

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) Case No. 2020-00160
Adjustment in Existing Rates)

NOTICE OF FILING

Water Service Corporation of Kentucky (“WSCK”), by counsel, provides notice that it is filing the attached documents. While reviewing certain information related to the case, WSCK recognized an error in the calculation of present revenues – a link back to the billing units proved out in the revenue proof (Exhibit AD-1) was missing, and had been reestablished. The corresponding changes in present revenues and proposed revenue are illustrated in the attached documents (new versions of Exhibits AD-4 through AD-8, updated versions of Schedule B – Income Statement and Schedule D – Revenue Requirement). To ensure full disclosure, an updated Excel version of the Filing Template provided in Response to Staff’s First Request for Information, Item 3, is being filed.

Respectfully submitted,



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ATTORNEYS FOR WATER SERVICE CORPORATION OF
KENTUCKY

Line No.	A	B	C	D	E			F			G			H			I			J			K	K	L
					Rates Before 6/17/19			Rates as of 6/18/2019			Rates Before 6/17/19			Rates as of 6/18/2019			Rates Before 6/17/19			Rates as of 6/18/2019					
					Flat Revenue	Tier 1 Gallons Consumed	Tier 1 Rate	Volumetric Tier 1 Revenue	Tier 1 Gallons Consumed	Tier 1 Rate	Volumetric Tier 1 Revenue	Tier 2 Gallons Consumed	Tier 2 Rate	Volumetric Tier 2 Revenue	Tier 2 Gallons Consumed	Tier 2 Rate	Volumetric Tier 2 Revenue	Tier 2 Gallons Consumed	Tier 2 Rate	Volumetric Tier 2 Revenue	TCJA Surcharge	Billing Adjustments			
MIDDLESBORO AND CLINTON																									
1.	5/8"	63,997	\$ 11.45	\$ 732,767	60,829,327	\$ 5.05	\$ 307,188	160,763,796	\$ 5.00	\$ 803,819	296,061	\$ 3.45	\$ 1,021	707,122	\$ 3.35	\$ 2,369	\$ (27,295)	\$ (1,713)	\$ 1,818,157						
2.	3/4"	6,189	\$ 11.45	\$ 70,866	5,580,450	\$ 5.05	\$ 28,181	12,983,972	\$ 5.00	\$ 64,920	232,270	\$ 3.45	\$ 801	150,961	\$ 3.35	\$ 506	\$ (2,400)	\$ 3,875	\$ 166,750						
3.	1"	1,272	\$ 28.63	\$ 36,409	4,213,992	\$ 5.05	\$ 21,281	10,196,180	\$ 5.00	\$ 50,981	102,183	\$ 3.45	\$ 353	-	\$ 3.35	\$ -	\$ (1,785)	\$ (19)	\$ 107,220						
4.	1.5"	425	\$ 57.25	\$ 24,324	2,812,018	\$ 5.05	\$ 14,201	7,392,662	\$ 5.00	\$ 36,963	545,620	\$ 3.45	\$ 1,882	1,939,107	\$ 3.35	\$ 6,496	\$ (1,562)	\$ 47	\$ 82,351						
5.	2"	642	\$ 91.60	\$ 58,768	6,183,937	\$ 5.05	\$ 31,229	16,649,962	\$ 5.00	\$ 83,250	8,018,125	\$ 3.45	\$ 27,663	22,030,937	\$ 3.35	\$ 73,804	\$ (6,417)	\$ -	\$ 268,295						
6.	3"	92	\$ 171.75	\$ 15,881	1,026,669	\$ 5.05	\$ 5,185	2,945,524	\$ 5.00	\$ 14,728	4,517,145	\$ 3.45	\$ 15,584	16,145,427	\$ 3.35	\$ 54,087	\$ (2,971)	\$ -	\$ 102,494						
7.	4"	36	\$ 286.25	\$ 10,305	664,006	\$ 5.05	\$ 3,353	1,617,890	\$ 5.00	\$ 8,089	318,672	\$ 3.45	\$ 1,099	436,639	\$ 3.35	\$ 1,463	\$ (373)	\$ -	\$ 23,937						
8.	6"	36	\$ 572.50	\$ 20,610	901,790	\$ 5.05	\$ 4,554	2,168,510	\$ 5.00	\$ 10,843	12,985,817	\$ 3.45	\$ 44,801	29,866,684	\$ 3.35	\$ 100,053	\$ (5,703)	\$ -	\$ 175,158						
9.	Municipally Owned Hydrants	3,827	\$ 7.40	\$ 28,319	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ 28,319						
10.	Private Hydrants and Sprinkler:	719	\$ 33.50	\$ 24,098	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ 24,098						
11.	Ambleside	2,622	\$ 3.33	\$ 8,730	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ -	\$ 8,730						
12.	Total	79,857		\$ 1,031,077	82,212,188		\$ 415,172	214,718,496		\$ 1,073,592	27,015,893		\$ 93,205	71,276,878		\$ 238,778	\$ (48,505)	\$ 2,191	\$ 2,805,509						

