST W/H TAX N C
1276.	4642	15	ACCRUED ST W/H TAX OHIO
1277.	4642	16	ACCRUED ST W/H TAX S C
1278.	4642	17	ACCRUED ST W/H TAX NONR
1279.	4642	18	ACCRUED ST W/H TAX WISC
1280.	4642	19	ACCRUED ST W/H TAX LOUI
1281.	4642	20	ACCRUED ST W/H TAX TENN
1282.	4642	21	ACCRUED ST W/H TAX MARY
1283.	4642	22	ACCRUED ST W/H TAX PA
1284.	4642	23	ACCRUED ST W/H TAX NJ
1285.	4642	24	ACCRUED ST W/H TAX VIRG
1286.	4657		ACCRUED INCOME TAX
1287.	4659		ACCRUED FED INCOME TAX

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Line	Obj	Sub	Account Description
1288.	4661		ACCRUED ST INCOME TAX
1289.	4670		ACCRUED INTEREST
1290.	4675		ACCRUED INTEREST
1291.	4680		ACCRUED L/T INTEREST
1292.	4685		ACCRUED CUST DEP INTERE
1293.	4690		ACCRUED INS CO INTEREST
1294.	4695		ACCRUED S/T BK DEBT INT
1295.	4700		ACCRUED SALARIES
1296.	4705		SALARIES PAYABLE
1297.	4710		DEFERRED REVENUE
1298.	4715		DEFERRED REVENUE
1299.	4720		RESERVE-PEND REG MATTER
1300.	4725		RESERVE-PEND REG MATTER
1301.	4730		PAYABLE TO DEVELOPERS
1302.	4735		PAYABLE TO DEVELOPER
1303.	4740		TOTAL EQUITY
1304.	4745		EQUITY
1305.	4750		COMMON SHAREHOLD EQUITY
1306.	4755		COMMON STOCK / CS SUBSCR
1307.	4760		COMMON STOCK
1308.	4765		COMMON STOCK SUBSCRIBED
1309.	4770		DEFERRED COMP-RESTRICTED
1310.	4775		PREM ON COMMON STOCK
1311.	4780		PAID IN CAPITAL
1312.	4785		MISC PAID IN CAPITAL
1313.	4790		CAPITAL STOCK EXPENSE
1314.	4795		UNDISTRIBUTED STOCK
1315.	4800		OTHER COMPREHENSIVE INCO
1316.	4805		TREASURY STOCK
1317.	4998		RETAINED EARN-PRIOR YEAR
1318.	4999		RETAINED EARN-CURRENT YR
1319.	5000		TOTAL REVENUE
1320.	5005		OPERATING REVENUES
1321.	5010		WATER OPERATING REVENUES
1322.	5015		WATER REVENUE
1323.	5020		WATER REVENUE UNMETERED
1324.	5025		WATER REVENUE-RESIDENTI
1325.	5030		WATER REVENUE-ACCRUALS
1326.	5035		WATER REVENUE-COMMERCIA

WATER SERVICE CORPORATION OF KENTUCKY

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Line	Obj	Sub	Account Description
1327.	5040		WATER REVENUE-INDUSTRIA
1328.	5045		WATER REVENUE-PUBLIC AU
1329.	5050		WATER REVENUE-MULT FAM
1330.	5051		WATER REVENUE-STORM REC
1331.	5052		WATER REVENUE-GUARANTEE
1332.	5055		FIRE PROTECTION REVENUE
1333.	5060		PUBLIC FIRE PROTECTION
1334.	5065		PRIVATE FIRE PROTECTION
1335.	5070		REVENUE-AFPI WATER
1336.	5075		SALES TO IRRIGATION CUST
1337.	5080		SALES FOR RESALE
1338.	5085		INTERDEPARTMENTAL SALES
1339.	5090		SEWER OPERATING REVENUES
1340.	5095		SEWER REVENUE FLAT
1341.	5100		SEWER REVENUE-RESIDENTI
1342.	5105		SEWER REVENUE-ACCRUALS
1343.	5110		SEWER REVENUE-COMMERCIA
1344.	5115		SEWER REVENUE-INDUSTRIA
1345.	5120		SEWER REVENUE-PUBLIC AU
1346.	5125		SEWER REVENUE-MULT FAM
1347.	5127		SEWER REVENUE-STORM REC
1348.	5128		SEWER REVENUE-GUARANTEE
1349.	5130		SEWER REVENUE-OTHER
1350.	5135		SEWER REVENUE MEASURED
1351.	5140		SEWER REVENUE-RESIDENTI
1352.	5145		SEWER SOLIDS PUMPING CH
1353.	5150		SEWER REVENUE-ACCRUALS
1354.	5155		SEWER REVENUE-COMMERCIA
1355.	5160		SEWER REVENUE-INDUSTRIA
1356.	5165		SEWER REVENUE-PUBLIC AU
1357.	5170		SEWER REVENUE-MULT FAM
1358.	5175		REVENUE-AFPI SEWER
1359.	5180		REVENUES FROM OTHER SYST
1360.	5185		INTERDEPARTMENTAL SALES
1361.	5190		REUSE REVENUE
1362.	5195		REUSE REVENUE FLAT
1363.	5200		REUSE REVENUE-RESIDENTI
1364.	5205		REUSE REVENUE-COMMERCIA
1365.	5210		REUSE REVENUE-INDUSTRIA

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Line	Obj	Sub	Account Description
1366.	5215		REUSE REVENUE-PUBLIC AU
1367.	5220		REUSE REVENUE-OTHER
1368.	5225		REUSE REVENUE MEASURED
1369.	5230		REUSE REVENUE-RESIDENTI
1370.	5235		REUSE REVENUE-COMMERCIA
1371.	5240		GAS OPERATING REVENUES
1372.	5241		GAS REVENUE
1373.	5242		GAS - RESIDENTIAL
1374.	5243		GAS - COMMERCIAL
1375.	5244		GAS - INDUSTRIAL
1376.	5245		GAS - ACCRUALS
1377.	5250		MISC OPERATING REVENUES
1378.	5255		GUARANTEED REVENUES
1379.	5260		SALE OF SLUDGE
1380.	5265		FORFEITED DISCOUNTS
1381.	5270		MISC SERVICE REVENUE
1382.	5275		RENTS FROM W/S PROPERTY
1383.	5280		INTERDEPARTMENTAL RENTS
1384.	5285		OTHER W/S REVENUES
1385.	5290		NON-REGULATED REVENUES
1386.	5295		MAINTENANCE INTERNAL REV
1387.	5300		MAINTENANCE REVENUE
1388.	5305		MAINTENANCE-INTERNAL-LA
1389.	5310		MAINTENANCE-INTERNAL-MA
1390.	5315		MAINTENANCE EXTERNAL REV
1391.	5320		MAINTENANCE-EXTERNAL-LA
1392.	5325		MAINTENANCE-EXTERNAL-MA
1393.	5330		SLUDGE INTERNAL REVENUE
1394.	5335		REVENUE-INTERNAL-SLUDGE
1395.	5340		REVENUE-INTERNAL-RECEIV
1396.	5345		REVENUE-INTERNAL-TRANS
1397.	5350		REVENUE-INTERNAL-SEPTAG
1398.	5355		REVENUE-INTERNAL-MISC
1399.	5360		SLUDGE EXTERNAL REVENUE
1400.	5365		REVENUE-EXTERNAL-RECVG
1401.	5370		REVENUE-EXTERNAL-TRANS
1402.	5375		REVENUE-EXTERNAL-SEPTAG
1403.	5380		REVENUE-EXTERNAL-MISC
1404.	5385		3RD PARTY BILLING

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Line	Obj	Sub	Account Description
1405.	5390		3RD PARTY BILLING REVEN
1406.	5395		3RD PARTY BILLING EXPEN
1407.	5400		REV FROM MGMT SERVICES
1408.	5405		REV FROM MGMT SERVICES
1409.	5410		TOTAL OPERATING EXPENSES
1410.	5415		OPERATING EXPENSES
1411.	5420		OPERATING EXPENSES CONSOL
1412.	5425		PURCHASED WATER EXPENSE
1413.	5430		PURCHASED WATER
1414.	5435		PURCHASED WATER-WATER S
1415.	5440		PURCHASED WATER-SEWER S
1416.	5445		PURCHASED WATER - BILLI
1417.	5450		PURCHASED SEWER TREATMEN
1418.	5455		PURCHASED SEWER TREATME
1419.	5460		PURCHASED SEWER - BILLI
1420.	5461		PURCHASED GAS EXPENSE
1421.	5462		PURCHASED GAS TREATMEN
1422.	5463		PURCHASED GAS - BILLIN
1423.	5465		ELEC PWR - WATER SYSTEM
1424.	5465	10	ELEC PWR - WTR SYSTEM S
1425.	5465	11	ELEC PWR - WTR SYSTEM W
1426.	5465	12	ELEC PWR - WTR SYSTEM T
1427.	5465	13	ELEC PWR - WTR SYSTEM A
1428.	5470		ELEC PWR - SWR SYSTEM
1429.	5470	10	ELEC PWR - SWR SYSTEM C
1430.	5470	11	ELEC PWR - SWR SYSTEM P
1431.	5470	12	ELEC PWR - SWR SYSTEM T
1432.	5470	13	ELEC PWR - SWR SYSTEM A
1433.	5470	14	ELEC PWR - SWR SYSTEM R
1434.	5470	15	ELEC PWR - SWR SYSTEM R
1435.	5471		ELEC PWR - OTHER
1436.	5475		CHEMICALS
1437.	5480		CHLORINE
1438.	5485		ODOR CONTROL CHEMICALS
1439.	5490		OTHER TREATMENT CHEMICA
1440.	5495		METER READING
1441.	5500		BAD DEBT EXPENSE
1442.	5505		AGENCY EXPENSE
1443.	5510		UNCOLLECTIBLE ACCOUNTS

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Line	Obj	Sub	Account Description
1444.	5515		UNCOLL ACCOUNTS ACCRUAL
1445.	5520		BILLING & CUSTOMER SERVI
1446.	5525		BILL STOCK
1447.	5530		BILLING COMPUTER SUPPLI
1448.	5535		BILLING ENVELOPES
1449.	5540		BILLING POSTAGE
1450.	5545		CUSTOMER SERVICE PRINTI
1451.	5570		NON-REGULATED COGS
1452.	5575		NON-REGULATED COGS A
1453.	5580		NON-REGULATED COGS B
1454.	5585		NON-REGULATED COGS C
1455.	5590		NON-REGULATED COGS D
1456.	5595		NON-REGULATED COGS E
1457.	5620		EMPLOYEE BENEFITS
1458.	5625		401K
1459.	5630		HEALTH ADMIN AND STOP L
1460.	5635		DENTAL
1461.	5640		EMP BENEFITS
1462.	5645		EMPLOYEE INS DEDUCTIONS
1463.	5650		HEALTH COSTS & OTHER
1464.	5655		HEALTH INS CLAIMS
1465.	5660		OTHER EMP BENEFITS
1466.	5665		401K MATCH
1467.	5670		TERM LIFE INS
1468.	5675		TERM LIFE INS-OPT
1469.	5680		DEPEND LIFE INS-OPT
1470.	5685		SUPPLEMENTAL LIFE INS
1471.	5690		TUITION
1472.	5695		INSURANCE EXPENSE
1473.	5700		INSURANCE-VEHICLE
1474.	5705		INSURANCE-GEN LIAB
1475.	5710		INSURANCE-WORKERS COMP
1476.	5715		INSURANCE-OTHER
1477.	5730		IT DEPARTMENT
1478.	5735		COMPUTER MAINTENANCE
1479.	5740		COMPUTER SUPPLIES
1480.	5745		COMPUTER AMORT & PROG C
1481.	5750		INTERNET SUPPLIER
1482.	5755		MICROFILMING

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Line	Obj	Sub	Account Description
1483.	5760		WEBSITE DEVELOPMENT
1484.	5780		MISCELLANEOUS EXPENSE
1485.	5785		ADVERTISING/MARKETING
1486.	5790		BANK SERVICE CHARGE
1487.	5795		CONTRIBUTIONS
1488.	5800		LETTER OF CREDIT FEE
1489.	5805		LICENSE FEES
1490.	5810		MEMBERSHIPS
1491.	5815		PENALTIES/FINES
1492.	5820		TRAINING EXPENSE
1493.	5825		OTHER MISC EXPENSE
1494.	5850		OFFICE EXPENSE
1495.	5855		ANSWERING SERVICE
1496.	5860		CLEANING SUPPLIES
1497.	5865		COPY MACHINE
1498.	5870		HOLIDAY EVENTS/PICNICS
1499.	5875		KITCHEN SUPPLIES
1500.	5880		OFFICE SUPPLY STORES
1501.	5885		PRINTING/BLEUPRINTS
1502.	5890		PUBL SUBSCRIPTIONS/TAPE
1503.	5895		SHIPPING CHARGES
1504.	5900		OTHER OFFICE EXPENSES
1505.	5925		OFFICE UTILITIES/MAINTEN
1506.	5930		OFFICE ELECTRIC
1507.	5935		OFFICE GAS
1508.	5940		OFFICE WATER
1509.	5945		OFFICE TELECOM
1510.	5950		OFFICE GARBAGE REMOVAL
1511.	5955		OFFICE LANDSCAPE / MOW
1512.	5960		OFFICE ALARM SYS PHONE
1513.	5965		OFFICE MAINTENANCE
1514.	5970		OFFICE CLEANING SERVICE
1515.	5975		OFFICE MACHINE/HEAT&COO
1516.	5980		OTHER OFFICE UTILITIES
1517.	5985		TELEMETERING PHONE EXPE
1518.	6000		OUTSIDE SERVICE EXPENSE
1519.	6005		ACCOUNTING STUDIES
1520.	6010		AUDIT FEES
1521.	6015		EMPLOY FINDER FEES

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Line	Obj	Sub	Account Description
1522.	6020		ENGINEERING FEES
1523.	6025		LEGAL FEES
1524.	6030		MANAGEMENT FEES
1525.	6035		PAYROLL SERVICES
1526.	6040		TAX RETURN REVIEW
1527.	6045		TEMP EMPLOY - CLERICAL
1528.	6050		OTHER OUTSIDE SERVICES
1529.	6060		REGULATORY COMMISSION EX
1530.	6065		RATE CASE AMORT EXPENSE
1531.	6070		MISC REG MATTERS COMM E
1532.	6075		WATER RESOURCE CONSERV
1533.	6080		MISC RATE CASE EXPENSES
1534.	6085		RENT EXPENSE
1535.	6090		RENT
1536.	6100		SALARIES & WAGES
1537.	6105		SALARIES-SYSTEM PROJECT
1538.	6110		SALARIES-ACCOUNTING
1539.	6115		SALARIES-ADMIN
1540.	6120		SALARIES-OFFICERS/STKHL
1541.	6125		SALARIES-HR
1542.	6130		SALARIES-IT
1543.	6135		SALARIES-LEADERSHIP OPS
1544.	6140		SALARIES-HSE
1545.	6145		SALARIES-CUSTOMER SERVI
1546.	6146		SALARIES-BILLING
1547.	6147		SALARIES-CORP SERVICE A
1548.	6150		SALARIES-OPERATIONS FIE
1549.	6155		SALARIES-OPERATIONS OFF
1550.	6160		SALARIES-CHGD TO PLT-WS
1551.	6165		CAPITALIZED TIME ADJUST
1552.	6170		CAPITALIZED TIME ADJ-CO
1553.	6180		TRAVEL EXPENSE
1554.	6185		TRAVEL LODGING
1555.	6190		TRAVEL AIRFARE
1556.	6195		TRAVEL TRANSPORTATION
1557.	6200		TRAVEL MEALS
1558.	6205		TRAVEL ENTERTAINMENT
1559.	6207		TRAVEL OTHER
1560.	6210		FLEET TRANSPORTATION EXP

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Line	Obj	Sub	Account Description
1561.	6215		FUEL
1562.	6220		AUTO REPAIR/TIRES
1563.	6225		AUTO LICENSES
1564.	6230		OTHER TRANS EXPENSES
1565.	6250		MAINTENANCE TESTING
1566.	6255		TEST-WATER
1567.	6260		TEST-EQUIP/CHEMICAL
1568.	6265		TEST-SAFE DRINKING WATE
1569.	6270		TEST-SEWER
1570.	6280		MAINTENANCE-WATER PLANT
1571.	6285		WATER-MAINT SUPPLIES
1572.	6290		WATER-MAINT REPAIRS
1573.	6295		WATER-MAIN BREAKS
1574.	6300		WATER-ELEC EQUIPT REPAI
1575.	6305		WATER-PERMITS
1576.	6310		WATER-OTHER MAINT EXP
1577.	6315		MAINTENANCE-SEWER PLANT
1578.	6320		SEWER-MAINT SUPPLIES
1579.	6325		SEWER-MAINT REPAIRS
1580.	6330		SEWER-MAIN BREAKS
1581.	6335		SEWER-ELEC EQUIPT REPAI
1582.	6340		SEWER-PERMITS
1583.	6345		SEWER-OTHER MAINT EXP
1584.	6350		MAINTENANCE-WTR&SWR PLAN
1585.	6355		DEFERRED MAINT EXPENSE
1586.	6360		COMMUNICATION EXPENSE
1587.	6365		EQUIPMENT RENTALS
1588.	6370		OPER CONTRACTED WORKERS
1589.	6375		OUTSIDE LAB FEES-LAB,LA
1590.	6380		REPAIRS & MAINT-MAINT,L
1591.	6385		UNIFORMS
1592.	6390		WEATHER/HURRICANE/FUEL
1593.	6400		SEWER RODDING
1594.	6410		SLUDGE HAULING
1595.	6430		DEPRECIATION & AMORT NET
1596.	6435		DEPRECIATION EXP-WATER
1597.	6445		DEPREC-ORGANIZATION
1598.	6450		DEPREC-FRANCHISES
1599.	6455		DEPREC-STRUCT & IMPRV S

