

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF WATER )  
SERVICE CORPORATION OF KENTUCKY FOR A ) CASE NO. 2020-00160  
GENERAL ADJUSTMENT IN EXISTING RATES )

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**ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION TO WATER  
SERVICE CORPORATION OF KENTUCKY**

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Comes now the intervenor, the Attorney General of the Commonwealth of Kentucky, by and through his Office of Rate Intervention ("Attorney General"), and submits his First Request for Information to Water Service Corporation of Kentucky (hereinafter "Water Service Kentucky" or the "Company") to be answered by August 19, 2020, and in accord with the following:

- (1) In each case where a request seeks data provided in response to a staff request, reference to the appropriate requested item will be deemed a satisfactory response.
- (2) Identify the witness who will be prepared to answer questions concerning each request.
- (3) Repeat the question to which each response is intended to refer.
- (4) These requests shall be deemed continuing so as to require further and supplemental responses if the company receives or generates additional information within the scope of these requests between the time of the response

and the time of any hearing conducted hereon.

(5) Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

(6) If you believe any request appears confusing, please request clarification directly from undersigned Counsel for the Office of Attorney General.

(7) To the extent that the specific document, workpaper or information as requested does not exist, but a similar document, workpaper or information does exist, provide the similar document, workpaper, or information.

(8) To the extent that any request may be answered by way of a computer printout, please identify each variable contained in the printout, which would not be self-evident to a person not familiar with the printout.

(9) If the company has objections to any request on the grounds that the requested information is proprietary in nature, or for any other reason, notify the Office of the Attorney General as soon as possible, and in accordance with Commission direction.

(10) As used herein, the words "document" or "documents" are to be construed broadly and shall mean the original of the same (and all non-identical copies or drafts thereof) and if the original is not available, the best copy available. These terms shall include all information recorded in any written, graphic or other

tangible form and shall include, without limiting the generality of the foregoing, all reports; memoranda; books or notebooks; written or recorded statements, interviews, affidavits and depositions; all letters or correspondence; telegrams, cables and telex messages; contracts, leases, insurance policies or other agreements; warnings and caution/hazard notices or labels; mechanical and electronic recordings and all information so stored, or transcripts of such recordings; calendars, appointment books, schedules, agendas and diary entries; notes or memoranda of conversations (telephonic or otherwise), meetings or conferences; legal pleadings and transcripts of legal proceedings; maps, models, charts, diagrams, graphs and other demonstrative materials; financial statements, annual reports, balance sheets and other accounting records; quotations or offers; bulletins, newsletters, pamphlets, brochures and all other similar publications; summaries or compilations of data; deeds, titles, or other instruments of ownership; blueprints and specifications; manuals, guidelines, regulations, procedures, policies and instructional materials of any type; photographs or pictures, film, microfilm and microfiche; videotapes; articles; announcements and notices of any type; surveys, studies, evaluations, tests and all research and development (R&D) materials; newspaper clippings and press releases; time cards, employee schedules or rosters, and other payroll records; cancelled checks, invoices, bills and receipts; and writings of any kind and all other tangible things upon which any handwriting, typing, printing, drawings, representations, graphic matter, magnetic or electrical impulses, or other forms of communication are

recorded or produced, including audio and video recordings, computer stored information (whether or not in printout form), computer-readable media or other electronically maintained or transmitted information regardless of the media or format in which they are stored, and all other rough drafts, revised drafts (including all handwritten notes or other marks on the same) and copies of documents as hereinbefore defined by whatever means made.

(11) For any document withheld on the basis of privilege, state the following: date; author; addressee; indicated or blind copies; all persons to whom distributed, shown, or explained; and, the nature and legal basis for the privilege asserted.

(12) In the event any document called for has been destroyed or transferred beyond the control of the company, please state: the identity of the person by whom it was destroyed or transferred, and the person authorizing the destruction or transfer; the time, place, and method of destruction or transfer; and, the reason(s) for its destruction or transfer. If destroyed or disposed of by operation of a retention policy, state the retention policy.