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2020-00160
Revenues at Present Rates
Test Year Ended 3/31/2020

Schedule E
Exhibit AD-4

	A	B	C	D	E	F	G	H	I	J	K	L
Line No.		# 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
Water Service Corporation of Kentucky												
1.	5/8"	63,680	\$ 11.45	\$ 729,135	219,531,298	\$ 5.00	\$ 1,097,656	993,849	\$ 3.35	\$ 3,329	\$ -	\$ 1,830,121
2.	3/4"	6,159	\$ 11.45	\$ 70,515	18,391,688	\$ 5.00	\$ 91,958	379,665	\$ 3.35	\$ 1,272	\$ -	\$ 163,745
3.	1"	1,265	\$ 28.63	\$ 36,229	14,276,092	\$ 5.00	\$ 71,380	101,232	\$ 3.35	\$ 339	\$ -	\$ 107,949
4.	1.5"	423	\$ 57.25	\$ 24,203	10,109,730	\$ 5.00	\$ 50,549	2,461,608	\$ 3.35	\$ 8,246	\$ -	\$ 82,998
5.	2"	638	\$ 91.60	\$ 58,476	22,621,439	\$ 5.00	\$ 113,107	29,769,469	\$ 3.35	\$ 99,728	\$ -	\$ 271,311
6.	3"	92	\$ 171.75	\$ 15,802	3,935,234	\$ 5.00	\$ 19,676	20,470,316	\$ 3.35	\$ 68,576	\$ -	\$ 104,054
7.	4"	36	\$ 286.25	\$ 10,254	2,260,664	\$ 5.00	\$ 11,303	748,283	\$ 3.35	\$ 2,507	\$ -	\$ 24,064
8.	6"	36	\$ 572.50	\$ 20,508	3,041,732	\$ 5.00	\$ 15,209	42,453,778	\$ 3.35	\$ 142,220	\$ -	\$ 177,937
9.	Municipally Owned Hydrants	3,827	\$ 7.40	\$ 28,319	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 28,319
10.	Private Hydrants and Sprinkler	719	\$ 33.50	\$ 24,098	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 24,098
11.	Ambleside	2,622	\$ 3.33	\$ 8,730	-	\$ -	\$ -	-	\$ -	\$ -	\$ -	\$ 8,730
12.	Total	79,497		\$ 1,026,270	294,167,878		\$ 1,470,839	97,378,200		\$ 326,217	\$ -	\$ 2,823,327
26.	WSCKY Total	79,497		\$ 1,026,270	294,167,878		\$ 1,470,839	97,378,200		\$ 326,217	\$ -	\$ 2,823,327

Total Service Revenue Requirement \$3,899,375

Base Rate Rate Design and Recovery

Description	Existing Base Rates	Overall System Increase	Proposed Base Rates	Proforma Bills	Proposed Base Revenues
5/8"	\$11.45	38.11%	\$15.81	63,680	\$1,007,029
3/4"	11.45	38.11%	15.81	6,159	97,390
1"	28.63	38.11%	39.54	1,265	50,037
1.5"	57.25	38.11%	79.07	423	33,428
2"	91.60	38.11%	126.51	638	80,763
3"	171.75	38.11%	237.21	92	21,825
4"	286.25	38.11%	395.35	36	14,162
6"	572.50	38.11%	790.70	36	28,324
Municipally Owned Hydrants	7.40	38.11%	10.22	3,827	39,112
Private Hydrants and Sprinklers	33.50	38.11%	46.27	719	33,282
Ambleside	3.33	38.11%	4.60	2,622	12,058
				79,497	\$1,417,410