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Line	Obj	Sub	Account Description
1600.	6460		DEPREC-STRUCT & IMPRV W
1601.	6465		DEPREC-STRUCT & IMPRV D
1602.	6470		DEPREC-STRUCT & IMPRV G
1603.	6475		DEPREC-COLLECTING RESER
1604.	6480		DEPREC-LAKE, RIVER, OTH
1605.	6485		DEPREC-WELLS & SPRINGS
1606.	6490		DEPREC-INFILTRATION GAL
1607.	6495		DEPREC-SUPPLY MAINS
1608.	6500		DEPREC-POWER GEN EQP
1609.	6505		DEPREC-ELEC PUMP EQP SR
1610.	6510		DEPREC-ELEC PUMP EQP WT
1611.	6515		DEPREC-ELEC PUMP EQP TR
1612.	6520		DEPREC-WATER TREATMENT
1613.	6525		DEPREC-DIST RESV & STAN
1614.	6530		DEPREC-TRANS & DISTR MA
1615.	6535		DEPREC-SERVICE LINES
1616.	6540		DEPREC-METERS
1617.	6545		DEPREC-METER INSTALLS
1618.	6550		DEPREC-HYDRANTS
1619.	6555		DEPREC-BACKFLOW PREVENT
1620.	6560		DEPREC-OTH PLT&MISC EQP
1621.	6565		DEPREC-OTH PLT&MISC EQP
1622.	6570		DEPREC-OTH PLT&MISC EQP
1623.	6575		DEPREC-OTH PLT&MISC EQP
1624.	6580		DEPREC-OFFICE STRUCTURE
1625.	6585		DEPREC-OFFICE FURN/EQPT
1626.	6590		DEPREC-STORES EQUIPMENT
1627.	6595		DEPREC-TOOL SHOP & MISC
1628.	6600		DEPREC-LABORATORY EQUIP
1629.	6605		DEPREC-POWER OPERATED E
1630.	6610		DEPREC-COMMUNICATION EQ
1631.	6615		DEPREC-MISC EQUIPMENT
1632.	6620		DEPREC-OTHER TANG PLT W
1633.	6635		DEPRECIATION EXP-SEWER
1634.	6640		DEPREC-ORGANIZATION
1635.	6645		DEPREC-FRANCHISES INTAN
1636.	6650		DEPREC-FRANCHISES RCLM
1637.	6655		DEPREC-STRUCT/IMPRV COL
1638.	6660		DEPREC-STRUCT/IMPRV PUM

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Line	Obj	Sub	Account Description
1639.	6665		DEPREC-STRUCT/IMPRV TRE
1640.	6670		DEPREC-STRUCT/IMPRV RCL
1641.	6675		DEPREC-STRUCT/IMPRV RCL
1642.	6680		DEPREC-STRUCT/IMPRV GEN
1643.	6685		DEPREC-POWER GEN EQUIP
1644.	6690		DEPREC-POWER GEN EQUIP
1645.	6695		DEPREC-POWER GEN EQUIP
1646.	6700		DEPREC-POWER GEN EQUIP
1647.	6705		DEPREC-POWER GEN EQUIP
1648.	6710		DEPREC-SEWER FORCE MAIN
1649.	6715		DEPREC-SEWER GRAVITY MA
1650.	6717		DEPREC-MANHOLES
1651.	6720		DEPREC-SPECIAL COLL STR
1652.	6725		DEPREC-SERVICES TO CUST
1653.	6730		DEPREC-FLOW MEASURE DEV
1654.	6735		DEPREC-FLOW MEASURE INS
1655.	6740		DEPREC-RECEIVING WELLS
1656.	6745		DEPREC-PUMP EQP PUMP PL
1657.	6750		DEPREC-PUMP EQP RCLM WT
1658.	6755		DEPREC-PUMP EQP RCLM WT
1659.	6760		DEPREC-TREAT/DISP EQUIP
1660.	6765		DEPREC-TREAT/DISP EQ TR
1661.	6770		DEPREC-TREAT/DISP EQ RC
1662.	6775		DEPREC-PLANT SEWERS TRT
1663.	6780		DEPREC-PLANT SEWERS RCL
1664.	6785		DEPREC-OUTFALL LINES
1665.	6790		DEPREC-OTHER PLT TANGIB
1666.	6795		DEPREC-OTHER PLT COLLEC
1667.	6800		DEPREC-OTHER PLT PUMP
1668.	6805		DEPREC-OTHER PLT TREATM
1669.	6810		DEPREC-OTHER PLT RCLM W
1670.	6815		DEPREC-OTHER PLT RCLM W
1671.	6820		DEPREC-OFFICE STRUCTURE
1672.	6825		DEPREC-OFFICE FURN/EQPT
1673.	6830		DEPREC-STORES EQUIPMENT
1674.	6835		DEPREC-TOOL SHOP & MISC
1675.	6840		DEPREC-LABORATORY EQPT
1676.	6845		DEPREC-POWER OPERATED E
1677.	6850		DEPREC-COMMUNICATION EQ

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Line	Obj	Sub	Account Description
1678.	6855		DEPREC-MISC EQUIP SEWER
1679.	6860		DEPREC-OTHER TANG PLT S
1680.	6870		DEPRECIATION EXP-REUSE
1681.	6875		DEPREC-REUSE SERVICES
1682.	6880		DEPREC-REUSE MTR/INSTAL
1683.	6885		DEPREC-REUSE DIST RESER
1684.	6890		DEPREC-REUSE TRANSM / D
1685.	6900		DEPREC EXP-AUTO TRANS
1686.	6905		DEPREC-AUTO TRANS
1687.	6915		DEPREC EXP-COMPUTER
1688.	6920		DEPREC-COMPUTER
1689.	6921		DEPREC EXP-GAS PLANT
1690.	6922		DEPREC-ORGANIZATION
1691.	6923		DEPREC-FRANCHISES INTAN
1692.	6924		DEPREC-STRUCT/IMPRV PRO
1693.	6925		DEPREC-STRUCT/IMPRV NAT
1694.	6926		DEPREC-STRUCT/IMPRV TRA
1695.	6927		DEPREC-STRUCT/IMPRV DIS
1696.	6928		DEPREC-STRUCT/IMPRV GEN
1697.	6929		DEPREC-MAINS
1698.	6930		DEPREC-SERVICE LINES
1699.	6931		DEPREC-METERS
1700.	6932		DEPREC-METER INSTALLATI
1701.	6933		DEPREC-RESERVOIRS
1702.	6934		DEPREC-HOUSE REGULATORS
1703.	6935		DEPREC-HOUSE REGULATORY
1704.	6936		DEPREC-COMMUNICATION EQ
1705.	6937		DEPREC-OFFICE EQUIPMENT
1706.	6938		DEPREC-POWER OPERATED E
1707.	6939		DEPREC-MISC EQUIP GAS
1708.	6940		DEPRECIATION EXP-NONREGU
1709.	6945		DEPRECIATION EXP-OTHER
1710.	6950		AMORT EXP-AIA-WATER
1711.	6955		AMORT EXP-AIA-SEWER
1712.	6960		AMORT OF UTIL PAA-WATER
1713.	6965		AMORT OF UTIL PAA-SEWER
1714.	6967		AMORT OF UTIL PAA-GAS
1715.	6980		AMORT EXP-CIA-WATER
1716.	6985		AMORT-ORGANIZATION

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Line	Obj	Sub	Account Description
1717.	6990		AMORT-FRANCHISES
1718.	6995		AMORT-STRCT&IMPRV SRC S
1719.	7000		AMORT-STRCT&IMPRV WTP
1720.	7005		AMORT-STRCT&IMPRV DIST
1721.	7010		AMORT-STRCT&IMPRV GEN P
1722.	7015		AMORT-COLLECTING RESERV
1723.	7020		AMORT-LAKE, RIVER, OTHE
1724.	7025		AMORT-WELLS & SPRINGS
1725.	7030		AMORT-INFILTRATION GALL
1726.	7035		AMORT-SUPPLY MAINS
1727.	7040		AMORT-POWER GEN EQP
1728.	7045		AMORT-ELEC PUMP EQP SRC
1729.	7050		AMORT-ELEC PUMP EQP WTP
1730.	7055		AMORT-ELEC PUMP EQP TRA
1731.	7060		AMORT-WATER TREATMENT E
1732.	7065		AMORT-DIST RESV & STAND
1733.	7070		AMORT-TRANS & DISTR MAI
1734.	7075		AMORT-SERVICE LINES
1735.	7080		AMORT-METERS
1736.	7085		AMORT-METER INSTALLS
1737.	7090		AMORT-HYDRANTS
1738.	7095		AMORT-BACKFLOW PREVENT
1739.	7100		AMORT-OTH PLT&MISC EQP
1740.	7105		AMORT-OTH PLT&MISC EQP
1741.	7110		AMORT-OTH PLT&MISC EQP
1742.	7115		AMORT-OTH PLT&MISC EQP
1743.	7120		AMORT-OFFICE STRUCTURE
1744.	7125		AMORT-OFFICE FURN/EQPT
1745.	7130		AMORT-STORES EQUIPMENT
1746.	7135		AMORT-TOOL SHOP & MISC
1747.	7140		AMORT-LABORATORY EQUIPM
1748.	7145		AMORT-POWER OPERATED EQ
1749.	7150		AMORT-COMMUNICATION EQP
1750.	7155		AMORT-MISC EQUIPMENT
1751.	7160		AMORT-OTHER TANGIBLE PL
1752.	7165		AMORT-WATER-TAP
1753.	7170		AMORT-WTR MGMT FEE
1754.	7172		AMORT-WTR LINE EXT FEE
1755.	7175		AMORT-WTR RES CAP FEE

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1756.	7180		AMORT-WTR PLT MOD FEE
1757.	7185		AMORT-WTR PLT MTR FEE
1758.	7200		AMORT EXP-CIA-SEWER
1759.	7205		AMORT-ORGANIZATION
1760.	7210		AMORT-FRANCHISES INTANG
1761.	7215		AMORT-FRANCHISES RCLM W
1762.	7220		AMORT-STRUCT/IMPRV COLL
1763.	7225		AMORT-STRUCT/IMPRV PUMP
1764.	7230		AMORT-STRUCT/IMPRV TREA
1765.	7235		AMORT-STRUCT/IMPRV RCLM
1766.	7240		AMORT-STRUCT/IMPRV RCLM
1767.	7245		AMORT-STRUCT/IMPRV GEN
1768.	7250		AMORT-POWER GEN EQUIP C
1769.	7255		AMORT-POWER GEN EQUIP P
1770.	7260		AMORT-POWER GEN EQUIP T
1771.	7265		AMORT-POWER GEN EQUIP R
1772.	7270		AMORT-POWER GEN EQUIP R
1773.	7275		AMORT-SEWER FORCE MAIN/
1774.	7280		AMORT-SEWER GRAVITY MAI
1775.	7283		AMORT-MANHOLE
1776.	7285		AMORT-SPECIAL COLL STRU
1777.	7290		AMORT-SERVICES TO CUSTO
1778.	7295		AMORT-FLOW MEASURE DEVI
1779.	7300		AMORT-FLOW MEASURE INST
1780.	7305		AMORT-RECEIVING WELLS
1781.	7310		AMORT-PUMP EQP PUMP PLT
1782.	7315		AMORT-PUMP EQP RCLM WTP
1783.	7320		AMORT-PUMP EQP RCLM DIS
1784.	7325		AMORT-TREAT/DISP EQUIP
1785.	7330		AMORT-TREAT/DISP EQUIP
1786.	7335		AMORT-TREAT/DISP EQUIP
1787.	7340		AMORT-PLANT SEWERS TRTM
1788.	7345		AMORT-PLANT SEWERS RCLM
1789.	7350		AMORT-OUTFALL LINES
1790.	7355		AMORT-OTHER PLT TANGIBL
1791.	7360		AMORT-OTHER PLT COLLECT
1792.	7365		AMORT-OTHER PLT PUMP
1793.	7370		AMORT-OTHER PLT TREATME
1794.	7375		AMORT-OTHER PLT RCLM WT

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1795.	7380		AMORT-OTHER PLT RCLM WT
1796.	7385		AMORT-OFFICE STRUCTURE
1797.	7390		AMORT-OFFICE FURN/EQPT
1798.	7395		AMORT-STORES EQUIPMENT
1799.	7400		AMORT-TOOL SHOP & MISC
1800.	7405		AMORT-LABORATORY EQPT
1801.	7410		AMORT-POWER OPERATED EQ
1802.	7415		AMORT-COMMUNICATION EQP
1803.	7420		AMORT-MISC EQUIP SEWER
1804.	7425		AMORT-OTHER TANGIBLE PL
1805.	7430		AMORT-SEWER-TAP
1806.	7435		AMORT-SWR MGMT FEE
1807.	7437		AMORT-SWR LINE EXT FEE
1808.	7440		AMORT-SWR RES CAP FEE
1809.	7445		AMORT-SWR PLT MOD FEE
1810.	7450		AMORT-SWR PLT MTR FEE
1811.	7451		ACC AMORT-CIAC GAS
1812.	7452		AMORT-ORGANIZATION
1813.	7453		AMORT-FRANCHISES INTANG
1814.	7454		AMORT-GAS-TAP
1815.	7455		AMORT-STRUCT/IMPRV NATU
1816.	7456		AMORT-STRUCT/IMPRV TRAN
1817.	7457		AMORT-STRUCT/IMPRV DIST
1818.	7458		AMORT-STRUCT/IMPRV GEN
1819.	7459		AMORT-MAINS
1820.	7460		AMORT-SERVICE LINES
1821.	7461		AMORT-METERS
1822.	7462		AMORT-METER INSTALLATIO
1823.	7463		AMORT-RESERVOIRS
1824.	7464		AMORT-HOUSE REGULATORS
1825.	7465		AMORT EXP-REUSE
1826.	7470		AMORT-REUSE SERVICES
1827.	7475		AMORT-REUSE MTR/INSTALL
1828.	7480		AMORT-REUSE DIST RESERV
1829.	7485		AMORT-REUSE TRANMISSION
1830.	7495		AMORT OF EXCESS BK VALUE
1831.	7500		TAXES OTHER THAN INCOME
1832.	7505		PAYROLL TAXES
1833.	7510		FICA EXPENSE

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1834.	7515		FEDERAL UNEMPLOYMENT TA
1835.	7520		STATE UNEMPLOYMENT TAX
1836.	7530		PROPERTY & OTHER TAXES
1837.	7535		FRANCHISE TAX
1838.	7540		GROSS RECEIPTS TAX
1839.	7545		PERSONAL PROPERTY/ICT T
1840.	7550		PROPERTY/OTHER GENERAL
1841.	7555		REAL ESTATE TAX
1842.	7560		SALES/USE TAX EXPENSE
1843.	7565		SPECIAL ASSESSMENTS
1844.	7570		UTILITY/COMMISSION TAX
1845.	7580		INCOME TAXES
1846.	7585		AMORT OF INVEST TAX CRED
1847.	7590		DEF INCOME TAX-FED ITC
1848.	7595		DEF INCOME TAX-FEDERAL
1849.	7600		DEF INCOME TAXES-STATE
1850.	7605		INCOME TAXES-FEDERAL
1851.	7610		INCOME TAXES-STATE
1852.	7620		TOTAL OTHER INCOME & EXPENS
1853.	7625		OTHER INCOME
1854.	7630		OTHER INCOME
1855.	7635		DIVIDEND INCOME
1856.	7640		INCOME FROM MGMT SERVICE
1857.	7645		INTEREST INCOME-INTERCO
1858.	7650		MISCELLANEOUS INC / EXP
1859.	7655		DISALLOWED UTIL PLANT
1860.	7660		MISCELLANEOUS EXP NON-U
1861.	7665		EXTRAORDINARY GAIN/LOSS
1862.	7670		EXTRAORDINARY DEDUCTION
1863.	7675		RENTAL / OTHER INCOME
1864.	7680		RENTAL INCOME
1865.	7685		INTEREST INCOME
1866.	7690		SALE OF EQUIPMENT
1867.	7691		NET BOOK VALUE-DISPOSAL
1868.	7692		DISPOSAL-CLEARING
1869.	7693		DISPOSAL-PROCEEDS
1870.	7695		OTHER EXPENSE
1871.	7700		INTEREST EXPENSE
1872.	7705		AMORT OF DEB & ACQ EXP

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 10

Case No. 2018 - 00208

Chart of Accounts

Test Year Ended 12/31/2017

Line	Obj	Sub	Account Description
1873.	7710		INTEREST EXPENSE-INTERCO
1874.	7715		LONG TERM INTEREST EXP
1875.	7720	10	L/T INT EXP \$50MM
1876.	7720	11	L/T INT EXP 20M 4.55%
1877.	7720	12	L/T INT EXP 20M 4.62
1878.	7720	13	L/T INT EXP \$41MM 8.42%
1879.	7720	14	L/T INT EXP TEACHERS IN
1880.	7720	15	L/T INT EXP \$180 M 7/06
1881.	7720	16	L/T INT EXP CUTX
1882.	7720	17	L/T INT EXP BK OF AMERI
1883.	7720	18	L/T INT EXP C&S NATL BK
1884.	7720	19	L/T INT EXP N C NATIONA
1885.	7720	20	L/T INT EXP CENTURY 21
1886.	7720	21	L/T INT EXP IDS LIFE IN
1887.	7720	22	L/T INT EXP PRUDENTIAL
1888.	7720	23	L/T INT EXP FIRST UNION
1889.	7720	24	L/T INT EXP LINCOLN LIF
1890.	7720	25	L/T INT EXP 15M LINCOLN
1891.	7720	26	L/T INT EXP MORTGAGES
1892.	7720	27	L/T INT EXP DEBT DISC
1893.	7720	28	L/T INT EXP OTHER
1894.	7725		LOSS ON DEBT REFINANCING
1895.	7730		SHORT TERM INTEREST EXP
1896.	7735	10	S/T INT EXP BANK ONE
1897.	7735	11	S/T INT EXP CUSTOMERS D
1898.	7735	12	S/T INT EXP CHARGES
1899.	7735	13	S/T INT EXP OTHER
1900.	7735	14	INT INC/EXP ON I/C NOTE
1901.	7735	15	S/T INT EXP C & S NATL
1902.	7735	16	S/T INT EXP NATIONS BAN
1903.	7735	17	S/T INT EXP FIRST UNION
1904.	7735	18	S/T INT EXP UTIL SUP AM
1905.	7735	19	S/T INT EXP MISC
1906.	7745		ALLOW FUNDS USED CONSTR
1907.	7750		INTEREST DURING CONSTRUC
1908.	7760		GAIN/LOSS ON DISPOSITION
1909.	7765		SALE OF UTILITY PROPERTY

Application

Exhibit 11

Utilities, Inc. and Subsidiaries

Consolidated Financial Statements
December 31, 2017 and 2016

Utilities, Inc. and Subsidiaries
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Report of Independent Auditors

To the Board of Directors and Shareholder of Utilities, Inc. and Subsidiaries

We have audited the accompanying consolidated financial statements of Utilities, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of operations, changes in shareholder's equity and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Utilities, Inc. and Subsidiaries at December 31, 2017, and 2016, and the consolidated results of their operations and their cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Ernst & Young LLP

March 15, 2018

Utilities, Inc. and Subsidiaries
Consolidated Statements of Operations
(In thousands)