(13) Provide written responses, together with any and all exhibits pertaining thereto, in one or more bound volumes, separately indexed and tabbed by each response, in compliance with Kentucky Public Service Commission Regulations.

(14) "And" and "or" should be considered to be both conjunctive and disjunctive, unless specifically stated otherwise.

(15) "Each" and "any" should be considered to be both singular and plural, unless specifically stated otherwise.

Respectfully submitted,

DANIEL J. CAMERON  
ATTORNEY GENERAL

*Angela M. Goad*

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ANGELA M. GOAD  
J. MICHAEL WEST  
LAWRENCE W. COOK  
JOHN G. HORNE II  
ASSISTANT ATTORNEYS GENERAL  
1024 CAPITAL CENTER DRIVE, SUITE 200  
FRANKFORT, KY 40601-8204  
PHONE: (502) 696-5421  
FAX: (502) 573-1005  
[Angela.Goad@ky.gov](mailto:Angela.Goad@ky.gov)  
[Michael.West@ky.gov](mailto:Michael.West@ky.gov)  
[Larry.Cook@ky.gov](mailto:Larry.Cook@ky.gov)  
[John.Horne@ky.gov](mailto:John.Horne@ky.gov)

*Certificate of Service and Filing*

Pursuant to the Commission's Order dated March 17, 2020 in Case No. 2020-00085, and in accord with all other applicable law, Counsel certifies that an electronic copy of the foregoing was served by e-mail to the following. A physical copy of the filing will be submitted to the Commission once the State of Emergency has ceased.

Todd Osterloh  
[tosterloh@sturgillturner.com](mailto:tosterloh@sturgillturner.com)

James Gardner  
[jgardner@sturgillturner.com](mailto:jgardner@sturgillturner.com)

This 5<sup>th</sup> day of August, 2020.

*Angela M. Aoad*

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Assistant Attorney General

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

1. Refer to the Application generally.
  - a. Provide an organizational chart of Water Service Kentucky, and designate whether each position is based in Kentucky or elsewhere.
  - b. Provide an organizational chart of WSC Shared Services (WSC), and designate whether each position is based in Kentucky or elsewhere, and what the allocation factor to Water Service Kentucky is for each position.
  - c. Provide an organizational chart of Corix Corporate Services, and designate whether each position is based in Kentucky or elsewhere, and what the allocation factor to Water Service Kentucky is for each position.
  - d. Provide an organizational chart of Corix Regulated Utilities, Inc., and designate whether each position is based in Kentucky or elsewhere, and what the allocation factor to Water Service Kentucky is for each position.
2. Refer to the Application generally. Provide a list of all entities that direct charge or allocate costs to Water Service Kentucky, and include the total amounts of costs that are direct charged and/or allocated to the Company in the test year.
3. Refer to the Application generally. Confirm whether Water Service Kentucky is requesting any costs associated with Project Phoenix to be included in the revenue requirement in the pending rate case. If so, identify the costs included in the revenue requirement by amount and by type.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

4. Refer to the Application generally. Provide a list that specifies all proposed pro forma adjustments, the amount of each pro forma adjustment, along with a description of each adjustment.
5. Refer to the Application generally. Pursuant to 807 KAR 5:001, Section 17(3), provide the proof of publication for both the original and corrected rate increase notice that was issued to Water Service Kentucky customers. Also, provide copies of all other notifications of the rate increase that Water Service Kentucky sent to the customers via bill inserts, posted on social media, etc.
6. Refer to the Application generally. Provide a detailed description of Water Service Kentucky's relationship with the cities of Middlesboro and Clinton. Ensure to include whether Water Service Kentucky has a physical office in either city for customers to call for assistance, come in to pay their bill, etc.
7. Refer to the Application generally. Explain in detail whether Water Service Kentucky provides annual reports of any kind to Middlesboro and Clinton. Explain why or why not.
8. Refer to the Application, page 1, paragraph 3, in which Water Service Kentucky states that it provides water service to approximately 6,955 equivalent residential customers.
  - a. Explain whether the equivalent residential customers are different from actual customers.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