Volumetric Revenue Requirement \$2,481,964

Non-Residential Volumes

Meter Size	Tier 1	Tier 2
5/8"	21,913,658	442,851
3/4"	2,935,228	379,665
1"	11,197,442	101,232
1.5"	10,091,595	2,461,608
2"	22,216,536	29,769,469
3"	3,935,234	20,470,316
4"	2,260,664	748,283
6"	3,041,732	42,453,778
Non-Residential Volumes	77,592,090	96,827,202

Residential Billing Data

Meter Size	Residential Bills	Residential Volumes (gal)		Avg. Usage	Overall Class Avg. Usage
		Tier 1	Tier 2		
5/8"	57,910	199,473,653	556,173	3,454	3,445
3/4"	5,333	15,601,626	-	2,926	
1"	336	3,107,564	-	9,249	
1.5"	12	18,305	-	1,525	
2"	24	408,706	-	17,029	
Total	63,615	218,609,854	556,173		

Service Area-Specific Bills

Meter Size	Middlesboro	Clinton
5/8"	57,659	251
3/4"	12	5,321
1"	252	84
1.5"	12	-
2"	12	12
Total	57,947	5,668

Proforma-Adjusted Residential Billing Data

Meter Size	Residential Bills	Residential Volumes (gal)		Avg. Usage	Overall Class Avg. Usage
		Tier 1	Tier 2		
5/8"	57,623	197,617,640	550,998	3,439	3,430
3/4"	5,306	15,456,460	-	2,913	
1"	334	3,078,650	-	9,208	
1.5"	12	18,134	-	1,519	
2"	24	404,903	-	16,955	
Total	63,300	216,575,788	550,998		

Service Area-Specific Bills

Meter Size	Middlesboro	Clinton
5/8"	57,374	250
3/4"	12	5,294
1"	251	84
1.5"	12	-
2"	12	12
Total	57,660	5,640

American Community Survey Data (2018)

Description	Middlesboro	Clinton
Median Household Income	\$24,556	\$34,651
% Below Poverty Line	38.30%	17.30%
Average Household Size	2.30	2.51

Weighted WSKY American Community Survey Metrics (2018)

Description	WSCKY
Weighted Median Household Income	\$25,455
Weighted % Below Poverty Line	36.43%
Weighted Avg. Household Size	2.32
Poverty line for a 3-person household	\$19,985
Low Income Rate Ratio	78.51%

Rate Design

Low Income Eligible Bills	49,697	bills
Allowed low income consumption	3,000	gallons
Low Income Eligible Usage	149,089,841	gallons
Total Tier 1 Residential Usage	216,575,788	gallons
Less:		
Low Income Usage	149,089,841	gallons
Regular Residential Tier 1 Usage	67,485,946	gallons
Low Income Tier 1 usage Equivalent	117,050,101	gallon equivalents
Add: Non-Residential Tier 1 Usage	77,592,090	gallons
Tier 2 rate Ratio	69.00%	
Tier 2 Usage	97,378,200	gallons
Tier 1 Usage Equivalents	67,190,958	gallons
Total Tier 1 Usage Equivalents	329,319,095	gallon equivalents
Total Revenue Requirement	\$3,899,375	
Less:		
Base Charge Revenue	\$1,417,410	
Volume Revenue Requirement	\$2,481,964	
Tier 1 Usage Equivalents	329,319,095	
Tier 1 Rate	\$7.54	
Low Income Rate	\$5.92	
Tier 2 Rate	\$5.20	

Wholesale Rate Design

Electric Expense	107,989
Purchased Water Expense	124,772
Operator Salaries	520,988
Chemicals Expense	113,330
Variable Expenses	\$867,078
Total Water Sold	391,546,078 gallons
Marginal Cost per Kgal (Wholesale F	\$2.21 per Kgal