	Year Ended December 31,	
	2017	2016
Operating revenues:		
Water	\$ 80,938	\$ 79,540
Wastewater	64,321	61,827
Other	3,174	2,795
Non-regulated services	1,152	1,122
Total	149,585	145,284
Operating expenses:		
Operations and maintenance	84,412	77,719
Depreciation and amortization	20,077	19,181
Taxes other than income taxes	10,622	10,123
Total	115,111	107,023
Operating income	34,474	38,261
Non-operating expense (income):		
Interest expense, net	12,894	12,708
Allowance for funds used during construction	(1,482)	(819)
Gain on sale of assets	(118)	(220)
Total	11,294	11,669
Income before taxes	23,180	26,592
Provision for income taxes	1,644	9,796
Net income	\$ 21,536	\$ 16,796

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries

Consolidated Balance Sheets

(In thousands, except share and per share amounts)

	December 31,	
	2017	2016
Property, plant and equipment:		
Property, plant and equipment, at cost	\$ 1,014,265	\$ 946,780
Less accumulated depreciation	191,583	176,861
Property, plant and equipment, net	822,682	769,919
Current assets:		
Cash and cash equivalents	269	409
Restricted cash	426	425
Accounts receivable, net	19,884	19,051
Due from parent and affiliate	1,513	406
Prepayments and other assets	4,067	2,687
Total	26,159	22,978
Regulatory and other assets:		
Regulatory assets (See Note 7)	11,280	12,252
Deferred charges (See Note 7)	7,992	7,307
Goodwill	16,953	16,953
Total	36,225	36,512
Total assets	\$ 885,066	\$ 829,409
Shareholder's Equity:		
Common shares \$.10 par value, 1,000 shares authorized and issued	\$ -	\$ -
Paid-in capital	156,123	149,123
Retained earnings	78,144	63,108
Total	234,267	212,231
Long-term debt, net of debt issuance costs	218,213	189,671
Commitments and contingencies (See Note 14)	-	-
Current liabilities:		
Current portion of long-term debt	9,000	9,000
Accounts payable and accrued liabilities	16,494	17,853
Customer deposits	1,463	1,357
Accrued taxes	2,171	826
Accrued interest	5,595	5,666
Other	181	188
Total	34,904	34,890
Deferred credits and other liabilities:		
Deferred income taxes	44,223	71,305
Regulatory liabilities (See Note 9)	26,978	1,300
Due to parent	2,977	2,855
Other liabilities and deferred credits	820	887
Total	74,998	76,347
Contributions in aid of construction	321,549	313,606
Advances in aid of construction	1,135	2,664
Total capitalization and liabilities	\$ 885,066	\$ 829,409

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries**Consolidated Statements of Changes in Shareholder's Equity**

(In thousands, except share amounts)

	Common Shares		Paid-in Capital	Retained Earnings	Total
	Shares	Amount			
Balance at January 1, 2016	1,000	\$ -	\$ 149,123	\$ 52,812	\$ 201,935
Net income	-	-	-	16,796	16,796
Dividends to parent	-	-	-	(6,500)	(6,500)
Balance at December 31, 2016	1,000	-	149,123	63,108	212,231
Net income	-	-	-	21,536	21,536
Dividends to parent	-	-	-	(6,500)	(6,500)
Contribution from parent	-	-	7,000	-	7,000
Balance at December 31, 2017	1,000	\$ -	\$ 156,123	\$ 78,144	\$ 234,267

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries
Consolidated Statements of Cash Flows
(In thousands)

	Year Ended December 31,	
	2017	2016
Cash flows from operating activities:		
Net income	\$21,536	\$16,796
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,077	19,181
Deferred income taxes and credits, net	1,680	9,146
Provision for uncollectible receivables	1,613	1,210
Amortization of deferred charges and regulatory assets	4,143	3,622
Amortization of debt acquisition costs	116	116
Amortization of regulatory liabilities	(431)	(430)
Allowance for funds used during construction-equity	(754)	(423)
Gain on sale of utility systems and other assets	(118)	(220)
Other, net	391	(194)
Changes in assets and liabilities:		
Accounts receivable (including due from parent)	(3,547)	(2,548)
Prepayments and other assets	(1,394)	(1,285)
Additions to deferred charges being amortized	(2,534)	167
Regulatory assets	(1,307)	(2,993)
Regulatory liabilities	(2,054)	322
Accounts payable and accrued liabilities	(2,352)	6,947
Accrued taxes and interest	1,273	650
Other assets and liabilities, net	219	(43)
Net cash provided by operating activities	36,557	50,021
Cash flows from investing activities:		
Capital expenditures	(67,752)	(48,768)
Acquisitions	(3,039)	(107)
Proceeds from the sale of assets	169	298
Net cash used in investing activities	(70,622)	(48,577)
Cash flows from financing activities:		
Contributions and advances in aid of construction, net	4,925	2,610
Dividends to parent	(6,500)	(6,500)
Contribution from parent	7,000	-
Borrowings under revolving credit facility	44,500	11,500
Repayments of revolving credit facility	(7,000)	(9,000)
Repayments of long-term debt	(9,000)	-
Net cash provided by (used in) provided by financing activities	33,925	(1,390)
Net (decrease) increase in cash and cash equivalents	(140)	54
Cash and cash equivalents at beginning of year	409	355
Cash and cash equivalents at end of year	\$ 269	\$ 409
Supplemental cash flow information:		
Interest paid (net of amounts capitalized)	\$11,976	\$11,923
Income taxes paid	\$ 689	\$ 622
Non-cash property, plant and equipment contributions	\$ 3,570	\$ 4,747

The accompanying notes are an integral part of these financial statements.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

1. Basis of Presentation

Business Description

Utilities, Inc. (the “Company”) is a holding company, which, at December 31, 2017, owned and operated approximately 625 regulated water and wastewater utility systems through 22 subsidiary operating companies. The Company operates in 16 states with primary service areas in Florida, North Carolina, South Carolina, Louisiana, and Nevada.

Principles of Consolidation

The consolidated financial statements of the Company and its wholly owned subsidiaries have been prepared using accounting principles generally accepted in the United States of America (“GAAP”). The presentation of these financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, revenues and expenses, and certain financial statement disclosures.

Certain reclassifications have been made to prior year financial statements and disclosures to conform to current year presentations.

2. Summary of Significant Accounting Policies

Regulation

Most of the Company’s operations are subject to regulation by the public utility commissions of the states in which they operate. The extent of a commission’s jurisdiction varies from state to state and usually includes the regulation of rates, accounting policies, financing, rules of service, sales and purchases of property, mergers and acquisitions, and the determination of service areas.

Utilities are generally subject to regulation, which is relied upon in lieu of the economic controls of competition in assuring fair prices and adequate service. Rates are based on the allocation of costs to customers who cause their incurrence. These rates are set to provide the utility the opportunity to recover its allowable operating expenses, including depreciation and taxes, and a return on the debt and equity capital invested.

The accounting practices of utility companies differ in certain aspects from those of other businesses not subject to regulation. GAAP applies to utilities just as it does to other industries, although the application at times may be different. The economic effect of regulation can result in a utility deferring costs or revenues that have been, or are expected to be, allowed in the ratemaking process in future periods. As a result, regulated entities record assets and liabilities resulting from the ratemaking process that would generally not be recorded by a non-regulated entity. These regulatory assets and liabilities are then reflected in the statement of operations in the periods in which the costs and credits are reflected in the rates charged for services.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Property, Plant and Equipment

All costs incurred to bring an asset to the condition and location necessary for its intended use are capitalized. Costs include contracted labor, direct labor, materials, and indirect costs including an allowance for funds used during construction.

Expenditures for repairs and maintenance are expensed in accordance with the system of accounts prescribed by the public utility commissions of the states in which the Company operates. These expenditures are typically expensed as incurred but, in certain jurisdictions, may be deferred and amortized over the period of recovery.

Property in service is depreciated using the straight-line method over the estimated useful lives of the related property. Depreciation rates typically range between 1.5% and 5.0% per year. The majority of property in service is depreciated at approximately 2.0% per year. In certain instances, the composite or group method is used in which a single depreciation rate is applied to the total cost of a particular property class. This method pools similar assets and depreciates each group as a whole. Depreciation expense is a recoverable cost of service included in rates charged to customers. Under this method, when assets are replaced, retired or abandoned, the recorded value of the asset is reduced to zero with a corresponding reduction in accumulated depreciation, and as a result, neither a gain nor loss is recognized.

Long-lived assets are reviewed for potential impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. When it becomes probable that a portion of the cost of a long-lived asset will be disallowed for ratemaking purposes, such amounts are deducted from the reported cost of the asset and recognized as a loss.

Plant Acquisition Adjustments

For utility plant subject to traditional cost-of-service regulation, the depreciated original cost of an acquired asset is considered to equal its fair value. To the extent an amount paid for utility plant differs from its depreciated original cost, and that amount is included for ratemaking purposes, the fair value is deemed to have been increased (or decreased) and an acquisition adjustment is recorded as a component of utility plant. If the excess amount paid is not included in future rates, the amount is recorded as goodwill.

Cash and Cash Equivalents

The Company considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Restricted Cash

The Company receives cash from real estate developers and builders to finance the construction of water and wastewater systems. In certain jurisdictions, such cash is restricted and can only be spent in connection with that specific project.

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

Accounts Receivable

The Company's accounts receivable primarily consists of trade receivables. The allowance for doubtful accounts is developed based upon several factors including the age of the Company's accounts receivable, historical write-off experience and specific account analysis. The Company writes off accounts when they become uncollectible.

Regulatory Assets and Deferred Charges

Regulatory assets primarily consist of costs related to the rate filing process for which the Company has received or expects to receive prospective rate recovery. Deferred charges primarily consist of repair and maintenance costs incurred in jurisdictions where these expenditures may be deferred and amortized over the period of rate recovery.

Goodwill

The Company evaluates its goodwill for impairment on an annual basis as of December 31 or whenever indicators of impairment exist. The initial step of the impairment test is a thorough assessment of qualitative factors to determine the existence of events or circumstances that would indicate that it is not more likely than not that the fair value of the Company exceeds its carrying amount, including goodwill. If the qualitative test indicates that it is more likely than not that the fair value of the Company exceeds its carrying value, a quantitative assessment is not required. If the Company bypasses the qualitative assessment or performs the qualitative assessment, but determines that it is more likely than not that its fair value is less than its carrying amount, a quantitative two-step, fair value-based test is performed.

A quantitative test, if required, determines the fair value of the Company's reporting units using a discounted cash flow model. If the carrying amount exceeds the fair value, goodwill would be considered impaired. To measure the amount of the impairment loss, the implied fair value of goodwill is compared to the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value of goodwill, an impairment loss is recognized in an amount equal to that excess. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination is determined.

Customer Deposits

In certain jurisdictions, customers are required to remit a deposit equal to their estimated monthly bill. These deposits earn interest and are returned to the customer either when the customer demonstrates a history of timely payments or when the customer no longer requires service.

Advances and Contributions in Aid of Construction

The Company receives cash advances and property and cash contributions from real estate developers and builders to fund construction necessary to extend service to their properties. Advances for construction are refundable for limited periods of time as new customers begin to receive service. Advances that are no longer refundable are reclassified as contributions. Contributed

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

property is depreciated at the same rate that the related contribution in aid of construction is amortized. As a result, a return is not earned on contributed property.

Revenue Recognition

Customers are billed for water and wastewater services on a monthly, bimonthly, or quarterly cycle. Revenues include amounts billed to customers and unbilled amounts based on estimated usage from the last billing date to the end of the accounting period.

Allowance for Funds Used During Construction

The allowance for funds used during construction (“AFUDC”) represents the capitalized cost of funds used to finance the construction of utility plant. AFUDC is not applied to projects funded by advances and contributions in aid of construction. AFUDC is recovered through rate base as the utility plant is depreciated. The AFUDC rate approximated 8.4% and 8.6% during 2017 and 2016, respectively.

Income Taxes

The Company is a wholly owned subsidiary of Corix Utilities (Illinois) LLC (“Corix Utilities”) whose parent is Corix Infrastructure (US) Inc. The Company is included in the consolidated federal income tax return of Corix Infrastructure (US) Inc., whereby subsidiaries contribute to the consolidated tax liability based on their share of taxable income or loss for each period under a tax allocation arrangement. In the Company’s financial statements, income tax expense and income taxes payable have been determined on a separate return basis.

Investment tax credits are deferred and amortized over the estimated useful lives used for financial reporting purposes of the related properties.

Deferred tax assets and liabilities are recorded for all temporary differences between the tax basis of assets and liabilities and the amounts reported in the financial statements, measured at the currently enacted statutory rates that are expected to apply to taxable income in the periods in which the temporary differences are expected to be realized or settled. Certain temporary differences have not been recognized as deferred income tax expense for ratemaking purposes. In situations when such timing differences are realized or settled and become currently payable, and it is probable that the higher income taxes will be recoverable through rates charged to customers, a net regulatory asset has been established to recognize this expected regulatory treatment.

Deferred taxes are recorded for differences that result from accelerated depreciation, contributions in aid of construction for certain contributions received from 1986 to 1996, and 2001 to 2007, investment tax credits, certain deferred charges and certain other differences in the recognition of income and expense for tax and financial reporting purposes.

Judgment is required in evaluating the Company’s federal and state tax positions. Despite management’s belief that the Company’s tax return positions are fully supportable, the Company establishes reserves when it believes that its tax positions are likely to be challenged and it may not

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fully prevail in these challenges. The Company recognizes accrued interest and penalties related to tax positions as a component of income tax expense.

See Note 13, Income Taxes, for further discussion of the Tax Cuts and Jobs Act (“TCJA” or “Tax Reform”) which was enacted in December 2017.

Related Party Transactions

The Company and Corix Utilities (Texas) (“CUTX”) are both subsidiaries of a common parent, Corix Infrastructure (US) Inc. The Company provides accounting, tax, and other administrative services to CUTX. In 2017, the Company charged CUTX \$819 for these services. In addition, the Company processes CUTX’s accounts payable and payroll activities and is reimbursed for all cash outlays made on behalf of CUTX in the month after processing. As of December 31, 2017, the Company recorded a receivable of \$1,513 from CUTX that is non-interest bearing with no fixed terms of payment.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers*, which will replace most existing revenue recognition guidance in U.S. Generally Accepted Accounting Principles and is intended to improve and converge with international standards the financial reporting requirements for revenue from contracts with customers. Under the new rules, an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects what it expects to receive in exchange for the goods or services. The rules also require more detailed disclosures related to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers, including significant judgments and changes in judgments. ASU No. 2014-09 allows for both retrospective and prospective methods of adoption. These rules are effective for the Company for annual periods beginning after December 15, 2018. The Company is currently evaluating the impact the adoption of this new guidance will have on its financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. This update requires the recognition of lease assets and lease liabilities on the balance sheet and the disclosure of key information about leasing arrangements. The guidance is effective for financial statements issued for annual periods, beginning after December 15, 2019, and interim periods within fiscal years beginning after December 15, 2020. Earlier application is permitted for all entities as of the beginning of an interim or annual reporting period. The Company is currently evaluating the impact the adoption of the amended guidance will have on its consolidated financial statements.

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit losses on Financial Instruments*, which amends guidance on the accounting for credit losses on certain types of financial instruments, including trade receivables. The new model uses a forward-looking expected loss method, as opposed to the incurred loss method in current U.S. GAAP, which will generally result in earlier recognition of allowances for losses. This amended guidance is effective for fiscal years beginning after December 15, 2020. The Company is currently

Utilities, Inc. and Subsidiaries

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(In thousands of dollars)

evaluating the impact the adoption of the amended guidance will have on its consolidated financial statements.

In August 2016, the FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments on the Statement of Cash Flows*, which provides specific guidance on eight separate cash flow classification issues. This guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. Early adoption is permitted. An entity that elects early adoption must adopt all of the amendments in the same period. The adoption of this update is not expected to have a material impact on the Company's consolidated results of operations or consolidated financial position.

In November 2016, the FASB issued ASU No. 2016-18, *Statement of Cash Flows (Topic 230)*, which will require entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows. When these items are presented in more than one line on the balance sheet, the new guidance requires a reconciliation of the totals in the statement of cash flows to the related captions in the balance sheet. This reconciliation can be presented either on the face of the statement of cash flows or in the notes to the financial statements. Entities will also have to disclose the nature of their restricted cash equivalent balances. This guidance is effective for fiscal years beginning after December 15, 2018 and interim periods within fiscal years beginning after December 15, 2019. Early adoption permitted. Entities will be required to apply the guidance retrospectively to all periods presented. The adoption of this update is not expected to have a material impact on the Company's consolidated results of operations or consolidated financial position.

In January 2017, the FASB issued ASU No. 2017-01, *Business Combinations – Clarifying the Definition of a Business*, that assists in determining whether certain transactions should be accounted for as acquisitions or dispositions of assets or businesses. The amendment provides a screen to be applied to the fair value of an acquisition or disposal to evaluate whether the assets in question are simply assets or if they are a business. If the screen is not met, no further evaluation is needed. If the screen is met, certain steps are subsequently taken to make the determination. ASU 2017-01 is designed to reduce the number of transactions accounted for as business transactions, which take more time and cost more to analyze than asset transactions. This guidance is effective for annual and interim periods beginning after December 15, 2018 and is required to be applied prospectively. The adoption of this update is not expected to have a material impact on the Company's consolidated results of operations or consolidated financial position.

In January 2017, the FASB issued ASU No. 2017-04, *Intangibles – Goodwill and Other – Simplifying the Test for Goodwill Impairment*, to simplify how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. Step 2 measures a goodwill impairment loss by comparing the implied fair value of a reporting unit's goodwill with the carrying amount of that goodwill. Under the new guidance, an entity will perform its annual, or interim, goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount, with an impairment charge being recognized for the amount by which the carrying amount exceeds the reporting unit's

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fair value. ASU 2017-04 will be effective for annual or any interim goodwill impairment tests in fiscal years beginning after December 15, 2019, with early adoption permitted. The adoption of this update is not expected to have a material impact on the Company's consolidated results of operations or consolidated financial position.

3. Acquisitions

The Company completed the acquisition of two utility systems in 2017 for a combined purchase price of \$3,039, which was paid in cash and approximated the respective fair values of the assets acquired.

In 2016, the Company acquired one utility system and purchased land for a combined purchase price of \$107, which was paid in cash and approximated the respective fair value of the assets acquired.

These transactions met the definition of a business combination as defined in ASC 805, *Business Combinations*.