- b. If there is a difference, then identify the number of actual customers that Water Service Kentucky provides service to in Middlesboro and Clinton, broken down by each city.
9. Refer to the Application, page 2, paragraph 10.
- a. Compare and contrast Water Service Kentucky's proposed Qualified Infrastructure Program (QIP) to Kentucky-American Water Company's (Kentucky-American) recently approved QIP in Case No. 2018-00358.
  - b. Provide the number of miles of pipeline that Water Service Kentucky has replaced in the past five calendar years. Ensure to include the type of pipeline that was replaced, and whether it was a planned replacement or a replacement based upon a water break, etc.
  - c. Provide the number of miles of pipeline that Water Service Kentucky proposes to replace each year under the QIP, if approved. Also, include the type of pipeline that will be replaced, and whether any designated geographical areas will be targeted first.
10. Refer to the Application, page 3, paragraph 12.
- a. Explain why Water Service Kentucky does not file an alternative rate filing pursuant to 807 KAR 5:076, due to not having gross annual revenues greater than \$5,000,000.
  - b. Explain whether Water Service Kentucky has ever considered filing an alternative rate filing in order to potentially save money for the ratepayers.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

11. Refer to the Application, Exhibit 2. Compare and contrast Water Service Kentucky's proposed Hidden Leak Adjustment Policy to Kentucky-American's Hidden Leak Adjustment Policy. Ensure to identify any material differences between the two policies.
12. Refer to the Direct Testimony of Steven Lubertozi (Lubertozi Testimony), page 4. Explain whether Water Service Kentucky has recently analyzed the cost to hire either in-house operations or third-party vendors versus the costs allocated from WSC and Corix for comparable services.
13. Refer to the Lubertozi Testimony, page 5.
  - a. Mr. Lubertozi states that Water Service Kentucky's State Manager reviews the allocated expenses received from WSC's accounting department and requests further information regarding the nature, level, and reasonableness of any expense that he determines may not be appropriate for allocation. Explain whether Water Service Kentucky refused to pay for an allocation from WSC in 2019 and 2020, and if so, provide a detailed list of all allocations that Water Service Kentucky refused to pay from WSC.
  - b. Explain whether Water Service Kentucky has the same process to review allocated expenses from Corix. Further, explain whether Water Service Kentucky refused to pay for an allocation from Corix in 2019 and 2020, and if so, provide a detailed list of all allocations that Water Service Kentucky refused to pay from Corix.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

- c. Mr. Lubertozzi states that for the purposes of this rate case, Water Service Kentucky evaluated all costs originating from employee expense reports that are allocated from WSC to Water Service Kentucky and removed certain expenses regardless of Water Service Kentucky's position that these expenses were prudently incurred. Provide a detailed list of the removed expenses, and explain why Water Service Kentucky removed them from the rate case.
14. Refer to the Lubertozzi Testimony, page 7, in which Mr. Lubertozzi discusses \$118,000 in new services and costs that are included in this rate case, not previously approved by the Commission. Provide a detailed breakdown of the \$118,000 expense, and provide an explanation as to why the new services and costs are necessary.
  15. Refer to the Direct Testimony of Robert Guttormsen (Guttormsen Testimony), page 7.
    - a. Mr. Guttormsen states that Water Service Kentucky is proposing adjustments to expense and rate base grounded upon known and measurable post-test year changes, items that can be reasonably predicted to occur in the rate effective year, or both so that it can continue to provide safe, reliable, and efficient water utility services to its customers while earning a reasonable operating margin for its investors.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

