

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)

**ATTORNEY GENERAL’S SECOND REQUEST FOR INFORMATION TO WATER
SERVICE CORPORATION OF KENTUCKY**

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 Second Request for Information to Water Service Corporation of Kentucky (hereinafter “Water Service Kentucky” or the “Company”) to be answered by September 28, 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,

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Certificate of Service and Filing

Pursuant to the Commission's Orders dated March 16, 2020 and March 24, 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.

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James Gardner
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This 16th day of September, 2020.

Angela M. Aoad

Assistant Attorney General

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1. Refer to the Application generally. Provide a simplified chart identifying Water Service Kentucky's parent company or companies; all companies that allocate expenses to Water Service Kentucky either directly, or through a two-tiered allocation system; and the allocation percentage amount from each company to Water Service Kentucky.
2. Refer to Water Service Kentucky's response to the Attorney General's First Request for Information (First Request), Item 1(a), wherein Water Service Kentucky provided an organizational chart of Water Service Kentucky.
 - a. Explain what the numbers "(12,12)" stand for under Stephen Vaughn's name.
 - b. Further explain what is meant by "USKY Middlesboro Water" that appears under Stephen Vaughn's name. Does this indicate that Mr. Vaughn is stationed at the Middlesboro water plant, but is still in charge of the Clinton water plant as well?
 - c. Explain why all 13 employees listed in the Water Service Kentucky organizational chart have a "Corix US" designation. Ensure to explain whether these 13 employees are directly employed for Water Service Kentucky or Corix.
 - d. Out of the 13 Water Service Kentucky employees listed in the organizational chart, there are no customer service representatives. Explain why there are no local customer service representatives to assist customers with their questions and issues.
 - e. Explain what the position of "utility operations intern" entails, and whether it is a full-time or part-time position.
 - f. Explain why there are only 2 employees that are designated as "USKY Clinton Water."
 - g. Provide the salary of each of the Water Service Kentucky employees, as well as the salary and wage increases provided for each employee from 2015 – present day.

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- h. Provide a detailed explanation of the insurance benefits provided to Water Service Kentucky employees including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Water Service Kentucky employee, premiums paid by Water Service Kentucky on the employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
3. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 1(b), wherein Water Service Kentucky provided an organization chart of WSC Shared Services (WSC).
 - a. As originally requested, designate the location of each position.
 - b. Explain what the numbers "(9,117)" indicate underneath James Devine's name and title.
 - c. Water Service Kentucky indicated in the above-referenced response that the allocation factor for the WSC employees is 2.33%. Explain in detail how the allocation factor of 2.33% is utilized, and provide an example of the same.
 - d. Provide a chart demonstrating all allocation percentages made by WSC, and to what entity, for a total of 100%.
4. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 1(b), wherein Water Service Kentucky provided an organizational chart of "RVP."
 - a. Explain what entity "RVP" stands for with regard to the organizational chart provided.

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- b. Water Service Kentucky further states that the allocation factor for the RVP employees is 13.67%. Explain in detail how the allocation factor of 13.67% is utilized, and provide an example of the same.
 - c. Provide a chart demonstrating all allocation percentages made by RVP, and to what entity, for a total of 100%.
 - d. Provide the salary of each of the RVP employees, as well as the salary increases provided from 2015 – present day.
 - e. Provide a detailed explanation of the insurance benefits provided to RVP employees including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the RVP employees, premiums paid by RVP on the employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
5. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 1(c), wherein Water Service was asked to provide an organizational chart of Corix Corporate Services, but none was provided.
- a. Explain why Water Service Kentucky would not have an organizational chart of Corix Corporate Services.
 - b. Provide the salary of each of the Corix Corporate Services' employees, as well as the salary increases provided from 2015 – present day.
 - c. Provide a detailed explanation of the insurance benefits provided to Corix Corporate Services' employees including but not limited to health, dental, vision,

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life insurance, etc. Ensure to include all premiums paid by the Corix Corporate Services' employees, premiums paid by Corix Corporate Services on the employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.

6. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 1(d), wherein Water Service Kentucky was asked to provide an organizational chart of Corix Regulated Utilities, Inc., but none was provided.
 - a. Explain why Water Service Kentucky would not have an organizational chart of Corix Regulated Utilities.
 - b. Provide the salary of each of the Corix Regulated Utilities' employees, as well as the salary increases provided from 2015 – present day.
 - c. Provide a detailed explanation of the insurance benefits provided to Corix Regulated Utilities' employees including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the Corix Regulated Utilities' employees, premiums paid by Corix Regulated Utilities on the employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
7. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 2.
 - a. Provide the total amount of direct charges made from WSC to Water Service Kentucky in the test year.

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- b. Provide the total amount of allocated charges made from WSC to Water Service Kentucky.
- c. Provide the total amount of direct charges made from the Midwest Regional Cost Center to Water Service Kentucky in the test year.
- d. Provide the total amount of allocated charges made from the Midwest Regional Cost Center to Water Service Kentucky in the test year.
- e. Provide the allocation factor utilized by Midwest Regional Cost Center to Water Service Kentucky.
- f. Explain in full detail what the Midwest Regional Cost Center is, and what function(s) it provides for Water Service Kentucky. Ensure to explain whether the Midwest Regional Cost Center is in any way affiliated with Water Service Kentucky.
- g. Provide the total amount of direct charges made from the Midwest-MidAtlantic Vice President Cost Center to Water Service Kentucky in the test year.
- h. Provide the total amount of allocated charges made from the Midwest-MidAtlantic Vice President Cost Center to Water Service Kentucky in the test year.
- i. Provide the allocation factor utilized by Midwest-MidAtlantic Vice President Cost Center to Water Service Kentucky.
- j. Explain in full detail what the Midwest-MidAtlantic Vice President Cost Center is, and what function(s) it provides for Water Service Kentucky. Ensure to explain whether Midwest-MidAtlantic Vice President Cost Center is in any way affiliated with Water Service Kentucky.

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8. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 3.
 - a. Confirm or deny that in prior Water Service Kentucky rate cases the Commission has denied all recovery of Project Phoenix and JD Edwards costs. Explain the answer in full.
 - b. Based upon prior denials, explain why Water Service Kentucky is requesting to include \$8,046 in depreciation expense for Project Phoenix.
 - c. Provide the total monetary amount that Water Service Kentucky is requesting to include for JD Edwards costs.
 - d. Explain in full detail whether Water Service Kentucky has recouped any monetary amounts related to Project Phoenix in prior rate cases. If so, list the amount(s) recovered and the corresponding rate case in which it was allowed.
 - e. Explain in full detail whether Water Service Kentucky has recouped any monetary amounts related to JD Edwards in prior rate cases. If so, list the amount(s) recovered and the corresponding rate case in which it was allowed.
9. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 4. The response is nonresponsive. As originally requested provide a simplified list that specifies all proposed pro forma adjustments, along with the amount of each pro forma adjustment, and a brief description of each adjustment.
10. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 6.

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- a. Water Service Kentucky states that it has a local office in Clinton where customers may come in or call with concerns or questions.
 - i. Are there Water Service Kentucky customer service representatives based at this office? If not, who can assist customers at this location?
 - ii. Explain in detail whether customers are generally aware that this local office can handle customer service issues.
 - b. Water Service Kentucky states that it has a local office in Middlesboro where customers may come in or call with concerns or questions.
 - i. Are there Water Service Kentucky customer service representatives based at this office? If not, who can assist customers at this location?
 - ii. Explain in detail whether customers are generally aware that this local office can handle customer service issues.
11. Refer to the customer complaints in the pending rate case. Besides opposition to the rate increase in general, a large percentage of the complaints filed by Water Service Kentucky customers in this case state that it is nearly impossible to speak with a customer service representative at the toll-free telephone number provided. The complaints further state that the hold time to reach a customer service representative can be 30 minutes or longer, and that the telephone system frequently disconnects customers.
- a. Provide a detailed response to these complaints.
 - b. After reviewing the large number of customer complaints in the pending rate case, provide any and all proposals that Water Service Kentucky has to address the issues raised by its customers.