4. Property, Plant and Equipment

The components of property, plant and equipment at December 31, are as follows:

	2017	2016
Plant in service		
Water	\$ 497,173	\$ 473,845
Wastewater	457,993	430,552
Other	51,362	48,656
Total	1,006,528	953,053
Plant under construction	26,091	12,709
Accumulated depreciation	(191,583)	(176,861)
Plant acquisition adjustments, net	(18,354)	(18,982)
Property, plant and equipment, net	\$ 822,682	\$ 769,919

Utilities, Inc. and Subsidiaries

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5. Accounts Receivable

The components of accounts receivable at December 31, are as follows:

	2017	2016
Billed utility revenue	\$ 14,906	\$ 12,961
Unbilled utility revenue	7,416	7,855
Total	22,322	20,816
Less allowance for doubtful accounts	2,438	1,765
Accounts receivable, net	\$ 19,884	\$ 19,051

The following table summarizes the activity of the allowance for doubtful accounts for the years ended December 31:

	2017	2016
Balance at January 1,	\$ 1,765	\$ 1,377
Amounts charged to expense	1,613	1,210
Amounts written off	(940)	(822)
Balance at December 31,	\$ 2,438	\$ 1,765

6. Goodwill

The Company is organized into six business units. Each business unit meets the definition of an operating segment and is considered a reporting unit for goodwill impairment testing purposes. The Company completed its annual impairment assessment of goodwill as of December 31, 2017 and 2016. A quantitative goodwill impairment test was performed at a reporting unit level at December 31, 2017, based on a discounted cash flow analysis, which indicated that the fair values of the Company's reporting units exceeded their carrying values. The Company elected to apply the qualitative assessment factors at December 31, 2016 which also indicated that it was not more likely than not that the fair values of the Company's reporting units were less than their carrying values and, therefore, quantitative tests were not performed.

There were no changes in the carrying amounts of goodwill during either 2017 or 2016 and there are no accumulated impairment losses.

Utilities, Inc. and Subsidiaries

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7. Regulatory Assets and Deferred Charges

The components of regulatory assets and deferred charges at December 31, are as follows:

	2017	2016
Regulatory assets		
Rate case filing expenses	\$ 8,807	\$ 8,084
Deferred income taxes recoverable through rates	2,473	4,168
Total	\$ 11,280	\$ 12,252
Deferred charges		
Debt acquisition cost	\$ 206	\$ 280
Maintenance and testing	4,942	4,303
Other	2,844	2,724
Total	\$ 7,992	\$ 7,307

The regulatory assets related to deferred income taxes will be adjusted as the amounts reverse and are included in income tax expense for regulatory purposes. Other regulatory assets and deferred charges are being amortized over periods that typically range from 3 to 5 years, corresponding to the period of rate recovery.

8. Debt

The components of debt as of December 31, are as follows:

	2017	2016
Term notes		
Terms notes, excluding current portion	\$ 162,000	\$ 171,000
Current portion of term notes	9,000	9,000
Less debt issuance costs	787	829
Total	170,213	179,171
Revolving credit facility	57,000	19,500
Net carrying value	\$ 227,213	\$ 198,671

Lines of Credit

The Company has in place an \$80,000 unsecured revolving credit facility with a maturity date of October 23, 2020. Borrowings under this credit facility bear interest at the existing prime rate or

Utilities, Inc. and Subsidiaries

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(In thousands of dollars)

LIBOR plus a spread of between 120 and 200 basis points (depending on the Company's debt to capitalization ratio), at the option of the Company. Under the terms of the credit facility, the Company is subject to financial covenants, which consist of a debt to capitalization ratio and a minimum interest coverage ratio.

Outstanding borrowings under the credit facility were \$57,000 and \$19,500 at December 31, 2017 and 2016, respectively, and were classified as non-current. The Company also has letters of credit outstanding against the credit facility in the amount of \$6,470 at December 31, 2017. During 2017 and 2016, the Company was in compliance with the financial covenants of the credit facility.

Term Notes

In July 2006, the Company entered into a Master Note Purchase Agreement for the issuance, in series, of collateral trust notes in an aggregate amount of up to \$400,000. The initial issuance of \$180,000 6.58% notes are due July 21, 2036. Interest is payable semi-annually in January and July. Annual principal payments of \$9,000 were due beginning in 2017 and continue through 2036. Under the terms of the agreement, the Company is subject to financial covenants, which consist of a debt to capitalization ratio and a minimum interest coverage ratio. During 2017 and 2016, the Company was in compliance with the financial covenants of this debt agreement.

The common stock and indebtedness of subsidiary companies have been pledged as collateral for the long-term debt.

The fair value of the term notes, which is classified as Level 2, has been determined by discounting the future cash flows using current market interest rates for similar financial instruments of the same duration. The recorded value of the revolving credit facility is considered to approximate its fair value based on its variable interest rate.

The following table summarizes the carrying amounts and fair value of long-term debt at December 31:

	2017	2016
Term Notes		
Carrying amount	\$ 170,213	\$ 179,171
Fair value	221,654	229,857
Revolving Credit Facility		
Carrying amount	57,000	19,500
Fair value	57,000	19,500

Utilities, Inc. and Subsidiaries

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(In thousands of dollars)

The following table summarizes the maturity of the Company's outstanding borrowings over the next five years and thereafter:

	Amount
Year ending December 31,	
2018	\$ 9,000
2019	9,000
2020	66,000
2021	9,000
2022	9,000
Thereafter	126,000
Total	\$ 228,000

9. Regulatory Liabilities

The components of regulatory liabilities at December 31, are as follows:

	2017	2016
Income taxes recoverable through rates		
Federal	\$ 26,024	\$ -
State	626	623
Deferred gain on sale	328	677
Total	\$ 26,978	\$ 1,300

The TCJA reduced the U.S. federal corporate income tax rate from 35% to 21% as of January 1, 2018, thus creating significant excess deferred income taxes. The Company believes it is probable that the majority of these amounts will be refunded to customers through future rates, and as such the amounts are recorded to a regulatory liability.

In 2017, North Carolina passed legislation that included various income and sales tax provisions as part of their state budget. Continuing its trend of tax rate reductions, North Carolina has lowered the corporate income tax rate from 3.0% to 2.5% for tax years beginning on or after January 1, 2019. The multiyear phase-in of its comprehensive tax reform package was initiated in 2013 at which time the rate was 6.9%.

In 2012, the North Carolina Public Service Commission ruled that a portion of the gain on the sale of a utility system sold in 2012 should flow back to ratepayers. A regulatory liability was recognized for \$2,743 based on the final rate order and \$2,415 was amortized through December 31, 2017.

Utilities, Inc. and Subsidiaries

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(In thousands of dollars)

10. Dividends

During 2017 and 2016, the Company paid quarterly dividends of \$1,625 to Corix Utilities. The dividends were funded by cash flows from ongoing operations.

11. Parent Contribution

In December 2017, the Company received a capital contribution of \$7,000 from Corix Utilities, which was used to fund ongoing capital projects and acquisitions.

12. Employee Benefit Plans

The Company maintains a 401(k) plan. Under the terms of the plan, the Company will match fifty cents on every dollar contributed by participants up to a maximum contribution equal to 3% of eligible compensation per participant or to the maximum permitted by law. The Company match expense was \$661 and \$360 for the years ended December 31, 2017 and 2016, respectively. The plan also includes a non-elective Company contribution made annually on 4% of eligible wages. The non-elective contribution was \$929 and \$913 for the years ended December 31, 2017 and 2016, respectively.

13. Income Taxes

On December 22, 2017, the U.S. enacted the TCJA. Substantially all the provisions of the TCJA are effective for taxable years beginning after December 31, 2017. The most significant provisions of Tax Reform that impact the Company are the reduction in the federal corporate tax rate from 35% to 21%, the repeal of the federal corporate alternative minimum tax, and the elimination of bonus depreciation deductions on regulated utility property placed in service after September 27, 2017 unless a binding contract existed as of that date.

ASC 740, *Income Taxes*, states that the tax effects of changes in tax laws must be recognized in the period in which the law is enacted. ASC 740 also requires deferred income tax assets and liabilities to be measured at the enacted tax rate expected to apply when temporary differences are to be realized or settled. Thus, at the date of enactment, the Company's deferred income taxes were re-measured based upon the new tax rate. Substantially all of the change in deferred income taxes are recorded as either an offset to a regulatory asset or liability because changes are expected to be recovered by or refunded to customers. For the Company's unregulated operations, the change in deferred income taxes is recorded as a non-cash re-measurement adjustment to earnings.

The U.S. Securities and Exchange Commission ("SEC") has recognized the complexity of reflecting the impacts of the TCJA, and on December 22, 2017 issued guidance in Staff Accounting Bulletin 118 ("SAB 118") which clarifies accounting for income taxes under ASC 740 if information is not yet available or complete and provides for up to a one-year period in which to complete the required analyses and accounting. SAB 118 describes three scenarios or buckets associated with a company's status of accounting for income tax reform: (1) a company is complete with its accounting for certain effects

Utilities, Inc. and Subsidiaries

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(In thousands of dollars)

of tax reform, (2) a company is able to determine a reasonable estimate for certain effects of tax reform and records that estimate as a provisional amount, or (3) a company is not able to determine a reasonable estimate and therefore continues to apply ASC 740, based on the provisions of the tax laws that were in effect immediately prior to the TCJA being enacted.

Since the views and interpretations of the SEC staff are not directly applicable to private companies, the FASB issued Staff Q&A Topic 740, No.1, *Whether Private Companies and Not-for-Profit Entities Can Apply SAB 118*. The response was that, based upon the longstanding practice of private companies electing to apply SABs, the FASB staff would not object to private companies applying SAB 118.

The Company has made a reasonable estimate for the measurement and accounting of certain effects of the TCJA which have been reflected in the December 31, 2017 financial statements. The re-measurement of deferred income taxes at the new federal tax rate decreased the 2017 deferred income tax provision by \$7,128 for the year ending December 31, 2017. Additionally, the accumulated deferred income tax liability decreased by \$35,249, regulatory assets decreased by \$2,083 and a regulatory liability of \$26,038 was established, respectively, as of December 31, 2017. The issuance of further guidance or interpretations of the TCJA by the FASB, U.S. Treasury, Internal Revenue Service and the public utility commissions in the states in which the Company operates may result in changes to these estimates.

The provision for income taxes related to operations for the years ended December 31, is as follows:

	2017	2016
Current		
Federal	\$ 124	\$ 152
State and local	887	381
Deferred		
Federal	198	8,771
State and local	462	521
Amortization of deferred investment tax credits	(27)	(29)
Provision for income taxes	\$ 1,644	\$ 9,796

Utilities, Inc. and Subsidiaries

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(In thousands of dollars)

A reconciliation of the statutory federal income tax rate to the effective income tax rate for the years ended December 31, is as follows:

	2017	2016
Statutory federal income tax rate	34.0%	34.0%
State income taxes, net of federal tax benefit	2.9	3.2
Valuation allowance on state net operating losses	0.4	(1.3)
Equity component of AFUDC, not subject to tax	(0.8)	(0.3)
Amortization of investment tax credits	(0.1)	(0.1)
Rate changes	0.4	0.7
Uncertain tax position	(0.2)	(0.3)
Tax Cuts and Jobs Act	(30.8)	-
Other	1.3	0.9
Effective income tax rate	7.1%	36.8%

The deferred tax assets and liabilities are attributable to the following components at December 31:

	2017	2016
Deferred tax assets		
State net operating losses	\$ 2,698	\$ 2,201
Federal net operating losses	3,667	7,358
Valuation allowances related to state net operating losses	(356)	(210)
Regulatory liabilities	6,606	494
Bad debt	624	682
Other	220	939
Total	\$ 13,459	\$ 11,464
Deferred tax liabilities		
Plant-related differences	\$ 50,880	\$ 72,198
Deferred charges	4,285	5,877
Regulatory assets	632	1,610
Organizational costs	1,885	3,084
Total	\$ 57,682	\$ 82,769
Net deferred tax liability	\$ 44,223	\$ 71,305

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The accumulated deferred tax liability attributed to regulatory assets reflects the probable future regulatory treatment afforded certain temporary differences such as the tax effect of investment tax credits, the equity component of AFUDC and other regulatory actions.

The federal net operating loss carry forward of \$16,138 will expire in 2035 and 2037. A deferred tax asset related to state net operating losses, which vary in different amounts over different periods, has been recorded. The state net operating losses of \$64,876 expire generally between 2018 and 2036.

State income tax returns are generally subject to examination for a period of three to four years after the filing of the respective returns. The state impact of amended federal returns remain subject to examination by various states for a period of up to one year after formal notification of such amendments to the states. The consolidated federal income tax returns of Corix Infrastructure (US) Inc., of which the Company is a part, remain subject to examination by the Internal Revenue Service for tax years 2014, 2015 and 2016.

The Company evaluates the realizability of its deferred tax assets on an annual basis. A valuation allowance is established when it is "more likely than not" that all or a portion of deferred tax assets will not be realized. The Company has established a valuation allowance related to certain of its state net operating losses based on estimates of future taxable income in these jurisdictions.

In evaluating its various tax filing positions, the Company records tax benefits only if management determines that they are more likely than not to be realized. Adjustments are made to the Company's liability for unrecognized tax benefits in the period in which an issue is settled with the respective tax authorities, when the statute of limitations expires for the return containing the tax position or when new information becomes available.

At December 31, 2017 and 2016, the Company had \$663 and \$690, respectively, of investment tax credits.

The Company recorded an insignificant amount of interest and penalties related to its tax positions for the years ended December 31, 2017 and 2016.

At December 31, 2017 and 2016, the Company recorded an intercompany payable to its parent of \$2,977 and \$2,855, respectively, that represents its use of net operating losses from other members of the consolidated federal income tax group offset by the Company's alternative minimum tax credit used by those members.

14. Commitments and Contingencies

Operating Leases

The Company leases office space in various buildings for its own use. Most of the lease terms are for relatively short periods, many of which are less than two years. The Company also leases parcels of land on which treatment plants and other facilities are situated. These land leases expire at various

Utilities, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

(In thousands of dollars)

dates through 2085. Rent expense, for both office and land, was \$530 and \$459 for the years ended December 31, 2017 and 2016, respectively.

Minimum future lease payments due in each of the next five years and thereafter are as follows:

	Office Leases	Land Leases	Total
Year ended December 31,			
2017	\$ 234	\$ 70	\$ 304
2018	212	47	259
2019	198	37	235
2020	199	38	237
2021	134	16	150
Thereafter	-	309	309
Total	\$ 977	\$ 517	\$ 1,494

Litigation

The Company is subject to various claims and other litigation matters arising in the ordinary course of business. Some of these matters are covered by insurance. Although the Company's ultimate liability in these matters cannot currently be determined, based upon information currently available, the Company believes that the resolution of such claims and litigation will not have a material adverse effect on its financial condition, results of operations or liquidity.

Contingencies

In the normal course of business, the Company may enter into agreements with real estate developers related to the provision of water and/or wastewater service. These agreements may require payments to these developers that are contingent upon the number of customers added to the systems of the various operating companies. Connection charges are collected from customers as they sign up for service. Amounts due to developers are accrued as new customers are added. Amounts paid to developers were \$103 and \$208 for the years ended December 31, 2017 and 2016, respectively.

Potential future asset retirement costs relating to certain water and wastewater properties have been identified. However, the Company has determined that it does not have any legal obligations to retire assets. In addition, the Company intends on using its assets indefinitely. Therefore, the Company has not recognized a liability for these potential asset retirement costs at December 31, 2017.

On January 14, 2015, the Congaree Riverkeeper, Inc. ("CRK") filed an action against Carolina Water Service, Inc. ("CWS"), a subsidiary of the Company because (A) it has not eliminated the treated wastewater discharge into the lower Saluda River by connecting to facilities owned by the town of Lexington ("Town") and (B) for exceeding its effluent discharge limitations at its "I-20" wastewater

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treatment facility. The relief sought by the complaint in the action includes a request that the court impose a civil penalty of up to \$37.5 per violation per day for nineteen violations that occurred during different time periods between January of 2009 and May of 2013.

On March 30, 2017, the District Court issued an order that CWS pay a fine of \$1,500, for the failure to connect to the regional system and a fine of \$23 for exceeding its effluent discharge limitations. The District Court stated that it had the authority to order the Town to condemn the I-20 System (but did not issue any order against the Town) and enjoined CWS from any further discharge into the Saluda River and to connect to the regional system effective April 1, 2018. On April 13, 2017, CRK filed a motion for attorneys' fees and costs seeking an award of \$453. At CWS' request, the District Court extended CWS' time to respond to the motion for attorneys' fees until ten days following the issuance of an order by the District Court addressing CWS' motion for reconsideration of the Court's Order which was filed on April 27, 2017. The motion for reconsideration has been full briefed and is submitted and pending a decision of the District Court. On October 9, 2017, the Town filed a condemnation action for the I-20 System in the Court of Common Pleas for Lexington County, South Carolina.

On February 1, 2018, the Town took possession of the I-20 System, associated facilities and the NPDES Permit. That same day CWS filed a supplement to its motion for reconsideration with the Federal District Court to notify the Court that the Town had taken possession and responsibility for operation of the I-20 System and of CWS' intent to file a disposition motion on the grounds that the Town's possession of the I-20 System moots the Action. CWS has filed a motion to dismiss the Action as moot and vacate the Court's order – including the fine and injunction. At the Court's request, CWS has filed a motion to substitute the Town as defendant. The Company believes that the likelihood of an unfavorable outcome in this matter is reasonably possible. In accordance with FASB ASC 450-20-25, the Company has not recorded a loss because the likelihood of an unfavorable outcome is not probable.

15. Subsequent Events

The Company has evaluated events and transaction subsequent to the balance sheet date through March 14, 2018, the date the financial statements were available to be issued. Based on this evaluation, the Company is not aware of any additional events or transactions that occurred subsequent to the balance sheet date but prior to March 14, 2018 that would require recognition or disclosure in its consolidated financial statements.