- i. Explain how, based upon Commission precedent, proposing adjustments to post-test year items meets the ratemaking criteria of being known and measurable.
    - ii. Provide a detailed list of all post-test year adjustments that Water Service Kentucky is proposing in the pending rate case, and include a description and the amount of each adjustment.
  - b. Mr. Guttormsen states that Water Service Kentucky just had its last rate increase on February 11, 2019. Based upon the rates having just increased in 2019, explain how Water Service Kentucky believes it is fair, just, and reasonable to request a 38.32% increase of annual revenues in the pending rate case.
  - c. Mr. Guttormsen asserts that Water Service Kentucky is operating at a book loss for the trailing twelve months ending March 31, 2020. Explain in detail how Water Service Kentucky is operating at a book loss.
  - d. Mr. Guttormsen asserts that the requested rate increase in the pending case includes an allowance that will afford Water Service Kentucky the opportunity to earn a 12% return on pro forma operating expenses. Provide what a 12% return on pro forma operating expenses is equivalent to in a return on equity, and provide all calculations of the same.
16. Refer to the Guttormsen Testimony, pages 9-10.
- a. Explain why Water Service Kentucky is not proposing to include direct costs related to its asset management goals in this proceeding.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

- b. Explain when Water Service Kentucky will be implementing the Asset Management Plan (AMP).
  - c. Explain when Water Service Kentucky will request the costs associated with AMP to be included in rate base.
  - d. Provide the full cost of AMP, and the full allocation amount to Water Service Kentucky.
17. Refer to Guttormsen Testimony, page 10. Provide Water Service Kentucky's annual water loss percentage for 2015, 2016, 2017, 2018, 2019, and thus far for 2020.
18. Refer to the Guttormsen Testimony, page 11. Explain why Water Service Kentucky uses the payment vendor First Billing Service instead of performing this function in-house or utilizing WSC or Corix.
19. Refer to the Guttormsen Testimony, pages 11-13, concerning Business Intelligence.
- a. Explain whether Water Service Kentucky is proposing to include costs related to Adaptive Insights in this proceeding.
  - b. If not, explain when Water Service Kentucky will request that the costs associated with Adaptive Insights will be included in rate base.
  - c. Provide the full cost of Adaptive Insights, and the full allocation amount to Water Service Kentucky.
  - d. Explain whether Water Service Kentucky is proposing to include costs related to Meter to Cash in this proceeding.
  - e. If not, explain when Water Service Kentucky will request that the costs associated with Meter to Cash will be included in rate base.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

- f. Provide the full cost of Meter to Cash, and the full allocation amount to Water Service Kentucky.
  - g. Explain whether Water Service Kentucky is proposing to include costs related to FUSION in this proceeding.
  - h. If not, explain when Water Service Kentucky will request that the costs associated with FUSION will be included in rate base.
  - i. Provide the full cost of FUSION, and the full allocation amount to Water Service Kentucky by cost amount and type.
20. Refer to the Guttormsen Testimony, page 16, in which Mr. Guttormsen states that, the salaries and wage expense has been adjusted with an increase of \$191,415 for projected salaries, taxes, and benefits for employees.
- a. Provide a detailed breakdown of the \$191,415 adjustment.
  - b. Provide the average annual raise that Water Service Kentucky provided to its employees for the calendar years 2015, 2016, 2017, 2018, 2019, and 2020. Identify the location of each employee that received an annual raise in the calendar years listed.
  - c. Provide the minimum raise and the maximum raise that Water Service Kentucky provided to its employees for the calendar years 2015, 2016, 2017, 2018, 2019, and 2020. Identify the location of each employee that received a minimum raise and maximum raise in the calendar years listed.
  - d. Explain whether the annual raise was directly connected to a performance review.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