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12. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 8.
 - a. Explain in detail why Water Service Kentucky uses equivalent residential customers instead of using the actual number of customers.
 - b. Provide the number of actual industrial customers that Water Service Kentucky provides service to in Middlesboro and Clinton, broken down by each city.
 - c. Provide the number of actual commercial customers that Water Service Kentucky provides service to in Middlesboro and Clinton, broken down by each city.
13. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 9(b). As originally requested, identify the type of pipeline/mains and the total number of miles of pipeline/mains that Water Service Kentucky has been replaced in the past five years.
14. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 9(c).
 - a. Water Service Kentucky asserts that it plans to replace approximately 1 mile of pipeline every calendar year under the proposed Qualified Infrastructure Program (QIP).
 - i. If only one mile of pipeline will be replaced annually, explain in detail why those costs not be placed into base rates instead of creating the separate QIP.
 - ii. If the Commission approves the QIP, explain if Water Service Kentucky is planning to work on pipelines in the city of Middlesboro or Clinton first.

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- b. Explain in detail whether Water Service Kentucky currently replaces pipeline/mains in its system even though it does not have a QIP. If so, provide the number of miles of pipeline/mains that Water Service Kentucky replaces per year.
 - c. Water Service Kentucky states that the “large majority” of pipe to be replaced is cast iron. Identify what other types of pipeline/mains Water Service Kentucky will be replacing under the QIP, if approved.
 - d. Identify all types of pipeline/mains that Water Service Kentucky has in its system, and include the age of the pipeline, and the estimated lifespan of each type of pipeline.
 - e. Identify what type of pipeline Water Service Kentucky will use to replace the cast iron pipes.
 - f. Provide the total estimated annual cost of the proposed Qualified Infrastructure Program.
 - g. Provide the estimated monthly QIP surcharge that each customer will have to pay Water Service Kentucky if approved by the Commission.
 - h. If the QIP is approved, will Water Service Kentucky use its own employees to replace the pipeline, or use contract labor? If contract labor will be used, explain how the contractor will be chosen.
15. Refer to Water Service Kentucky’s responses to the Attorney General’s First Request, Items 13(a) and (b), wherein Water Service Kentucky asserted that it never refused to pay for an allocation from either WSC or Corix in 2019 or 2020.

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- a. Water Service Kentucky has stated that its State Manager reviews the allocated expenses and determines whether any allocation is not reasonable, and therefore should not be paid. Does Water Service Kentucky have anyone else to review the millions of dollars of allocated expenses, or is the responsibility exclusively in the Kentucky State Manager's position?
 - b. Explain whether Water Service Kentucky ever refused to pay for an allocation from WSC in 2015, 2016, 2017, or 2018, and if so, provide a detailed list of all allocations that Water Service Kentucky refused to pay to WSC.
 - c. Explain whether Water Service Kentucky ever refused to pay for an allocation from Corix (or its predecessor) in 2015, 2016, 2017, or 2018, and if so, provide a detailed list of all allocations that Water Service Kentucky refused to pay to Corix (or its predecessor).
16. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 14. This answer is nonresponsive. As originally requested, provide a detailed breakdown of the \$118,000 expense associated with new services and costs that are included in this rate case, but not previously approved by the Commission.
17. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 15(a)(i). Confirm that based on Commission precedent, including prior Water Service Kentucky rate cases, proposing adjustments to post-test year items does not meet the ratemaking criteria of being, known, and measurable, and therefore, should be disallowed.
18. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 15(a)(ii). This answer is nonresponsive. As originally requested, provide a detailed list of

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all post-test year adjustments that Water Service Kentucky is proposing in the pending rate case, and include a brief description and amount of each adjustment.

19. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 15(d). Explain in detail whether Water Service Kentucky is aware of any other sophisticated, investor-owned utility in the state of Kentucky that uses an operating ratio instead of a return on rate base.
20. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 17, concerning water loss percentages.
 - a. Explain in detail how Water Service Kentucky was able to drastically reduce its water loss from 17.20% in 2010 to 9.79% in 2011.
 - b. Explain in detail how Water Service Kentucky was able to keep its water loss in the 6% range during 2013 and 2014.
 - c. Explain what caused Water Service Kentucky's water loss to increase to 11.53% in 2015.
 - d. Explain how Water Service Kentucky reduced its water loss to 7.43% in 2016 and 3.37% in 2017.
 - e. Explain why Water Service Kentucky's water loss increased to 13.97% in 2018 and 13.98% in 2019.
 - f. Kentucky-American Water Company's (Kentucky-American) 2019 annual report indicates water loss of 21.1047%, while Water Service Kentucky has asserted in its responses to the Attorney General's First Request that its water loss for 2019 was

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- 13.98%. Explain why Water Service Kentucky needs a QIP due to the Company having a much lower percentage of water loss than Kentucky-American.
- g. Provide Water Service Kentucky's water loss percentage for each month of the year 2020 up to the present date.
21. Refer to the Application in general. Explain why Water Service Kentucky does not have a 2019 annual report on the Commission's website.
22. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 18.
- a. Explain what company, if any, acted as Water Service Kentucky's payment vendor prior to 2014.
- b. Explain whether First Billing Service is in any way affiliated with Water Service Kentucky or its affiliates.
- c. Explain in detail whether Water Service Kentucky continues to evaluate other companies to ensure that First Billing Service provides the least cost payment vendor service. If not, explain why not.
23. Refer to Water Service Kentucky's responses to the Attorney General's First Request, Items 19(a), (b), and (c).
- a. As originally requested, provide the full cost of Adaptive Insights.
- b. Confirm that the Adaptive Insights costs are included in the requested revenue increase in the pending case.

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- c. Water Service Kentucky stated in the above-referenced responses that the approximate cost of Adaptive Insights allocated to Water Service Kentucky in the Corix CAM costs is \$613. Provide clarification as to whether the allocated amount of \$613 is the total allocation amount assessed only one time, or if it is a monthly or annual allocation.
 - d. Provide any and all direct benefit that Adaptive Insights provides to Water Service Kentucky customers.
 - e. Provide the date that Adaptive Insights began being utilized by Water Service Kentucky, or provide the future date that Adaptive Insights will be utilized by Water Service Kentucky.
24. Refer to Water Service Kentucky's responses to the Attorney General's First Request, Items 19(d), (e), and (f).
- a. Provide a detailed description of Meter to Cash.
 - b. Provide any and all direct benefits that Meter to Cash provides to Water Service Kentucky customers.
 - c. Provide the date that Meter to Cash began being utilized by Water Service Kentucky, or provide the future date that Meter to Cash will be utilized by Water Service Kentucky.
25. Refer to Water Service Kentucky's responses to the Attorney General's First Request, Items 19(g), (h), and (i), which state that the cost for FUSION included in the current filing is \$14,290,000.

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- a. Provide clarification as to whether the \$14,290,000 represents the total cost of FUSION, or the amount allocated to Water Service Kentucky.
 - b. Provide the exact amount of the FUSION costs that are allocated to Water Service Kentucky.
 - c. Provide any and all direct benefits that FUSION provides to Water Service Kentucky customers.
 - d. Provide the date that FUSION began being utilized by Water Service Kentucky, or provide the future date that FUSION will be utilized by Water Service Kentucky.
26. Refer to Water Service Kentucky's responses to the Attorney General's First Request, Items 20(a) – (f).
- a. As originally requested, provide a detailed breakdown of the \$191,415 salary and wage expense adjustment.
 - b. As originally requested identify all bonuses that Water Service Kentucky provided to its employees for the calendar years 2015, 2016, 2017, 2018, 2019, and 2020.
 - c. Explain Water Service Kentucky's policy with regard to providing bonuses to employees, and whether it is provided to only a certain number of employees or all employees.
 - d. Confirm that only one bonus was provided to a Water Service Kentucky employee in 2020 thus far, specify the date that the bonus was given, and explain in detail why the bonus was given.
 - e. Explain in detail why Water Service Kentucky gave a maximum raise of 38.71% in 2017.