Application

Exhibit 12

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Current and Proposed Depreciation Rates
Test Year Ended 12/31/17

Exhibit 12

	A	B	C	D
	Account		Current Depreciation/ Amortization Rate	Proposed Depreciation/ Amortization Rate
Line No.	ID	Account Description		
1.	1020	Organization	2.00%	4.00%
2.	1025	Franchises	2.00%	4.00%
3.	1030	Land & land rights pump	0.00%	0.00%
4.	1035	Land & land rights water tr.	0.00%	0.00%
5.	1040	Land & land rights trans.	0.00%	0.00%
6.	1045	Land & land rights gen. plt.	0.00%	0.00%
7.	1050	Struct & improv. src. supply	2.00%	4.17%
8.	1055	Struct & improv. wtr. trt. plt.	2.00%	2.78%
9.	1060	Struct & improv. trans. dist.	2.00%	4.17%
10.	1065	Struct & improv. gen. plt.	2.00%	4.00%
11.	1080	Wells & springs	2.00%	1.67%
12.	1085	Infiltration gallery	2.00%	0.00%
13.	1090	Supply mains	2.00%	1.89%
14.	1095	Power generation equip.	2.00%	3.33%
15.	1100	Electric pump equip. src. plt.	2.00%	3.13%
16.	1105	Electric pump equip. wtp.	2.00%	3.13%
17.	1110	Electric pump equip. trans.	2.00%	3.13%
18.	1115	Water treatment equip.	2.00%	3.57%
19.	1120	Dist. resv. & standpipes	2.00%	1.67%
20.	1125	Trans. & distr. mains	2.00%	1.89%
21.	1130	Service lines	2.00%	3.33%
22.	1135	Meters	2.00%	5.80%
23.	1140	Meter installations	2.00%	4.44%
24.	1145	Hydrants	2.00%	3.95%
25.	1150	Backflow prevention devic.	2.00%	4.44%
26.	1160	Other plt. & misc. equip. src. su.	2.00%	0.00%
27.	1165	OTH PLT&MISC EQUIP WTP	2.00%	5.56%
28.	1175	Office struct & improv.	2.00%	4.00%
29.	1180	Office furn. & equip.	2.00%	4.50%
30.	1185	Stores equipment	2.00%	3.17%
31.	1190	Tool shop & misc. equip.	2.00%	6.33%
32.	1195	Laboratory equipment	2.00%	5.00%
33.	1200	Power operated equip.	2.00%	5.00%
34.	1205	Communication equip.	2.00%	12.50%
35.	1210	Misc . equipment	2.00%	5.56%
36.	1215	Water plant allocated	2.00%	5.56%
37.	1220	Other tangible plt. water	2.00%	3.33%
38.				
39.	1555	Transportation Equipment	20.00%	10.00%
40.	1580	Mainframe Computer	20.00%	12.50%
41.	1585	Mini Computers	33.33%	12.50%
42.	1590	Comp Sys Cost	12.50%	12.50%
43.	1595	Micro Sys Cost	33.33%	20.00%
44.				
45.	3350	CIAC - Meters	2.00%	5.80%
46.	3430	CIAC - Other Tangible Plant WTR	2.00%	3.33%
47.	3435	CIAC - Water Taps	2.00%	3.33%

Application

Exhibit 13

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Depreciation Expense
Test Year Ended 12/31/2017

Line No.	A Account ID	B Account Description	C 12/31/2017 Test Year	D 12/31/2017 Pro Forma Amount	E Current Depreciation/ Amortization Rate	F Current Depreciation/ Amortization Expense
1.	1020	Organization	\$ 164,394	\$ -	2.00%	\$ 3,288
2.	1025	Franchises	-	-	2.00%	-
3.	1030	Land & land rights pump	-	-	0.00%	-
4.	1035	Land & land rights water tr.	-	-	0.00%	-
5.	1040	Land & land rights trans.	-	-	0.00%	-
6.	1045	Land & land rights gen. plt.	22,331	-	0.00%	-
7.	1050	Struct & improv. src. supply	126,290	-	2.00%	2,526
8.	1055	Struct & improv. wtr. trt. plt.	501,884	9,654	2.00%	10,231
9.	1060	Struct & improv. trans. dist.	1,017	-	2.00%	20
10.	1065	Struct & improv. gen. plt.	129,603	-	2.00%	2,592
11.	1080	Wells & springs	477,485	-	2.00%	9,550
12.	1085	Infiltration gallery	-	-	2.00%	-
13.	1090	Supply mains	9,760	-	2.00%	195
14.	1095	Power generation equip.	-	-	2.00%	-
15.	1100	Electric pump equip. src. plt.	34,851	444	2.00%	706
16.	1105	Electric pump equip. wtp.	803,594	767	2.00%	16,087
17.	1110	Electric pump equip. trans.	12,840	-	2.00%	257
18.	1115	Water treatment equip.	1,172,148	122	2.00%	23,445
19.	1120	Dist. resv. & standpipes	549,348	-	2.00%	10,987
20.	1125	Trans. & distr. mains	3,518,983	277	2.00%	70,385
21.	1130	Service lines	1,023,248	3,800	2.00%	20,541
22.	1135	Meters	736,615	-	2.00%	14,732
23.	1140	Meter installations	687,698	123	2.00%	13,756
24.	1145	Hydrants	416,264	-	2.00%	8,325
25.	1150	Backflow prevention devic.	129	-	2.00%	3
26.	1160	Other plt. & misc. equip. src. su.	-	-	2.00%	-
27.	1165	OTH PLT&MISC EQUIP WTP	-	-	2.00%	-
28.	1175	Office struct & improv.	150,196	-	2.00%	3,004
29.	1180	Office furn. & equip.	104,615	-	2.00%	2,092
30.	1185	Stores equipment	-	-	2.00%	-
31.	1190	Tool shop & misc. equip.	309,307	3,382	2.00%	6,254
32.	1195	Laboratory equipment	85,381	5,305	2.00%	1,814
33.	1200	Power operated equip.	14,324	1,153	2.00%	310
34.	1205	Communication equip.	53,948	-	2.00%	1,079
35.	1210	Misc . equipment	-	-	2.00%	-
36.	1215	Water plant allocated	69,976	-	0.00%	-
37.	1220	Other tangible plt. water	-	-	2.00%	-
38.						
39.		Total Plant	\$ 11,176,230	\$ 25,027		\$ 222,179
40.						
41.		Composite Rate				1.98%
42.						
43.		<u>Vehicles & Computers</u>				
44.		Vehicles	\$ 725,994	\$ 47,849	w/p [m]	\$ 55,799
45.		Computers,	\$ 821,066	\$ 144,689	w/p [l]	\$ 56,572
46.						
47.		Total Depreciation				\$ 334,551
48.						
49.	3350	CIAC-METERS	\$ (83,141)		2.00%	\$ (1,663)
50.	3430	CIAC-OTHER TANGIBLE PLT W	(104,819)		2.00%	(2,096)
51.	3435	CIAC-WATER-TAP	(189,326)		2.00%	(3,787)
52.						
53.		Total CIAC	\$ (377,286)	\$ -		\$ (7,546)
54.						
55.		Total Amortization				(7,546)

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
Depreciation Expense
Test Year Ended 12/31/2017

Line No.	A Account ID	B Account Description	C 12/31/2017 Test Year	D 12/31/2017 Pro Forma Amount	E Proposed Depreciation / Amortization Rate	F Proposed Depreciation / Amortization Expense
1.	1020	Organization	\$ 164,394	\$ -	4.00%	\$ 6,576
2.	1025	Franchises	-	-	4.00%	-
3.	1030	Land & land rights pump	-	-	0.00%	-
4.	1035	Land & land rights water tr.	-	-	0.00%	-
5.	1040	Land & land rights trans.	-	-	0.00%	-
6.	1045	Land & land rights gen. plt.	22,331	-	0.00%	-
7.	1050	Struct & improv. src. supply	126,290	-	4.17%	5,262
8.	1055	Struct & improv. wtr. trt. plt.	501,884	9,654	2.78%	14,209
9.	1060	Struct & improv. trans. dist.	1,017	-	4.17%	42
10.	1065	Struct & improv. gen. plt.	129,603	-	4.00%	5,184
11.	1080	Wells & springs	477,485	-	1.67%	7,958
12.	1085	Infiltration gallery	-	-	0.00%	-
13.	1090	Supply mains	9,760	-	1.89%	184
14.	1095	Power generation equip.	-	-	3.33%	-
15.	1100	Electric pump equip. src. plt.	34,851	444	3.13%	1,103
16.	1105	Electric pump equip. wtp.	803,594	767	3.13%	25,136
17.	1110	Electric pump equip. trans.	12,840	-	3.13%	401
18.	1115	Water treatment equip.	1,172,148	122	3.57%	41,867
19.	1120	Dist. resv. & standpipes	549,348	-	1.67%	9,156
20.	1125	Trans. & distr. mains	3,518,983	277	1.89%	66,475
21.	1130	Service lines	1,023,248	3,800	3.33%	34,235
22.	1135	Meters	736,615	-	5.80%	42,724
23.	1140	Meter installations	687,698	123	4.44%	30,570
24.	1145	Hydrants	416,264	-	3.95%	16,457
25.	1150	Backflow prevention devic.	129	-	4.44%	6
26.	1160	Other plt. & misc. equip. src. su.	-	-	0.00%	-
27.	1165	OTH PLT&MISC EQUIP WTP	-	-	5.56%	-
28.	1175	Office struct & improv.	150,196	-	4.00%	6,008
29.	1180	Office furn. & equip.	104,615	-	4.50%	4,708
30.	1185	Stores equipment	-	-	3.17%	-
31.	1190	Tool shop & misc. equip.	309,307	3,382	6.33%	19,804
32.	1195	Laboratory equipment	85,381	5,305	5.00%	4,534
33.	1200	Power operated equip.	14,324	1,153	5.00%	774
34.	1205	Communication equip.	53,948	-	12.50%	6,744
35.	1210	Misc . equipment	-	-	5.56%	-
36.	1215	Water plant allocated	69,976	-	0.00%	-
37.	1220	Other tangible plt. water	-	-	3.33%	-
38.						
39.		Total Plant	\$ 11,176,230	\$ 25,027		\$ 350,116
40.						
41.		Composite Rate				3.13%
42.						
43.		<u>Vehicles & Computers</u>				
44.		Vehicles	\$ 725,994	\$ 47,849	w/p [m]	\$ 55,799
45.		Computers,	\$ 821,066	\$ 144,689	w/p [l]	\$ 56,572
46.						
47.		Total Depreciation				\$ 462,488
48.						
49.	3350	CIAC-METERS	\$ (83,141)		5.80%	\$ (4,822)
50.	3430	CIAC-OTHER TANGIBLE PLT W	(104,819)		3.33%	(3,494)
51.	3435	CIAC-WATER-TAP	(189,326)		3.33%	(6,311)
52.						
53.		Total CIAC	\$ (377,286)	\$ -		\$ (14,627)
54.						
55.		Total Amortization				(14,627)

Line No.	A Account ID	B Account Description	C 12/31/2017 Test Year	D Proposed Depreciation/ Amortization Expense	E Proposed vs. Current (D - C)	F % Change
1.	1020	Organization	\$ 3,288	\$ 6,576	\$ 3,288	100%
2.	1025	Franchises	-	-	-	0%
3.	1030	Land & land rights pump	-	-	-	0%
4.	1035	Land & land rights water tr.	-	-	-	0%
5.	1040	Land & land rights trans.	-	-	-	0%
6.	1045	Land & land rights gen. plt.	-	-	-	0%
7.	1050	Struct & improv. src. supply	2,526	5,262	2,736	108%
8.	1055	Struct & improv. wtr. trt. plt.	10,231	14,209	3,979	39%
9.	1060	Struct & improv. trans. dist.	20	42	22	108%
10.	1065	Struct & improv. gen. plt.	2,592	5,184	2,592	100%
11.	1080	Wells & springs	9,550	7,958	(1,592)	-17%
12.	1085	Infiltration gallery	-	-	-	0%
13.	1090	Supply mains	195	184	(11)	-6%
14.	1095	Power generation equip.	-	-	-	0%
15.	1100	Electric pump equip. src. plt.	706	1,103	397	56%
16.	1105	Electric pump equip. wtp.	16,087	25,136	9,049	56%
17.	1110	Electric pump equip. trans.	257	401	144	56%
18.	1115	Water treatment equip.	23,445	41,867	18,421	79%
19.	1120	Dist. resv. & standpipes	10,987	9,156	(1,831)	-17%
20.	1125	Trans. & distr. mains	70,385	66,475	(3,910)	-6%
21.	1130	Service lines	20,541	34,235	13,694	67%
22.	1135	Meters	14,732	42,724	27,991	190%
23.	1140	Meter installations	13,756	30,570	16,813	122%
24.	1145	Hydrants	8,325	16,457	8,132	98%
25.	1150	Backflow prevention devic.	3	6	3	122%
26.	1160	Other plt. & misc. equip. src. su.	-	-	-	0%
27.	1165	OTH PLT&MISC EQUIP WTP	-	-	-	0%
28.	1175	Office struct & improv.	3,004	6,008	3,004	100%
29.	1180	Office furn. & equip.	2,092	4,708	2,615	125%
30.	1185	Stores equipment	-	-	-	0%
31.	1190	Tool shop & misc. equip.	6,254	19,804	13,550	217%
32.	1195	Laboratory equipment	1,814	4,534	2,721	150%
33.	1200	Power operated equip.	310	774	464	150%
34.	1205	Communication equip.	1,079	6,744	5,665	525%
35.	1210	Misc . equipment	-	-	-	0%
36.	1215	Water plant allocated	-	-	-	0%
37.	1220	Other tangible plt. water	-	-	-	0%
38.						
39.		Total Plant	\$ 222,179	\$ 350,116	\$ 127,937	58%
40.						
41.		Composite Rate	1.98%	3.13%		
42.						
43.		<u>Vehicles & Computers</u>				
44.		Vehicles	\$ 55,799	\$ 55,799	\$ -	0%
45.		Computers,	\$ 56,572	\$ 56,572	\$ -	0%
46.						
47.		Total Depreciation	\$ 334,551	\$ 462,488	\$ 127,937	38%
48.						
49.	3350	CIAC-METERS	\$ (1,663)	\$ (4,822)	(3,159)	190%
50.	3430	CIAC-OTHER TANGIBLE PLT W	(2,096)	(3,494)	(1,398)	67%
51.	3435	CIAC-WATER-TAP	(3,787)	(6,311)	(2,524)	67%
52.						
53.		Total CIAC	\$ (7,546)	\$ (14,627)	(7,081)	94%
54.						
55.		Total Amortization	(7,546)	(14,627)	(7,081)	94%

Application

Exhibit 14

Water Service Corporation of Kentucky uses Microsoft Office, Oracle JD Edwards, and Oracle Customer Care & Billing as the software in preparation of this rate case.

Application

Exhibit 15

Description	December	January	February	March	April	May	June	July	August	September	October	November	December	Total
5000 TOTAL REVENUE														
5005 OPERATING REVENUES														
5010 WATER OPERATING R														
5015 WATER REVENUE														
5020 WATER REVENUE U														
5025 WATER REVENUE-R	195,138	189,015	185,845	183,332	194,705	185,861	214,664	197,300	200,083	214,139	195,807	203,306	207,843	2,371,900
5030 WATER REVENUE-A	2	(2,491)	(9,643)	12,623	(9,939)	21,578	(10,751)	6,750	955	(8,637)	10,095	(7,347)	(5,245)	(2,053)
5035 WATER REVENUE-C	243	243	243	241	199	243	243	276	194	194	194	194	194	2,661
5040 WATER REVENUE-I														
5045 WATER REVENUE-P	292	292	292	292	292	292	292	292	292	292	292	292	292	3,499
5050 WATER REVENUE-M														
5051 WATER REVENUE-S														
5052 WATER REVENUE-G														
5015 WATER REVENUE	195,675	187,059	176,737	196,487	185,257	207,973	204,448	204,617	201,524	205,989	206,388	196,445	203,084	2,376,007
5055 FIRE PROTECTION														
5060 PUBLIC FIRE PRO	3,210	3,191	3,210	3,184	3,171	3,210	3,210	3,210	3,210	3,210	3,235	3,280	3,259	38,581
5065 PRIVATE FIRE PR														
5055 FIRE PROTECTION	3,210	3,191	3,210	3,184	3,171	3,210	3,210	3,210	3,210	3,210	3,235	3,280	3,259	38,581
5070 REVENUE-APPI WAT														
5075 SALES TO IRRIGAT														
5080 SALES FOR RESALE														
5085 INTERDEPARTMENTA														
5010 WATER OPERATING R	198,885	190,250	179,947	199,671	188,428	211,183	207,658	207,828	204,734	209,199	209,623	199,725	206,343	2,414,588
5090 SEWER OPERATING R														
5095 SEWER REVENUE FL														
5100 SEWER REVENUE-R														
5105 SEWER REVENUE-A														
5110 SEWER REVENUE-C														
5115 SEWER REVENUE-I														
5120 SEWER REVENUE-P														
5125 SEWER REVENUE-M														
5127 SEWER REVENUE-S														
5128 SEWER REVENUE-G														
5130 SEWER REVENUE-O														
5095 SEWER REVENUE FL														
5135 SEWER REVENUE ME														
5140 SEWER REVENUE-R														
5145 SEWER SOLIDS PU														
5150 SEWER REVENUE-A														
5155 SEWER REVENUE-C														
5160 SEWER REVENUE-I														
5165 SEWER REVENUE-P														
5170 SEWER REVENUE-M														
5135 SEWER REVENUE ME														
5175 REVENUE-APPI SEW														
5180 REVENUES FROM OT														
5185 INTERDEPARTMENTA														
5090 SEWER OPERATING R														
5190 REUSE REVENUE														
5195 REUSE REVENUE FL														
5200 REUSE REVENUE-R														
5205 REUSE REVENUE-C														
5210 REUSE REVENUE-I														
5215 REUSE REVENUE-P														
5220 REUSE REVENUE-O														
5195 REUSE REVENUE FL														
5225 REUSE REVENUE ME														
5230 REUSE REVENUE-R														
5235 REUSE REVENUE-C														
5225 REUSE REVENUE ME														
5190 REUSE REVENUE														
5240 GAS OPERATING REV														
5245 GAS - ACCRUALS														
5240 GAS OPERATING REV														
5250 MISC OPERATING RE														
5255 GUARANTEED REVEN														
5260 SALE OF SLUDGE														
5265 FORFEITED DISCOU														
5270 MISC SERVICE REV	50	50	50	50	50	50	50	50	50	50	50	50	50	600
5275 RENTS FROM W/S P														
5280 INTERDEPARTMENTA														
5285 OTHER W/S REVENU	6,210	6,864	4,902	4,727	3,846	5,244	5,523	5,397	7,161	5,144	5,298	4,275	3,822	62,203
5250 MISC OPERATING RE	6,260	6,914	4,952	4,777	3,896	5,294	5,573	5,447	7,211	5,194	5,348	4,325	3,872	62,803
5290 NON-REGULATED REV														
5295 MAINTENANCE INTE														
5300 MAINTENANCE REV														
5305 MAINTENANCE-INT														
5310 MAINTENANCE-INT														
5295 MAINTENANCE INTE														
5315 MAINTENANCE EXTE														
5320 MAINTENANCE-EXT														
5325 MAINTENANCE-EXT														
5315 MAINTENANCE EXTE														
5330 SLUDGE INTERNAL														
5335 REVENUE-INTERNA														
5340 REVENUE-INTERNA														
5345 REVENUE-INTERNA														
5350 REVENUE-INTERNA														
5355 REVENUE-INTERNA														
5330 SLUDGE INTERNAL														
5360 SLUDGE EXTERNAL														
5365 REVENUE-EXTERNA														
5370 REVENUE-EXTERNA														
5375 REVENUE-EXTERNA														
5380 REVENUE-EXTERNA														
5360 SLUDGE EXTERNAL														
5385 3RD PARTY BILLIN														
5390 3RD PARTY BILLI														
5395 3RD PARTY BILLI														
5385 3RD PARTY BILLIN														
5400 REV FROM MGMT SE														
5405 REV FROM MGMT S	12,074	11,452	19,438	12,440	25,162	15,110	11,290	15,530	13,365	14,661	12,909	12,717	13,668	177,741
5400 REV FROM MGMT SE	12,074	11,452	19,438	12,440	25,162	15,110	11,290	15,530	13,365	14,661	12,909	12,717	13,668	177,741
5290 NON-REGULATED REV	12,074	11,452	19,438	12,440	25,162	15,110	11,290	15,530	13,365	14,661	12,909	12,717	13,668	177,741
5005 OPERATING REVENUES	217,219	208,616	204,336	216,888	217,486	231,587	224,521	228,805	225,310	229,054	227,879	216,767	223,883	2,655,132
5000 TOTAL REVENUE	217,219	208,616	204,336	216,888	217,486	231,587	224,521	228,805	225,310	229,054	227,879	216,767	223,883	2,655,132