- e. Identify all bonuses that Water Service Kentucky provided to its employees for the calendar years 2015, 2016, 2017, 2018, 2019, and 2020. Identify the location of each employee that received a bonus in the calendar years listed.
  - f. Provide a detailed explanation as to why the cost for employee benefits is projected to increase.
  - g. Provide a copy of each incentive compensation plan that was in effect during the test year. Further, provide the incentive compensation target metrics for Water Service Kentucky, and each affiliate allocating costs to Water Service Kentucky applicable to the test year. Further, describe how the incentive compensation target metrics are calculated and the source of the data used for the calculations. Also, provide Water Service Kentucky and each affiliate's actual performance against each of these metrics in the test year.
  - h. Provide the amount of incentive compensation expense pursuant to each incentive compensation plan included in the test year revenue requirement for each target metric used for this plan during the test year. Separately provide the costs directly incurred by the Company and the costs incurred through affiliate charges from each affiliate. In addition, provide these amounts by Operations & Maintenance (O&M) and/or Administrative & General expense account and/or capital account.
21. Refer to the Guttormsen Testimony, page 17. Explain why the four new positions that have been added since Water Service Kentucky's last base rate case are

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

necessary, when Water Service Kentucky has operated without these positions in the past.

22. Refer to the Guttormsen Testimony, page 19. Explain why the Vice President of Regulatory Affairs and Business Development's position is not expected to be filled until the hearing in this case.
23. Refer to the Guttormsen Testimony, page 21.
  - a. Explain why the Midwest Project Manager position is not expected to be filled until the hearing in this case.
  - b. Provide a breakdown of the \$10,000 incremental adjustment that Water Service Kentucky made to cover costs associated with preventative maintenance on assets.
24. Refer to the Guttormsen Testimony, page 22.
  - a. Provide a detailed breakdown of each category contained in the estimated rate case costs.
  - b. If a virtual hearing is conducted due to COVID-19, explain whether the \$7,400 cost assigned to travel will be removed.
25. Refer to the Guttormsen Testimony, page 24, in which Mr. Guttormsen states that Water Service Kentucky reduced the test-year book level of Corix costs by \$24,359, because the Company is not seeking recovery of this amount. Provide a breakdown of the costs contained in the \$24,359 that was removed, and provide a detailed explanation as to why each cost was removed.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

26. Refer to the Guttormsen Testimony, page 31, in which Mr. Guttormsen requests the proposed QIP rider to recover a return of 12%. Provide the approved return that the Commission recently approved for Kentucky-American's QIP rider.
27. Refer to the Guttormsen Testimony, page 32, in which Mr. Guttormsen asserts that the QIP rider would extend the period between Water Service Kentucky's rate cases. If the Commission approves the proposed QIP rider, provide the extended period that Water Service Kentucky envisions would be between rate cases.
28. Refer to the Direct Testimony of Andrew Dickson (Dickson Testimony), paragraph 9.
  - a. Explain how the proposed low-income volumetric rate does not violate KRS 278.170.
  - b. Water Service Kentucky states that it will cover any costs associated with the income verification outside of the revenue requirement. Explain whether Water Service Kentucky is stating that the shareholders will cover the costs of the income verification, and provide an approximate monetary amount that the verification process will cost.
  - c. Water Service Kentucky contends that approximately 36% of its customers are assumed to live below the poverty line. Water Service Kentucky further asserts that the median income in its service area in Kentucky is approximately \$25,455.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

- i. Provide all supporting documentation, broken down between Middlesboro and Clinton, which Water Service Kentucky relied upon when making the above assertions.
  - ii. Instead of providing a low-income volumetric rate, has Water Service Kentucky ever attempted to limit expenses to allow for less frequent rate cases?
29. Refer to the Direct Testimony of Stephen R. Vaughn (Vaughn Testimony), page 7.
  - a. Mr. Vaughn conveys that within the last 18 months, Water Service Kentucky has received 15 water quality complaints related to discoloration or taste and odor. Explain whether Water Service Kentucky has received additional complaints concerning issues other than water quality during the past 18 months, and if so, provide the total number of complaints received, a description of each complaint, and the resolution regarding the same.
  - b. Provide the process that Water Service Kentucky utilizes to address customer complaints.
30. Refer to the Vaughn Testimony, page 9. Provide the bid results for the Middlesboro Tank Reconditioning Project, total project costs, and a general update on whether a contractor has been chosen by the Company.
31. Refer to the Vaughn Testimony, page 12. Provide the bid results for the Clinton Tank Reconditioning Project, total project costs, and a general update as to whether a contractor has been chosen by the Company.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