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- f. Explain in detail why Water Service Kentucky gave a maximum raise of 17.50% in 2018.
 - g. Explain in detail why Water Service Kentucky gave a maximum raise of 8% in 2019.
 - h. Explain whether Water Service Kentucky took into consideration the devastating economic impact related to COVID-19 when providing a minimum 3% raise and maximum 4% raise in 2020.
27. Refer to Water Service Kentucky's responses to the Attorney General's First Request, Items 20(g) and (h).
- a. Confirm that Water Service Kentucky and its affiliates paid approximately \$52,465 in incentive compensation during the test year period. If not, provide the amount of incentive compensation paid during the test year period.
 - b. Provide the monetary amount of the \$52,465 incentive compensation that was related to financial objectives, and therefore, should be removed from the requested rate increase.
 - c. Explain in detail how the remaining incentive compensation directly benefits Water Service Kentucky customers.
28. Refer to the Direct Testimony of Robert Guttormsen ("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 the salary of each of the WSC employees, as well as the salary increases provided from 2015 – present day.

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- b. Provide the average annual raise that WSC 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 and maximum raise that WSC 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 given to WSC employees was directly connected to a performance review.
 - e. Identify all bonuses that WSC 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. Explain WSC's policy with regard to providing bonuses to employees, and whether it is provided to only a certain amount of employees or all employees.
 - g. Provide a detailed explanation of the insurance benefits provided to WSC employees including but not limited to health, dental, vision, life insurance, etc. Ensure to include all premiums paid by the WSC employees, premiums paid by WSC on the employees' behalf, as well as all copays, deductibles, and maximum out of pocket amounts.
29. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 21.

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- a. Explain in detail how Water Service Kentucky has placed increased focus on growing the business.
 - b. Identify the asset management initiatives referred to in the above-referenced response.
 - c. Explain why the four new positions that have been added to Water Service Kentucky's revenue requirement are necessary to achieve the above-referenced goals.
30. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 22.
- a. Explain who Water Service Kentucky intends to report the Vice President of Regulatory Affairs and Business Development position to in 3Q20, and the implications of reporting the same.
 - b. Explain in detail why the search for the position needs to restart if an offer was already previously made to an applicant?
 - c. What is the earliest date that the position of Vice President of Regulatory Affairs and Business Development would reasonably be filled?
 - d. Explain in detail why Water Service Kentucky should be allowed to recover salary and benefit expense for the Vice President of Regulatory Affairs and Business Development in the base rates, when it is currently a new and vacant position.
 - e. Provide the exact amount of all costs associated with the Vice President of Regulatory Affairs and Business Development position that Water Service Kentucky included in the rate case, which should be removed due to it being vacant.

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31. Refer to Water Service Kentucky's response to the Attorney General's First Request, Items 23(a) and (b).
- a. Explain in detail why Water Service Kentucky should be allowed to recover salary and benefit expense for the new and vacant Midwest Project Manager position when the Company admits that the search has been placed on hold due to COVID-19.
 - b. Provide the exact amount of all costs associated with the Midwest Project Manager position that Water Service Kentucky included in the rate case, which should be removed due to it being vacant.
 - c. As originally requested, provide a detailed breakdown of the \$10,000 incremental adjustment that Water Service Kentucky made to cover costs associated with preventative maintenance on assets.
32. Refer to Water Service Kentucky's responses to the Attorney General First Request, Items 24(a) and (b).
- a. For the pending case, provide a categorical breakdown of the actual amount of rate case costs that have been expended thus far.
 - b. If a virtual hearing is conducted, instead of a live hearing, due to COVID-19, explain whether any additional rate case costs will be removed besides the \$7,400 cost assigned to travel.
33. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 25. As originally requested, provide a breakdown of the costs contained in the \$24,359 that were removed, and provide a detailed explanation as to why each cost was removed.