Description	December	January	February	March	April	May	June	July	August	September	October	November	December	Total
7040 AMORT-POWER GEN														
7045 AMORT-ELEC PUMP														
7050 AMORT-ELEC PUMP														
7055 AMORT-ELEC PUMP														
7060 AMORT-WATER TRE														
7065 AMORT-DIST RESV														
7070 AMORT-TRANS & D														
7075 AMORT-SERVICE L														
7080 AMORT-METERS	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(139)	(1,663)
7085 AMORT-METER INS														
7090 AMORT-HYDRANTS														
7095 AMORT-BACKFLOW														
7100 AMORT-OTH PLT&M														
7105 AMORT-OTH PLT&M														
7110 AMORT-OTH PLT&M														
7115 AMORT-OTH PLT&M														
7120 AMORT-OFFICE ST														
7125 AMORT-OFFICE FU														
Description	December	January	February	March	April	May	June	July	August	September	October	November	December	Total
7130 AMORT-STORES EQ														
7135 AMORT-TOOL SHOP														
7140 AMORT-LABORATOR														
7145 AMORT-POWER OPE														
7150 AMORT-COMMUNICA														
7155 AMORT-MISC EQUI														
7160 AMORT-OTHER TAN	(175)	(175)	(175)	(175)	(175)	(175)	(175)	(175)	(175)	(175)	(175)	(175)	(175)	(2,100)
7165 AMORT-WATER-TAP	(300)	(300)	(300)	(300)	(302)	(310)	(310)	(310)	(313)	(315)	(316)	(316)	(316)	(3,707)
7170 AMORT-WTR MGMT														
7172 AMORT-WTR LINE														
7175 AMORT-WTR RES C														
7180 AMORT-WTR PLT M														
7185 AMORT-WTR PLT M	(2)	(2)	(2)	(2)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(46)
6980 AMORT EXP-CIA-WA	(615)	(615)	(615)	(615)	(620)	(628)	(628)	(628)	(631)	(633)	(634)	(634)	(634)	(7,516)
7200 AMORT EXP-CIA-SE														
7205 AMORT-ORGANIZAT														
7210 AMORT-FRANCHISE														
7215 AMORT-FRANCHISE														
7220 AMORT-STRUCT/IM														
7225 AMORT-STRUCT/IM														
7230 AMORT-STRUCT/IM														
7235 AMORT-STRUCT/IM														
7240 AMORT-STRUCT/IM														
7245 AMORT-STRUCT/IM														
7250 AMORT-POWER GEN														
7255 AMORT-POWER GEN														
7260 AMORT-POWER GEN														
7265 AMORT-POWER GEN														
7270 AMORT-POWER GEN														
7275 AMORT-SEWER FOR														
7280 AMORT-SEWER GRA														
7283 AMORT-MANHOLES														
7285 AMORT-SPECIAL C														
7290 AMORT-SERVICES														
7295 AMORT-FLOW MEAS														
7300 AMORT-FLOW MEAS														
7305 AMORT-RECEIVING														
7310 AMORT-PUMP EQP														
7315 AMORT-PUMP EQP														
7320 AMORT-PUMP EQP														
7325 AMORT-TREAT/DIS														
7330 AMORT-TREAT/DIS														
7335 AMORT-TREAT/DIS														
7340 AMORT-PLANT SEW														
7345 AMORT-PLANT SEW														
7350 AMORT-OUTFALL L														
7355 AMORT-OTHER PLT														
7360 AMORT-OTHER PLT														
7365 AMORT-OTHER PLT														
7370 AMORT-OTHER PLT														
7375 AMORT-OTHER PLT														
7380 AMORT-OTHER PLT														
7385 AMORT-OFFICE ST														
7390 AMORT-OFFICE FU														
7395 AMORT-STORES EQ														
7400 AMORT-TOOL SHOP														
7405 AMORT-LABORATOR														
7410 AMORT-POWER OPE														
7415 AMORT-COMMUNICA														
7420 AMORT-MISC EQUI														
7425 AMORT-OTHER TAN														
7430 AMORT-SEWER-TAP														
7435 AMORT-SWR MGMT														
7437 AMORT-SWR LINE														
7440 AMORT-SWR RES C														
7445 AMORT-SWR PLT M														
7450 AMORT-SWR PLT M														
7200 AMORT EXP-CIA-SE														
7465 AMORT EXP-REUSE														
7470 AMORT-REUSE SER														
7475 AMORT-REUSE MTR														
7480 AMORT-REUSE DIS														
7485 AMORT-REUSE TRA														
7465 AMORT EXP-REUSE														
7495 AMORT OF EXCESS														
6430 DEPRECIATION & AM	23,203	22,843	22,968	22,815	23,094	23,184	26,230	22,719	22,478	22,367	22,407	24,444	23,334	278,884
7500 TAXES OTHER THAN														
7505 PAYROLL TAXES														
7510 FICA EXPENSE	4,295	4,330	4,285	5,455	5,530	4,627	4,460	4,442	4,642	4,207	4,184	4,076	4,002	54,242
7515 FEDERAL UNEMPLO	10	404	138	67	2	(30)	(0)	2	5	2	0	(0)	(3)	587
7520 STATE UNEMPLOYM	184	1,705	811	458	212	76	60	42	23	58	52	26	34	3,557
7505 PAYROLL TAXES	4,489	6,439	5,233	5,981	5,744	4,674	4,520	4,486	4,670	4,267	4,237	4,102	4,033	58,386
7530 PROPERTY & OTHER														
7535 FRANCHISE TAX	45			15		2	11		16		1	20	44	109
7540 GROSS RECEIPTS														
7545 PERSONAL PROPER	(6,060)		2,733	8,613							685		58,742	70,772
7550 PROPERTY/OTHER	(50,158)	7,173	3,405	(1,464)	7,166	7,184	7,202	1,589	7,175	7,172	6,182	7,143	(59,936)	(9)
7555 REAL ESTATE TAX	53,770		1,032					902			292		20,526	22,752

Description	December	January	February	March	April	May	June	July	August	September	October	November	December	Total
7560 SALES/USE TAX E	0													
7565 SPECIAL ASSESSM								4,723					66	4,789
7570 UTILITY/COMMISS	173													
7530 PROPERTY & OTHER	(2,230)	7,173	7,170	7,163	7,166	7,187	7,213	7,214	7,191	7,172	7,160	7,164	19,441	98,413
7500 TAXES OTHER THAN	2,259	13,612	12,403	13,144	12,910	11,861	11,733	11,700	11,860	11,439	11,396	11,266	23,474	156,799
7580 INCOME TAXES														
7585 AMORT OF INVEST														
7590 DEF INCOME TAX-F													(396,714)	(396,714)
7595 DEF INCOME TAX-F	86,696													
7600 DEF INCOME TAXES	16,715												17,972	17,972
7605 INCOME TAXES-FED	(834)													(1,742)
7610 INCOME TAXES-STA	251													251
7580 INCOME TAXES	102,828													(380,233)
5415 OPERATING EXPENSES	291,975	182,436	164,841	189,616	181,923	194,873	191,671	175,526	192,059	176,816	167,867	174,720	(151,098)	1,841,249
5410 TOTAL OPERATING EXP	291,975	182,436	164,841	189,616	181,923	194,873	191,671	175,526	192,059	176,816	167,867	174,720	(151,098)	1,841,249
7620 TOTAL OTHER INCOME														
7625 OTHER INCOME														
7630 OTHER INCOME														
7635 DIVIDEND INCOME														
7640 INCOME FROM MGMT														
7645 INTEREST INCOME														
7650 MISCELLANEOUS IN														
7655 DISALLOWED UTIL														
7660 MISCELLANEOUS E														
7665 EXTRAORDINARY G														
7670 EXTRAORDINARY D														
7650 MISCELLANEOUS IN														
7675 RENTAL / OTHER I														
7680 RENTAL INCOME														
7685 INTEREST INCOME														
7690 SALE OF EQUIPME														
7691 NET BOOK VALUE-														
7692 DISPOSAL-CLEARI														
7693 DISPOSAL-PROCEE														
7675 RENTAL / OTHER I														
7630 OTHER INCOME														
7625 OTHER INCOME														
7695 OTHER EXPENSE														
7700 INTEREST EXPENSE														
7705 AMORT OF DEB & A														
7710 INTEREST EXPENSE	47,145			40,937	81		40,324			34,866			40,106	156,315
7715 LONG TERM INTERE														
7720.10 L/T INT EXP														
7720.11 L/T INT EXP														
7720.12 L/T INT EXP														
7720.13 L/T INT EXP														
7720.14 L/T INT EXP														
7720.15 L/T INT EXP														
7720.16 L/T INT EXP														
7720.17 L/T INT EXP														
7720.18 L/T INT EXP														
7720.19 L/T INT EXP														
7720.20 L/T INT EXP														
7720.21 L/T INT EXP														
7720.22 L/T INT EXP														
7720.23 L/T INT EXP														
7720.24 L/T INT EXP														
7720.25 L/T INT EXP														
7720.26 L/T INT EXP														
7720.27 L/T INT EXP														
7720.28 L/T INT EXP														
7715 LONG TERM INTERE														
7725 LOSS ON DEBT REF														
7730 SHORT TERM INTER														
7735.10 S/T INT EXP														
7735.11 S/T INT EXP	13	23	23	23	23	23	23	22	23	23	24	24	25	280
7735.12 S/T INT EXP	12	(90)	(6)	14	(6)	9	6	(16)	(3)	(2)	17	(5)	(7)	(87)
7735.13 S/T INT EXP	41	38	35	39	37	46	42	46	42	37	38	37	38	476
7735.14 INT INC/EXP														
7735.15 S/T INT EXP														
7735.16 S/T INT EXP														
7735.17 S/T INT EXP														
7735.18 S/T INT EXP														
7735.19 S/T INT EXP														
7730 SHORT TERM INTER	65	(28)	53	76	55	78	71	53	62	58	79	56	57	669
7700 INTEREST EXPENSE	47,210	(28)	53	41,013	136	78	40,395	53	62	34,925	79	56	40,162	156,983
7745 ALLOW FUNDS USED														
7750 INTEREST DURING	(124)	(119)	(124)	(87)	(120)	(122)	(123)	(123)	(46)	(46)	(45)	(46)	(24)	(1,025)
7745 ALLOW FUNDS USED	(124)	(119)	(124)	(87)	(120)	(122)	(123)	(123)	(46)	(46)	(45)	(46)	(24)	(1,025)
7760 GAIN/LOSS ON DISP														
7765 SALE OF UTILITY	(850)								(3,631)					(4,277)
7770 TAX EFFECT OF CA														
7775 CURRENT TAX-FIT														
7780 DEFERRED TAX-FI														
7785 CURRENT TAX-SIT														
7790 DEFERRED TAX-SI														
7795 TAX EFFECT OF C														
7770 TAX EFFECT OF CA														
7760 GAIN/LOSS ON DISP	(850)								(3,631)				(646)	(4,277)
7695 OTHER EXPENSE	46,236	(147)	(72)	40,927	16	(44)	40,273	(70)	(3,614)	34,879	34	(636)	40,138	151,682
7620 TOTAL OTHER INCOME	46,236	(147)	(72)	40,927	16	(44)	40,273	(70)	(3,614)	34,879	34	(636)	40,138	151,682
Net Income (Loss)	(120,992)	26,327	39,567	(13,655)	35,547	36,758	(7,422)	53,350	36,865	17,359	59,979	42,683	334,842	662,201

Application

Exhibit 16

Water Service Corporation of Kentucky
Docket 2018-00208
Allocated Expenses and Rate Base
For the Test Year Ended December 31, 2017

Exhibit 16

	A	B	C	D	E	F	G
Line No.	Account Number	Account Description	Water Service Corporation (WSC)	President Cost Center	Midwest Cost Center	State Cost Center	Per Books Allocations
		<i>Expenses</i>					
1.	5505	AGENCY EXPENSE	\$ 336	\$ -	\$ -	\$ -	\$ 336
2.	5510	UNCOLLECTIBLE ACCOUNTS	-	-	-	-	-
3.	5525	BILL STOCK	736	-	-	-	736
4.	5535	BILLING ENVELOPES	1,211	-	-	-	1,211
5.	5540	BILLING POSTAGE	18,277	-	-	-	18,277
6.	5545	CUSTOMER SERVICE PRINTI	2,640	-	-	-	2,640
7.	5625	401K PROFIT SHARING	23,472	-	-	-	23,472
8.	5630	HEALTH ADMIN AND STOP LOSS	22,872	-	-	-	22,872
9.	5635	DENTAL	3,849	-	-	-	3,849
10.	5645	EMPLOYEE INS DEDUCTIONS	(32,545)	-	-	-	(32,545)
11.	5650	HEALTH COSTS & OTHER	75	-	-	-	75
12.	5655	HEALTH INS CLAIMS	142,663	-	-	-	142,663
13.	5660	OTHER EMP BENEFITS	741	14	20	1,374	2,149
14.	5665	PENSION / 401K MATCH	16,704	-	-	-	16,704
15.	5670	TERM LIFE INS	5,158	-	-	-	5,158
16.	5675	TERM LIFE INS-OPT	(1,614)	-	-	-	(1,614)
17.	5680	DEPEND LIFE INS-OPT	(655)	-	-	-	(655)
18.	5690	TUITION	-	27	-	-	27
19.	5705	INSURANCE-GEN LIAB	61,001	-	-	-	61,001
20.	5715	INSURANCE-OTHER	14,287	-	-	-	14,287
21.	5735	COMPUTER MAINTENANCE	23,977	-	-	-	23,977
22.	5740	COMPUTER SUPPLIES	-	-	-	-	-
23.	5745	COMPUTER AMORT & PROG C	-	-	-	-	-

Water Service Corporation of Kentucky
Docket 2018-00208
Allocated Expenses and Rate Base
For the Test Year Ended December 31, 2017

Exhibit 16

	A	B	C	D	E	F	G
Line No.	Account Number	Account Description	Water Service Corporation (WSC)	President Cost Center	Midwest Cost Center	State Cost Center	Per Books Allocations
24.	5750	INTERNET SUPPLIER	4,079	-	-	-	4,079
25.	5785	ADVERTISING/MARKETING	-	-	-	-	-
26.	5790	BANK SERVICE CHARGE	3,067	-	-	-	3,067
27.	5795	CONTRIBUTIONS	20	-	-	-	20
28.	5805	LICENSE FEES	13	8	-	-	21
29.	5810	MEMBERSHIPS	2,128	706	-	-	2,834
30.	5815	PENALTIES/FINES	-	-	-	-	-
31.	5820	TRAINING EXPENSE	1,505	2,402	180	-	4,088
32.	5825	OTHER MISC EXPENSE	(2,020)	109	-	-	(1,912)
33.	5855	ANSWERING SERVICE	1,706	-	-	-	1,706
34.	5860	CLEANING SUPPLIES	118	8	-	-	127
35.	5865	COPY MACHINE	305	-	-	-	305
36.	5870	HOLIDAY EVENTS/PICNICS	100	644	-	-	744
37.	5875	KITCHEN SUPPLIES	89	-	-	-	89

Water Service Corporation of Kentucky

Exhibit 16

Docket 2018-00208

Allocated Expenses and Rate Base

For the Test Year Ended December 31, 2017

	A	B	C	D	E	F	G
Line No.	Account Number	Account Description	Water Service Corporation (WSC)	President Cost Center	Midwest Cost Center	State Cost Center	Per Books Allocations
38.	5880	OFFICE SUPPLY STORES	345	105	-	-	451
39.	5885	PRINTING/BLEUPRINTS	74	-	-	-	74
40.	5890	PUBL SUBSCRIPTIONS/TAPE	7	-	-	-	7
41.	5895	SHIPPING CHARGES	999	21	-	148	1,169
42.	5900	OTHER OFFICE EXPENSES	335	-	13	-	349
43.	5930	OFFICE ELECTRIC	334	-	-	-	334
44.	5935	OFFICE GAS	124	-	-	-	124
45.	5940	OFFICE WATER	40	-	-	-	40
46.	5945	OFFICE TELECOM	30,031	303	-	-	30,334
47.	5950	OFFICE GARBAGE REMOVAL	247	-	160	-	407
48.	5955	OFFICE LANDSCAPE / MOW	386	-	-	-	386
49.	5960	OFFICE ALARM SYS PHONE	211	-	-	-	211
50.	5965	OFFICE MAINTENANCE	737	-	-	-	737
51.	5970	OFFICE CLEANING SERVICE	724	-	-	-	724
52.	5975	OFFICE MACHINE/HEAT&COO	211	-	-	-	211
53.	5980	OTHER OFFICE UTILITIES	11	-	-	-	11
54.	6010	AUDIT FEES	9,323	-	-	-	9,323
55.	6015	EMPLOY FINDER FEES	76	-	-	-	76
56.	6025	LEGAL FEES	48	-	-	-	48
57.	6035	PAYROLL SERVICES	2,828	-	-	-	2,828
58.	6040	TAX RETURN REVIEW	6,295	-	-	-	6,295
59.	6045	TEMP EMPLOY - CLERICAL	1,194	-	-	-	1,194
60.	6050	OTHER OUTSIDE SERVICES	8,355	-	-	-	8,355
61.	6065	RATE CASE AMORT EXPENSE	-	-	-	69,645	69,645
62.	6090	RENT	604	-	-	-	604

Water Service Corporation of Kentucky
Docket 2018-00208
Allocated Expenses and Rate Base
For the Test Year Ended December 31, 2017