32. Refer to the Direct Testimony of Shawn EliceGUI (EliceGUI Testimony), footnote 1, wherein it states that Corix Regulated Utilities, Inc. was previously known as Utilities, Inc., and that the name change occurred in 2019. Mr. EliceGUI further asserts that Corix Regulated Utilities, Inc. owns all of the Company's outstanding stock.
- a. Provide clarification as to whether Corix Regulated Utilities, Inc. owns all of Water Service Kentucky's outstanding stock or Utilities, Inc.'s outstanding stock.
  - b. If Utilities, Inc. changed its name in 2019 to Corix Regulated Utilities, Inc. then why is Utilities, Inc. referred to in the pending application 127 times.
  - c. Explain whether all Utilities, Inc. employees transferred to Corix Regulated Utilities, and if not, provide a detailed explanation of the same.
33. Refer to the Application generally. Provide the amount of Supplemental Executive Retirement Plan ("SERP") costs included in the test year O&M expenses. Provide these amounts broken down between the costs incurred directly by Water Service Kentucky, and the costs incurred through affiliate charges from each affiliate.
34. Refer to the Application, Exhibit 4, w/p [j], page 2 of 2, which reflects the projection of preventative maintenance and repair costs by activity. Refer further to lines 6 and 7, which both show annual maintenance of 366 hydrants in Middlesboro, one at a cost per unit of \$59 and the other one at a cost per unit of \$39. Refer also to the Vaughn Testimony, page 9, line 14, wherein he discusses that there are approximately 366 hydrants in Middlesboro.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

- a. Indicate whether the data in lines 6 and 7 represent a duplication of annual costs for the same hydrants. If not, explain why the two lines of annual costs are listed.
  - b. Indicate the total number of hydrants that are located in Middlesboro for which these activity costs should be incurred.
  - c. Explain why the two different costs per unit were utilized in these two lines and indicate the appropriate costs per unit for each line. In addition, provide copies of all supporting documentation to justify the costs per unit.
35. Refer to the Application, Exhibit 4, w/p [j], page 2 of 2, which reflects the projection of preventative maintenance and repair costs by activity. Refer also to line 9, which shows \$19,500 for the cleaning of sludge ponds. Describe this process including the frequency of cleaning, the number of sludge ponds being cleaned, and a detailed explanation as to whether the maintenance expense is expected to be recurring at this level on an annual basis.
36. Refer to the Application, Exhibit 4, w/p [j], page 1 of 2, which reflects the projection of deferred and amortized maintenance and repair costs by project description.
- a. For each of the projects listed on lines 18-22, provide the original cost amount estimate and explain why the costs appear to be higher on this schedule than in the copies of the estimates provided in the filing and referenced in the Vaughn Testimony at page 11, line 4. If the increased amounts relate to updated pricing or the time value of money then confirm

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

the same, and provide all calculations of such increases in electronic format with all formulas intact.