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34. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 26.
- a. As originally requested, provide the approved rate of return that the Commission recently approved for Kentucky-American's QIP rider.
 - b. Water Service Kentucky asserts that it is not proposing a 12% return on capital through its QIP rider, rather it is proposing an operating ratio calculated on incremental income statement costs driven by unrecovered plant investment. If Water Service Kentucky is not requesting a 12% return on capital through its QIP rider, then provide the equivalent rate of return that Water Service Kentucky is requesting through its QIP rider.
35. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 27. Also, 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. As originally requested, if the Commission approves the proposed QIP rider, provide the extended period that Water Service Kentucky envisions would be between rate cases.
36. Refer to Water Service Kentucky's responses to the Attorney General's First Request, Items 28(a), (b), and (c).
- a. Identify any and all utilities in the state of Kentucky that have a Commission approved low-income volumetric rate.
 - b. Identify any and all utilities in other states that Water Service Kentucky is aware of that have a low-income volumetric rate.

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- c. If the low-income customers receive a discounted volumetric rate, then do the rest of the Water Service Kentucky customers have to make up the difference, or will the shareholders be contributing to the loss of revenue? Explain the response in full detail.
37. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 29(a), and as originally requested, provide the resolution regarding each complaint that has been filed with Water Service Kentucky in the past 18 months.
38. Refer to Water Service Kentucky's responses to the Attorney General's First Request, Items 30 and 31.
 - a. Provide the total dollar amount, designated by city, of each accepted bid to perform both the Middlesboro Tank Reconditioning Project as well as the Clinton Tank Reconditioning Project.
 - b. Due to the accepted bids being drastically lower than the estimated monetary amount included in the rate case, provide the total monetary amount that Water Service Kentucky will withdraw from its requested rate increase.
 - c. If the proposed Middlesboro tank maintenance has not been performed since 2004 and 2005, then why is Water Service Kentucky requesting a 10-year amortization of the costs, instead of a 15-year amortization? Explain the response in full detail.
39. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 34.
 - a. Confirm that based on the above-referenced response, Water Service Kentucky erroneously included higher preventative maintenance and repair costs for

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Middlesboro hydrants in the pending rate case. If not confirmed, explain in detail why.

- b. Provide the total monetary amount that Water Service Kentucky will reduce its total requested rate increase by due to the preventative maintenance and repair hydrant cost error.
40. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 40.
- a. Confirm that Water Service Kentucky has included vehicles in the depreciation expense that have already been fully depreciated. If not confirmed, explain why not.
 - b. Explain in detail why Water Service Kentucky believes that fully depreciated vehicles should be included in current customer rates, and provide any and all accounting and legal basis as well as Commission precedent for doing so.
 - c. Provide the total monetary amount that should be removed from the requested rate increase associated with the fully depreciated vehicles.
 - d. Confirm that Water Service Kentucky has included vehicles in the depreciation expense that will be fully depreciated by the time the new rates go into effect.
41. Refer to Water Service Kentucky's response to the Attorney General's First Request, Item 42. Confirm that Water Service Kentucky is not planning to refund the additional \$2,111 to the customers that stem from the Tax Cut and Jobs Act Surcredit.
42. Refer to the Direct Testimony of Stephen R. Vaughn, pages 8 -9.

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- a. Provide the total costs that Water Service Kentucky has requested in the pending rate case for the Hydrant Assessment and Maintenance Program.
- b. Explain in detail why Water Service Kentucky needs to hire a third-party hydrant service, instead of using its own employees.
- c. Provide any and all complaints, verbal or written, that Water Service Kentucky has received in regards to its hydrants.