Exhibit 16

	A	B	C	D	E	F	G
Line No.	Account Number	Account Description	Water Service Corporation (WSC)	President Cost Center	Midwest Cost Center	State Cost Center	Per Books Allocations
63.	6110	SALARIES-ACCTG/FINANCE	24,671	-	-	-	24,671
64.	6115	SALARIES-ADMIN	5,678	-	-	-	5,678
65.	6120	SALARIES-OFFICERS/STKHL	34,626	-	-	-	34,626
66.	6125	SALARIES-HR	6,075	-	-	-	6,075
67.	6130	SALARIES-MIS	12,389	-	-	-	12,389
68.	6135	SALARIES-LEADERSHIP OPS	626	116,499	(1,167)	-	115,958
69.	6140	SALARIES-REGULATORY	10,358	-	-	-	10,358
70.	6145	SALARIES-CUSTOMER SERVI	31,160	-	-	-	31,160
71.	6146	SALARIES-BILLING	12,453	-	-	-	12,453
72.	6150	SALARIES-OPERATIONS FIE	1,905	1,034	12,871	-	15,810
73.	6155	SALARIES-OPERATIONS OFF	85	-	-	-	85
74.	6160	SALARIES-CHGD TO PLT-WS	-	9,399	-	-	9,399
75.	6165	CAPITALIZED TIME ADJUST	(4,705)	(2,374)	-	-	(7,079)
76.	6185	TRAVEL LODGING	1,030	587	-	412	2,028
77.	6190	TRAVEL AIRFARE	643	317	153	556	1,669
78.	6195	TRAVEL TRANSPORTATION	140	183	-	439	761
79.	6200	TRAVEL MEALS	1,231	147	-	137	1,514
80.	6205	TRAVEL ENTERTAINMENT	47	60	-	-	106
81.	6207	TRAVEL OTHER	70	224	-	-	294
82.	6215	FUEL	31	359	-	16,666	17,056
83.	6220	AUTO REPAIR/TIRES	43	224	-	7,299	7,565

Water Service Corporation of Kentucky
Docket 2018-00208
Allocated Expenses and Rate Base
For the Test Year Ended December 31, 2017

Exhibit 16

	A	B	C	D	E	F	G
Line No.	Account Number	Account Description	Water Service Corporation (WSC)	President Cost Center	Midwest Cost Center	State Cost Center	Per Books Allocations
84.	6225	AUTO LICENSES	-	-	-	713	713
85.	6230	OTHER TRANS EXPENSES	-	-	9	3,091	3,100
86.	6360	COMMUNICATION EXPENSE	-	-	-	-	-
87.	6385	UNIFORMS	47	888	-	-	934
88.	6390	WEATHER/HURRICANE/FUEL	-	-	-	455	455
89.	6580	DEPREC-OFFICE STRUCTURE	1,891	-	-	-	1,891
90.	6585	DEPREC-OFFICE FURN/EQPT	1,013	-	-	-	1,013
91.	6595	DEPREC-TOOL SHOP & MISC	13	-	-	-	13
92.	6610	DEPREC-COMMUNICATION EQ	1,445	-	157	-	1,602
93.	6905	DEPREC-AUTO TRANS	-	428	105	30,924	31,457
94.	6920	DEPREC-COMPUTER	35,525	-	-	-	35,525
95.	7510	FICA EXPENSE	8,453	8,460	913	36,416	54,242
96.	7515	FEDERAL UNEMPLOYMENT TA	76	55	-	455	587
97.	7520	STATE UNEMPLOYMENT TAX	973	671	-	1,914	3,557
98.	7535	FRANCHISE TAX	94	-	-	-	94
99.	7545	PERSONAL PROPERTY/ICT T	-	-	-	-	-
100.	7550	PROPERTY/OTHER GENERAL	(9)	-	-	-	(9)
101.	7555	REAL ESTATE TAX	2,007	-	-	-	2,007
102.	7595	DEF INCOME TAX-FEDERAL	(230)	-	-	-	(230)
103.	7600	DEF INCOME TAXES-STATE	(1,737)	-	-	-	(1,737)
104.	7605	INCOME TAXES-FEDERAL	(1,742)	-	-	-	(1,742)
105.	7610	INCOME TAXES-STATE	1	-	-	-	1
106.	7710	INTEREST EXPENSE-INTERCO	156,315	-	-	-	156,315
107.	7735	S/T INT EXP BANK ONE	389	-	-	-	389
108.	7750	INTEREST DURING CONSTRUC	(1,025)	-	-	-	(1,025)

Water Service Corporation of Kentucky
Docket 2018-00208
Allocated Expenses and Rate Base
For the Test Year Ended December 31, 2017

Exhibit 16

	A	B	C	D	E	F	G
Line No.	Account Number	Account Description	Water Service Corporation (WSC)	President Cost Center	Midwest Cost Center	State Cost Center	Per Books Allocations
109.							
110.		Total Expenses	\$ 719,885	\$ 141,509	\$ 13,417	\$ 170,642	\$ 1,045,452
111.		<i>Rate Base</i>					
112.	1045	LAND & LAND RIGHTS GEN	\$ (162)	\$ -	\$ -	\$ -	\$ (162)
113.	1175	OFFICE STRUCT & IMPRV	(2,972)	-	-	-	(2,972)
114.	1180	OFFICE FURN & EQPT	(909)	-	-	-	(909)
115.	1190	TOOL SHOP & MISC EQPT	(36)	-	-	-	(36)
116.	1205	COMMUNICATION EQPT	(606)	-	(16)	-	(622)
117.	1555	TRANSPORTATION EQPT WTR	-	8,102	6,206	10,658	24,966
118.	1580	MAINFRAME COMPUTER WTR	(1,856)	-	-	-	(1,856)
119.	1585	MINI COMPUTERS WTR	20,322	-	-	-	20,322
120.	1590	COMP SYS COST WTR	(26,947)	-	-	-	(26,947)
121.	1595	MICRO SYS COST WTR	(960)	-	-	-	(960)
122.	1970	ACC DEPR-OFFICE STRUCTU	1,634	-	-	-	1,634
123.	1975	ACC DEPR-OFFICE FURN/EQ	1,493	-	-	-	1,493
124.	1985	ACC DEPR-TOOL SHOP & MI	27	-	-	-	27
125.	2000	ACC DEPR-COMMUNICATION	(439)	-	(114)	-	(553)
126.	2300	ACC DEPR-TRANSPORTATION	-	(318)	(105)	(12,454)	(12,877)
127.	2320	ACC DEPR-MAINFRAME COMP	1,854	-	-	-	1,854
128.	2325	ACC DEPR-MINI COMP WTR	(21,525)	-	-	-	(21,525)
129.	2330	COMP SYS AMORTIZATION W	31,452	-	-	-	31,452
130.	2335	MICRO SYS AMORTIZATION	960	-	-	-	960
131.	4387	DEF FED TAX - DEPRECIATION	(626)	-	-	-	(626)

Water Service Corporation of Kentucky
Docket 2018-00208
Allocated Expenses and Rate Base
For the Test Year Ended December 31, 2017

Exhibit 16

A		B	C	D	E	F	G
Line No.	Account Number	Account Description	Water Service Corporation (WSC)	President Cost Center	Midwest Cost Center	State Cost Center	Per Books Allocations
132.	4389	DEF FED TAX - NOL	1,607	-	-	-	1,607
133.	4417	ACCUM DEF INCOME TAX - ST	156	5	-	-	161
134.	4427	DEF ST TAX - DEF MAINT	0	-	-	-	0
135.	4437	DEF ST TAX - DEPRECIATION	(19)	-	-	-	(19)
136.	4612	ACCRUED TAXES GENERAL	-	-	-	-	-
137.	4628	ACCRUED REAL EST TAX	63	-	-	-	63
138.	4635	ACCRUED USE TAX	3	2	0	-	4
139.	4661	ACCRUED ST INCOME TAX	(27)	-	-	-	(27)
140.							
141.		Total Rate Base	\$ 2,487	\$ 7,791	\$ 5,971	\$ (1,796)	\$ 14,453

Application

Exhibit 17

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 17

Case No. 2018 - 00208

Balance Sheet

Test Year Ended 12/31/2017

	A	B	C	D
<u>Line No.</u>	<u>ASSETS</u>		<u>LIABILITIES AND OTHER CREDITS</u>	
1.	Plant In Service		Capital Stock and Retained Earnings	
2.	Water	\$ 12,723,289		
3.	Sewer	-	Common Stock and Paid In Capital	\$ 5,068,438
4.		<u> </u>	Retained Earnings	562,823
5.	Total	\$ 12,723,289	Total	\$ <u>5,631,261</u>
6.				
7.	Accumulated Depreciation-Water	(5,702,602)	Current and Accrued Liabilities	
8.	Accumulated Depreciation-Sewer	-	Accounts Payable-Trade	342,454
9.			Taxes Accrued	94,663
10.	Total	\$ (5,702,602)	Deferred Credits	47,416
11.			Customer Deposits - Interest	1,051
12.			A/P - Assoc. Companies	1,210,660
13.	Net Utility Plant	\$ <u>7,020,687</u>	Deferred Revenue	-
14.			Total	\$ <u>1,696,244</u>
15.				
16.			Advances In Aid of Construction	
17.	Plant Acquisition Adjustment-Water	(128,117)	Water	0
18.	Plant Acquisition Adjustment-Sewer	-	Sewer	-
19.		<u> </u>	Total	\$ <u>0</u>
20.	Total	\$ (128,117)		
21.			Contributions In Aid of Construction	
22.			Water	268,212
23.	Construction Work In Process-Water	(0)	Sewer	-
24.	Construction Work In Process-Sewer	-	Total	\$ <u>268,212</u>
25.		<u> </u>		
26.	Total	\$ (0)	Accumulated Deferred Income Tax	
27.			Unamortized ITC	-
28.	Current Assets		Deferred Tax - Federal	768,072
29.	Cash	108,453	Deferred Tax - State	(98,309)
30.	Accounts Receivable - Net	1,042,284	Total	\$ <u>669,763</u>
31.	Other Current Assets	14,782		
32.		<u> </u>	TOTAL LIABILITIES AND OTHER CREDITS	
33.	Total	\$ 1,165,519		\$ <u>8,265,480</u>
34.				
35.				
36.	Deferred Charges	207,391		
37.		<u> </u>		
38.	TOTAL ASSETS	\$ <u>8,265,480</u>		

A

B

Line No.		12/31/2017 Test Year
1.	Operating Revenues	
2.	Service Revenues - Water	\$ 2,414,588
3.	Service Revenues - Sewer	-
4.	Miscellaneous Revenues	62,803
5.		
6.	Total Operating Revenues	\$ 2,477,391
7.		
8.	Maintenance Expenses	
9.	Salaries and Wages	\$ 653,429
10.	Purchase Water/Sewer	123,204
11.	Purchased Power	101,367
12.	Maintenance and Repair	127,934
13.	Maintenance Testing	43,482
14.	Meter Reading	-
15.	Chemicals	108,012
16.	Transportation	28,507
17.	Operating Exp. Charged to Plant	(110,733)
18.	Outside Services - Other	39,770
19.		
20.	Total	\$ 1,114,973
21.		
22.	General Expenses	
23.	Salaries and Wages	\$ 137,409
24.	Office Supplies & Other Office Exp.	63,578
25.	Regulatory Commission Exp.	69,645
26.	Pension & Other Benefits	183,280
27.	Rent	12,269
28.	Operating Leases	-
29.	Insurance	75,288
30.	Office Utilities	50,335
31.	Uncollectible Accounts	45,687
32.	Miscellaneous	33,336
33.		
34.	Total	\$ 670,828
35.		
36.	Depreciation	\$ 290,060
37.	Amortization of PAA	(3,660)
38.	Taxes Other Than Income	156,799
39.	Expense Reduction Related to Clinton Sewer Operations	(177,741)
40.	Income Taxes - Federal	53,891
41.	Income Taxes - State	16,380
42.	Amortization of CIAC	(7,516)
43.		
44.	Total	\$ 328,214
45.		
46.	Total Operating Expenses	\$ 2,114,014
47.		
48.	Net Operating Income	\$ 363,378
49.		
50.	Other Income	\$ (4,277)
51.	Interest During Construction	(1,025)
52.	Interest on Debt	156,983
53.		
54.	Net Income	\$ 211,696

Application

Exhibit 18

WATER SERVICE CORPORATION OF KENTUCKY

Exhibit 18

Case No. 2018 - 00208

Combined Operations

Test Year Ended 12/31/2017

UTILITY NAME: Water Service Corporation of Kentucky

Original Budget	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 Budget	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2018 Budget
Plant Spending	41,792	78,292	89,292	34,292	243,667	28,451	38,451	53,451	28,451	148,805
Cap Time (Plant and Project)	30,520	30,520	30,520	30,520	122,081	49,511	32,269	44,676	32,269	158,724
Projects (excluding cap time and IDC)										
Backhoe (Middlesboro)	-	-	-	-	-	95,000	-	-	-	95,000
GIS Conversion	-	-	-	-	-	48,000	-	-	-	48,000
Backhoe (Clinton)	-	-	-	-	-	95,000	-	-	-	95,000
Middlesboro AMI project	-	-	-	-	-	52,500	-	52,500	-	105,000
Middlesboro sludge press	-	-	-	-	-	25,000	-	-	-	25,000
Transportation	-	-	-	-	-	-	80,000	-	-	80,000
Total	72,312	108,812	119,812	64,812	365,748	393,462	150,720	150,627	60,720	755,529

Updated Forecast	Actuals	Actuals	Actuals	Actuals	2017 Actuals	Actual	Forecast ¹	Forecast ¹	Forecast ¹	2018 Forecast
Plant Spending	25,515	50,437	65,452	83,468	224,872	13,497	25,027	-	-	38,524
Cap Time (Plant)	28,739	29,198	27,215	18,503	103,654	17,689	-	-	-	17,689
Projects (including cap time and IDC)										
Clinton Main Replacement (Kane/Robertson/Barkley)	-	-	-	-	-	-	-	-	-	-
KENTUCKY GIS CONVERSION	-	-	-	-	-	-	26,141	-	-	26,141
Middlesboro AMI project	-	-	-	-	-	-	-	-	-	-
Middlesboro sludge press	-	-	-	-	-	-	-	-	-	-
Transportation	-	-	-	29,128	29,128	-	51,477	-	-	51,477
Total	54,253	79,635	92,667	131,099	357,654	31,186	102,645	-	-	133,831

¹ Forecasted spending included as pro-forma adjustments in 2018-00208

Application

Exhibit 19

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
2018 TOTI Budget

Exhibit 20

	A	B	C	D	E	F	G	H	I	J	K	L	M	O	P	Q	R
Line	CO	Obj	Account	Region	State	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
1.	345	7545	Property	MWR	KY	889	911	911	911	911	911	911	911	911	911	911	911
2.	345	7555	Real Estate	MWR	KY	5,081	5,208	5,208	5,208	5,208	5,208	5,208	5,208	5,208	5,208	5,208	5,208
3.	345	7535	Franchise	MWR	KY	-	-	-	-	-	-	-	-	-	-	-	-
4.	345	7540	Gross Receipt	MWR	KY	-	-	-	-	-	-	-	-	-	-	-	-
5.	345	7570	Utility	MWR	KY	350	347	341	347	369	398	400	374	354	342	346	332
6.	345	7510	Payroll Taxes	MWR	KY	919	880	1,289	829	852	802	796	804	763	786	755	726
7.	345	7555	Real estate taxes	MWR	KY	-	1,056	-	-	-	-	937	-	-	-	-	-
8.	345	7535	Franchise taxes	MWR	KY	15	15	15	15	15	15	15	15	15	15	15	15
9.	345	7510	Payroll Taxes	MWR	KY	728	728	728	746	629	610	610	475	405	397	397	352
10.	345	7510	Payroll Taxes	MWR	KY	-	-	-	-	-	-	-	-	-	-	-	-
11.	345	7510	Payroll Taxes	MWR	KY	4,304	3,716	4,040	4,033	4,367	4,485	4,674	4,980	3,883	4,723	4,299	4,127

Application

Exhibit 20

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
PF Plant - Pro Forma Summary
Test Year Ended 12/31/2017