- b. Identify which, if any, of these projects is the same as the Bean's Fork Tank, for which cost recovery was requested in Case No. 2018-00208. If not listed in the pending rate case filing, explain why not.
  - c. For each of the projects listed on lines 18-22, provide an explanation for the basis to use a 10-year amortization period, especially since the time that has elapsed since the last reconditioning of Tanks 1 and 2 occurred 15 and 16 years ago, respectively, per the Vaughn Testimony, page 9.
37. Refer to the Application generally. Provide a schedule of the amortization expense associated with each regulatory asset for each year 2016 through 2019 and the test year. Provide the balance of each regulatory asset at the beginning and end of each of those years, the amortization expense recorded in each of those years, and the authorized amortization period. In addition, source the amortization period to the specific case number in which the Commission approved the recovery and the amortization period, if any.
38. Refer to the Commission's June 18, 2019 Rehearing Order in Case No. 2018-00208, at pages 3-4, which describes a recalculation, referenced in footnote 4, of depreciation expense performed by Water Service Kentucky reducing depreciation by \$22,386 using the "mid-point depreciation life of the average service life ranges and the net salvage values in the NARUC survey and

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

eliminating the cost of the computers that have been fully depreciated.” Provide a copy of the referenced calculation in electronic format with all formulas intact.

39. Refer to Water Service Kentucky’s response to the Commission Staff’s First Request for Information (Staff’s First Request), Item 3. Specifically, refer to the trial balance tabs included in the Filing Template Excel workbook that was provided in this response. Provide a historical side-by-side analysis in a similar format for all operating income accounts included in Water Service Kentucky’s trial balance, which shows account numbers, account names, and annual amounts for calendar years 2017, 2018, 2019, and the test year. Provide in electronic format with all formulas intact.
40. Refer to Water Service Kentucky’s response to Staff’s First Request, Item 3, Specifically, refer to the trial balance tabs included in the Filing Template Excel workbook that was provided in this response. Further, refer to the balance of \$756,025 that is included in account “1555 TRANSPORTATION EQPT WTR” of the above-referenced Filing Template Excel workbook.
  - a. Provide a schedule of all vehicles that are included in the above-referenced \$756,025 balance, which identifies the vehicle, purchase date, and purchase price (plant in service).
  - b. Provide the calculation of depreciation expense for each month during the test year showing the plant balance used, the depreciation rate, and the monthly computed depreciation recorded each month for each depreciation expense account.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

41. Refer to Water Service Kentucky's response to Staff's First Request, Item 14, which demonstrates high dollar amount and percentage increases for salaries over time for Shared Services and Operations and Management Employees.

- a. Provide a schedule of full-time equivalents (FTEs) and payroll dollars separated between expense, capital, and other, for Water Service Kentucky by department and by month for 2017, 2018, 2019, budgeted in each month in 2020, and actual in each month in 2020 for which actual information is available.
- b. Provide a schedule of FTEs and payroll dollars separated between expense, capital, and other, for Shared Services by department and by month for 2017, 2018, 2019, budgeted in each month in 2020, and actual in each month in 2020 for which actual information is available.
- c. The increased percentage in 2017 for Operations and Management Employees is reported to be 11%, while the increase in 2018 and 2019 is reported to be 9% and 8%, respectively. The increased percentage in 2017 for Shared Services is reported to be 14%, while the increase in 2018 and 2019 is reported to be 19% and 2%, respectively. Please provide the source data and calculations used to determine the amounts portrayed in the table provided in this response in electronic format with all formulas intact and explain all known reasons why there were such large salary increases during 2017, 2018, and 2019.

Electronic Application of Water Service Corporation of Kentucky  
for a General Adjustment in Existing Rates, Case No. 2020-00160

42. Refer to Water Service Kentucky's April 3, 2020 filing in Case No. 2018-00208. The filing demonstrates that Water Service Kentucky refunded \$52,088 to the customers via a Tax Cut and Jobs Act Surcredit; however, the Commission had ordered a credit of \$54,199. Explain how Water Service Kentucky intends to refund the additional \$2,111 to the customers.
43. Refer to Case No. 2019-00284, in which the Commission granted Water Service Kentucky's request for a deviation from 807 KAR 5:006, Section 26, and allowed the Company to inspect smaller valves every three years. Water Service Kentucky asserted in the above-referenced case that the deviation would save the Company approximately \$25,074 per year. Explain where these savings are included in the pending rate case application.