Exhibit 20

Line No	Account	Category	Source	Start Date of Construction	Proposed in Service Date	Total Estimated Cost	CWIP at 12/31/2017	Retirement Amount	Retirement Date	Original Cost of Plant Being Replaced	Cost of Removal of Plant Being Replaced	Variance to Budget	Depreciation Expense
1.	1115	GL Additions	w/p [n]	1/31/2018	1/31/2018	\$ 122	-	-	N/A	N/A	N/A	N/A \$	4
2.	1190	GL Additions	w/p [n]	2/28/2018	2/28/2018	\$ 41	-	-	N/A	N/A	N/A	N/A \$	3
3.	1190	GL Additions	w/p [n]	2/28/2018	2/28/2018	\$ 41	-	-	N/A	N/A	N/A	N/A \$	3
4.	1190	GL Additions	w/p [n]	2/28/2018	2/28/2018	\$ 41	-	-	N/A	N/A	N/A	N/A \$	3
5.	1140	GL Additions	w/p [n]	2/28/2018	2/28/2018	\$ 81	-	-	N/A	N/A	N/A	N/A \$	4
6.	1195	GL Additions	w/p [n]	2/28/2018	2/28/2018	\$ 41	-	-	N/A	N/A	N/A	N/A \$	2
7.	1190	GL Additions	w/p [n]	2/28/2018	2/28/2018	\$ 81	-	-	N/A	N/A	N/A	N/A \$	5
8.	1195	GL Additions	w/p [n]	3/31/2018	3/31/2018	\$ 81	-	-	N/A	N/A	N/A	N/A \$	4
9.	1195	GL Additions	w/p [n]	3/31/2018	3/31/2018	\$ 41	-	-	N/A	N/A	N/A	N/A \$	2
10.	1195	GL Additions	w/p [n]	3/31/2018	3/31/2018	\$ 81	-	-	N/A	N/A	N/A	N/A \$	4
11.	1140	GL Additions	w/p [n]	5/31/2018	5/31/2018	\$ 41	-	-	N/A	N/A	N/A	N/A \$	2
12.	1055	GL Additions	w/p [n]	1/11/2018	1/11/2018	\$ 3,600	-	-	N/A	N/A	N/A	N/A \$	100
13.	1200	GL Additions	w/p [n]	1/11/2018	1/11/2018	\$ 1,041	-	-	N/A	N/A	N/A	N/A \$	52
14.	1200	GL Additions	w/p [n]	1/11/2018	1/11/2018	\$ 40	-	-	N/A	N/A	N/A	N/A \$	2
15.	1200	GL Additions	w/p [n]	1/11/2018	1/11/2018	\$ 65	-	-	N/A	N/A	N/A	N/A \$	3
16.	1190	GL Additions	w/p [n]	1/17/2018	1/17/2018	\$ 893	-	-	N/A	N/A	N/A	N/A \$	57
17.	1190	GL Additions	w/p [n]	1/17/2018	1/17/2018	\$ 29	-	-	N/A	N/A	N/A	N/A \$	2
18.	1190	GL Additions	w/p [n]	1/17/2018	1/17/2018	\$ 55	-	-	N/A	N/A	N/A	N/A \$	4
19.	1200	GL Additions	w/p [n]	1/18/2018	1/18/2018	\$ (10)	-	-	N/A	N/A	N/A	N/A \$	(0)
20.	1130	GL Additions	w/p [n]	1/26/2018	1/26/2018	\$ 809	-	-	N/A	N/A	N/A	N/A \$	27
21.	1130	GL Additions	w/p [n]	1/26/2018	1/26/2018	\$ 49	-	-	N/A	N/A	N/A	N/A \$	2
22.	1100	GL Additions	w/p [n]	1/26/2018	1/26/2018	\$ 444	-	-	N/A	N/A	N/A	N/A \$	14
23.	1195	GL Additions	w/p [n]	1/29/2018	1/29/2018	\$ 352	-	-	N/A	N/A	N/A	N/A \$	18
24.	1195	GL Additions	w/p [n]	2/20/2018	2/20/2018	\$ 3,950	-	-	N/A	N/A	N/A	N/A \$	198
25.	1195	GL Additions	w/p [n]	2/20/2018	2/20/2018	\$ 237	-	-	N/A	N/A	N/A	N/A \$	12
26.	1195	GL Additions	w/p [n]	2/20/2018	2/20/2018	\$ 70	-	-	N/A	N/A	N/A	N/A \$	4
27.	1190	GL Additions	w/p [n]	3/1/2018	3/1/2018	\$ 456	-	-	N/A	N/A	N/A	N/A \$	29
28.	1195	GL Additions	w/p [n]	3/5/2018	3/5/2018	\$ (4)	-	-	N/A	N/A	N/A	N/A \$	(0)
29.	1105	GL Additions	w/p [n]	3/8/2018	3/8/2018	\$ (53)	-	-	N/A	N/A	N/A	N/A \$	(2)
30.	1195	GL Additions	w/p [n]	3/14/2018	3/14/2018	\$ 622	-	-	N/A	N/A	N/A	N/A \$	31
31.	1195	GL Additions	w/p [n]	3/14/2018	3/14/2018	\$ 28	-	-	N/A	N/A	N/A	N/A \$	1
32.	1195	GL Additions	w/p [n]	3/14/2018	3/14/2018	\$ 37	-	-	N/A	N/A	N/A	N/A \$	2
33.	1105	GL Additions	w/p [n]	3/21/2018	3/21/2018	\$ 632	-	-	N/A	N/A	N/A	N/A \$	20
34.	1105	GL Additions	w/p [n]	3/21/2018	3/21/2018	\$ 38	-	-	N/A	N/A	N/A	N/A \$	1
35.	1105	GL Additions	w/p [n]	3/21/2018	3/21/2018	\$ 65	-	-	N/A	N/A	N/A	N/A \$	2
36.	1125	GL Additions	w/p [n]	4/11/2018	4/11/2018	\$ 247	-	-	N/A	N/A	N/A	N/A \$	5
37.	1125	GL Additions	w/p [n]	4/11/2018	4/11/2018	\$ 15	-	-	N/A	N/A	N/A	N/A \$	0
38.	1055	GL Additions	w/p [n]	4/13/2018	4/13/2018	\$ 209	-	-	N/A	N/A	N/A	N/A \$	6
39.	1055	GL Additions	w/p [n]	4/13/2018	4/13/2018	\$ 162	-	-	N/A	N/A	N/A	N/A \$	5
40.	1190	GL Additions	w/p [n]	4/18/2018	4/18/2018	\$ 303	-	-	N/A	N/A	N/A	N/A \$	19
41.	1055	GL Additions	w/p [n]	4/20/2018	4/20/2018	\$ 1,808	-	-	N/A	N/A	N/A	N/A \$	50
42.	1055	GL Additions	w/p [n]	4/24/2018	4/24/2018	\$ 1,955	-	-	N/A	N/A	N/A	N/A \$	54
43.	1055	GL Additions	w/p [n]	4/24/2018	4/24/2018	\$ 1,330	-	-	N/A	N/A	N/A	N/A \$	37
44.	1130	GL Additions	w/p [n]	5/16/2018	5/16/2018	\$ 636	-	-	N/A	N/A	N/A	N/A \$	21
45.	1130	GL Additions	w/p [n]	5/16/2018	5/16/2018	\$ 261	-	-	N/A	N/A	N/A	N/A \$	9
46.	1130	GL Additions	w/p [n]	5/16/2018	5/16/2018	\$ 83	-	-	N/A	N/A	N/A	N/A \$	3
47.	1130	GL Additions	w/p [n]	5/18/2018	5/18/2018	\$ (636)	-	-	N/A	N/A	N/A	N/A \$	(21)
48.	1130	GL Additions	w/p [n]	5/18/2018	5/18/2018	\$ 636	-	-	N/A	N/A	N/A	N/A \$	21
49.	1130	GL Additions	w/p [n]	5/29/2018	5/29/2018	\$ 256	-	-	N/A	N/A	N/A	N/A \$	9
50.	1130	GL Additions	w/p [n]	5/30/2018	5/30/2018	\$ 301	-	-	N/A	N/A	N/A	N/A \$	10
51.	1130	GL Additions	w/p [n]	5/30/2018	5/30/2018	\$ 60	-	-	N/A	N/A	N/A	N/A \$	2
52.	1130	GL Additions	w/p [n]	5/30/2018	5/30/2018	\$ 70	-	-	N/A	N/A	N/A	N/A \$	2
53.	1130	GL Additions	w/p [n]	5/30/2018	5/30/2018	\$ 26	-	-	N/A	N/A	N/A	N/A \$	1
54.	1190	GL Additions	w/p [n]	5/31/2018	5/31/2018	\$ 330	-	-	N/A	N/A	N/A	N/A \$	21
55.	1130	GL Additions	w/p [n]	6/6/2018	6/6/2018	\$ (1)	-	-	N/A	N/A	N/A	N/A \$	(0)
56.	1195	GL Additions	w/p [n]	6/7/2018	6/7/2018	\$ (237)	-	-	N/A	N/A	N/A	N/A \$	(12)
57.	1190	GL Additions	w/p [n]	6/14/2018	6/14/2018	\$ 949	-	-	N/A	N/A	N/A	N/A \$	60
58.	1130	GL Additions	w/p [n]	6/14/2018	6/14/2018	\$ (54)	-	-	N/A	N/A	N/A	N/A \$	(2)
59.	1055	GL Additions	w/p [n]	6/18/2018	6/18/2018	\$ 295	-	-	N/A	N/A	N/A	N/A \$	8
60.	1055	GL Additions	w/p [n]	6/18/2018	6/18/2018	\$ 295	-	-	N/A	N/A	N/A	N/A \$	8
61.	1130	GL Additions	w/p [n]	6/21/2018	6/21/2018	\$ 740	-	-	N/A	N/A	N/A	N/A \$	25

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
PF Plant - Pro Forma Summary
Test Year Ended 12/31/2017

Exhibit 20

Line No	Account	Category	Source	Start Date of Construction	Proposed in Service Date	Total Estimated Cost	CWIP at 12/31/2017	Retirement Amount	Retirement Date	Original Cost of Plant Being Replaced	Cost of Removal of Plant Being Replaced	Variance to Budget	Depreciation Expense
62.	1195	GL Additions	w/p [n]	1/30/2018	1/30/2018	\$ (421)	-	-	N/A	N/A	N/A	N/A \$	(21)
63.	1130	GL Additions	w/p [n]	4/13/2018	4/13/2018	\$ (314)	-	-	N/A	N/A	N/A	N/A \$	(10)
64.	1130	GL Additions	w/p [n]	4/13/2018	4/13/2018	\$ (504)	-	-	N/A	N/A	N/A	N/A \$	(17)
65.	1105	GL Additions	w/p [n]	4/25/2018	4/25/2018	\$ (670)	-	-	N/A	N/A	N/A	N/A \$	(21)
66.	1200	GL Additions	w/p [n]	1/17/2018	1/17/2018	\$ 16	-	-	N/A	N/A	N/A	N/A \$	1
67.	1130	GL Additions	w/p [n]	1/30/2018	1/30/2018	\$ 1	-	-	N/A	N/A	N/A	N/A \$	0
68.	1190	GL Additions	w/p [n]	1/31/2018	1/31/2018	\$ 2	-	-	N/A	N/A	N/A	N/A \$	0
69.	1195	GL Additions	w/p [n]	2/14/2018	2/14/2018	\$ 4	-	-	N/A	N/A	N/A	N/A \$	0
70.	1195	GL Additions	w/p [n]	2/20/2018	2/20/2018	\$ 421	-	-	N/A	N/A	N/A	N/A \$	21
71.	1195	GL Additions	w/p [n]	3/15/2018	3/15/2018	\$ 1	-	-	N/A	N/A	N/A	N/A \$	0
72.	1195	GL Additions	w/p [n]	3/15/2018	3/15/2018	\$ 1	-	-	N/A	N/A	N/A	N/A \$	0
73.	1105	GL Additions	w/p [n]	3/27/2018	3/27/2018	\$ 5	-	-	N/A	N/A	N/A	N/A \$	0
74.	1105	GL Additions	w/p [n]	3/27/2018	3/27/2018	\$ 21	-	-	N/A	N/A	N/A	N/A \$	1
75.	1130	GL Additions	w/p [n]	4/13/2018	4/13/2018	\$ 549	-	-	N/A	N/A	N/A	N/A \$	18
76.	1130	GL Additions	w/p [n]	4/13/2018	4/13/2018	\$ 34	-	-	N/A	N/A	N/A	N/A \$	1
77.	1130	GL Additions	w/p [n]	4/13/2018	4/13/2018	\$ 594	-	-	N/A	N/A	N/A	N/A \$	20
78.	1130	GL Additions	w/p [n]	4/13/2018	4/13/2018	\$ 214	-	-	N/A	N/A	N/A	N/A \$	7
79.	1125	GL Additions	w/p [n]	4/13/2018	4/13/2018	\$ 15	-	-	N/A	N/A	N/A	N/A \$	0
80.	1190	GL Additions	w/p [n]	4/18/2018	4/18/2018	\$ 69	-	-	N/A	N/A	N/A	N/A \$	4
81.	1105	GL Additions	w/p [n]	4/25/2018	4/25/2018	\$ 729	-	-	N/A	N/A	N/A	N/A \$	23
82.	1130	GL Additions	w/p [n]	6/4/2018	6/4/2018	\$ 13	-	-	N/A	N/A	N/A	N/A \$	0
83.	1130	GL Additions	w/p [n]	6/5/2018	6/5/2018	\$ (10)	-	-	N/A	N/A	N/A	N/A \$	(0)
84.	1130	GL Additions	w/p [n]	6/5/2018	6/5/2018	\$ (11)	-	-	N/A	N/A	N/A	N/A \$	(0)
85.	1190	GL Additions	w/p [n]	6/6/2018	6/6/2018	\$ 9	-	-	N/A	N/A	N/A	N/A \$	1
86.	1190	GL Additions	w/p [n]	6/14/2018	6/14/2018	\$ 82	-	-	N/A	N/A	N/A	N/A \$	5
87.	1585	MINI COMPUTERS WTR	w/p [I]	1/4/2018	1/4/2018	\$ 8,879	-	-	N/A	N/A	N/A	N/A \$	71
88.	1585	MINI COMPUTERS WTR	w/p [I]	1/10/2018	1/10/2018	\$ 30,140	-	-	N/A	N/A	N/A	N/A \$	241
89.	1585	MINI COMPUTERS WTR	w/p [I]	1/11/2018	1/11/2018	\$ 1,684	-	-	N/A	N/A	N/A	N/A \$	13
90.	1585	MINI COMPUTER WTR	w/p [I]	1/22/2018	1/22/2018	\$ 7,561	-	-	N/A	N/A	N/A	N/A \$	61
91.	1585	MINI COMPUTER WTR	w/p [I]	1/25/2018	1/25/2018	\$ 37,981	-	-	N/A	N/A	N/A	N/A \$	304
92.	1585	MINI COMPUTER WTR	w/p [I]	1/31/2018	1/31/2018	\$ 17,681	-	-	N/A	N/A	N/A	N/A \$	142
93.	1585	MINI COMPUTERS WTR	w/p [I]	2/7/2018	2/7/2018	\$ 857	-	-	N/A	N/A	N/A	N/A \$	7
94.	1585	MINI COMPUTERS WTR	w/p [I]	2/15/2018	2/15/2018	\$ 5,894	-	-	N/A	N/A	N/A	N/A \$	47
95.	1585	MINI COMPUTERS WTR	w/p [I]	2/28/2018	2/28/2018	\$ 37,726	-	-	N/A	N/A	N/A	N/A \$	302
96.	1585	MINI COMPUTERS WTR	w/p [I]	3/1/2018	3/1/2018	\$ 123	-	-	N/A	N/A	N/A	N/A \$	1
97.	1585	MINI COMPUTERS WTR	w/p [I]	3/7/2018	3/7/2018	\$ 2,389	-	-	N/A	N/A	N/A	N/A \$	19
98.	1585	MINI COMPUTERS WTR	w/p [I]	3/15/2018	3/15/2018	\$ 24,370	-	-	N/A	N/A	N/A	N/A \$	195
99.	1585	MINI COMPUTERS WTR	w/p [I]	3/22/2018	3/22/2018	\$ 40,204	-	-	N/A	N/A	N/A	N/A \$	322
100.	1585	MINI COMPUTERS WTR	w/p [I]	3/23/2018	3/23/2018	\$ 2,177	-	-	N/A	N/A	N/A	N/A \$	17
101.	1585	MINI COMPUTERS WTR	w/p [I]	4/2/2018	4/2/2018	\$ 1,250	-	-	N/A	N/A	N/A	N/A \$	10
102.	1585	MINI COMPUTERS WTR	w/p [I]	4/4/2018	4/4/2018	\$ 1,095	-	-	N/A	N/A	N/A	N/A \$	9
103.	1585	MINI COMPUTERS WTR	w/p [I]	4/4/2018	4/4/2018	\$ 100,428	-	-	N/A	N/A	N/A	N/A \$	804
104.	1585	MINI COMPUTERS WTR	w/p [I]	4/6/2018	4/6/2018	\$ 23,540	-	-	N/A	N/A	N/A	N/A \$	189
105.	1585	MINI COMPUTERS WTR	w/p [I]	4/10/2018	4/10/2018	\$ 10,481	-	-	N/A	N/A	N/A	N/A \$	84
106.	1585	MINI COMPUTERS WTR	w/p [I]	4/11/2018	4/11/2018	\$ 337	-	-	N/A	N/A	N/A	N/A \$	3
107.	1585	MINI COMPUTERS WTR	w/p [I]	4/12/2018	4/12/2018	\$ 3,253	-	-	N/A	N/A	N/A	N/A \$	26
108.	1585	MINI COMPUTERS WTR	w/p [I]	4/16/2018	4/16/2018	\$ 116	-	-	N/A	N/A	N/A	N/A \$	1
109.	1585	MINI COMPUTERS WTR	w/p [I]	4/23/2018	4/23/2018	\$ 5,805	-	-	N/A	N/A	N/A	N/A \$	46
110.	1585	MINI COMPUTERS WTR	w/p [I]	4/30/2018	4/30/2018	\$ 11,335	-	-	N/A	N/A	N/A	N/A \$	91
111.	1585	MINI COMPUTERS WTR	w/p [I]	5/1/2018	5/1/2018	\$ 261	-	-	N/A	N/A	N/A	N/A \$	2
112.	1585	MINI COMPUTERS WTR	w/p [I]	5/10/2018	5/10/2018	\$ 1,210	-	-	N/A	N/A	N/A	N/A \$	10
113.	1585	MINI COMPUTERS WTR	w/p [I]	5/17/2018	5/17/2018	\$ 36,895	-	-	N/A	N/A	N/A	N/A \$	295
114.	1585	MINI COMPUTERS WTR	w/p [I]	5/31/2018	5/31/2018	\$ 1,830	-	-	N/A	N/A	N/A	N/A \$	15
115.	1585	MINI COMPUTERS WTR	w/p [I]	5/30/2018	5/30/2018	\$ 68,921	-	-	N/A	N/A	N/A	N/A \$	552
116.	1590	COMP SYS COST WTR	w/p [I]	1/11/2018	1/11/2018	\$ 1,093	-	-	N/A	N/A	N/A	N/A \$	3
117.	1590	COMP SYS COST WTR	w/p [I]	2/7/2018	2/7/2018	\$ 63	-	-	N/A	N/A	N/A	N/A \$	0
118.	1590	COMP SYS COST WTR	w/p [I]	4/30/2018	4/30/2018	\$ 219	-	-	N/A	N/A	N/A	N/A \$	1
119.	1590	COMP SYS COST WTR	w/p [I]	5/10/2018	5/10/2018	\$ 55	-	-	N/A	N/A	N/A	N/A \$	0
120.	1590	ENTERPRISE ASSET MANAGEMENT	w/p [I]	3/31/2016	2/23/2018	\$ 1,465,000	-	-	N/A	N/A	N/A	N/A \$	4,400
121.	1590	Meter to Cash Dashboard	w/p [I]	8/31/2018	8/31/2018	\$ 175,000	-	-	N/A	N/A	N/A	N/A \$	526
122.	1590	EAM/OMS Phase II	w/p [I]	3/31/2016	10/31/2018	\$ 1,069,923	-	-	N/A	N/A	N/A	N/A \$	3,213

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2018 - 00208
PF Plant - Pro Forma Summary
Test Year Ended 12/31/2017

Exhibit 20

	A	B	C	D	E	F	G	H	I	J	K	L	M
Line No	Account	Category	Source	Start Date of Construction	Proposed in Service Date	Total Estimated Cost	CWIP at 12/31/2017	Retirement Amount	Retirement Date	Original Cost of Plant Being Replaced	Cost of Removal of Plant Being Replaced	Variance to Budget	Depreciation Expense
123.	1590	SEW Platform	w/p [l]	9/21/2017	9/30/2018	\$ 1,606,584	-	-	N/A	N/A	N/A	N/A	\$ 9,649
124.	1590	GIS SYSTEM***	w/p [l]	6/6/2018	8/31/2018	\$ 26,141	-	-	N/A	N/A	N/A	N/A	\$ 8,714
125.	1555	2018 KY VEHICLE PURCHASE	w/p [m]	5/30/2018	5/30/2018	\$ 43,250	-	-	N/A	N/A	N/A	N/A	\$ 10,295