WATER SERVICE CORPORATION OF KENTUCKY

Case No. 2020-00160

Exhibit AD-6

Present vs Proposed rates

Test Year Ended 3/31/2020

Line No.	Description	Present Rates	Proposed Rates
Base Service Charges Per Month			
<u>All Service Territories</u>			
1.	5/8-Inch	\$ 10.00	\$ 15.81
2.	3/4-Inch	10.00	15.81
3.	1-Inch	17.50	39.54
4.	1 1/2-Inch	30.00	79.07
5.	2-Inch	45.00	126.51
6.	3-Inch	85.00	237.21
7.	4-Inch	130.00	395.35
8.	6-Inch	255.00	790.70
Volumetric Rates Per 1000 Gallons			
<u>Middlesboro</u>			
9.	Low Income Rate	N/A	\$ 5.917
10.	Tier 1 - First 100,000 gallons	\$ 5.000	\$ 7.537
11.	Tier 2 - Over 100,000 gallons	\$ 3.350	\$ 5.200
12.	Wholesale Rate	N/A	\$2.214
Miscellaneous Charges Per Month			
13.	Municipally Owned Hydrants	\$ 7.40	\$ 10.22
14.	Private Hydrants	33.50	46.27
15.	Ambleside Private Fire Surcharge	3.33	4.60
16.	Sprinkler Systems	33.50	46.27

WATER SERVICE CORPORATION OF KENTUCKY
Case No. 2020-00160
Calculation of Average Bill Increase
Test Year Ended 3/31/2020

Exhibit AD-8

	A	B	C	D	E	F	G	H	I	J
Line No.		# of Bills	Tier 1 Present Gallonage	Tier 2 Present Gallonage	Pro Forma Revenue	Current Avg Bill	Proposed Revenue	Proposed Avg Bill	Dollar Increase	% Increase
1.	5/8" and 3/4" Meter	69,838	237,922,986	1,373,514	\$ 1,993,867	\$ 28.58	\$ 2,664,645	\$ 41.64	\$ 13.06	45.68%
2.	1" Meter	1,265	14,276,092	101,232	\$ 107,949	\$ 85.44	\$ 156,882	\$ 125.17	\$ 39.73	46.50%
3.	1.5" Meter	423	10,109,730	2,461,608	\$ 82,998	\$ 205.93	\$ 122,377	\$ 303.18	\$ 97.25	47.22%
4.	2" Meter	638	22,621,439	29,769,469	\$ 271,311	\$ 501.94	\$ 405,972	\$ 745.03	\$ 243.09	48.43%
5.	3" Meter	92	3,935,234	20,470,316	\$ 104,054	\$ 1,225.35	\$ 157,935	\$ 1,850.24	\$ 624.89	51.00%
6.	4" Meter	36	2,260,664	748,283	\$ 24,064	\$ 706.24	\$ 35,091	\$ 1,028.41	\$ 322.17	45.62%
7.	6" Meter	36	3,041,732	42,453,778	\$ 177,937	\$ 4,992.20	\$ 272,021	\$ 7,629.01	\$ 2,636.81	52.82%
8.	Municipally Owned Hydrants	3,827			\$ 28,319	\$ 7.40	\$ 39,112	\$ 10.22	\$ 2.82	38.11%
9.	Private Hydrants	719			\$ 24,098	\$ 33.50	\$ 33,282	\$ 46.27	\$ 12.77	38.11%
10.	Ambleside Private Fire Surchar	2,622			\$ 8,730	\$ 3.33	\$ 12,058	\$ 4.60	\$ 1.27	38.11%
	Low Income Customers		Average Gallonage	Low Income Gallonage	Tier 1 Gallonage	Current Avg Bill		Proposed Avg Bill	Dollar Increase	% Increase
11.	5/8" and 3/4" Meter		3,395	3,000	395	\$ 28.42		36.54	8.12	28.55%
12.	1" Meter		9,208	3,000	6,208	\$ 74.67		104.08	29.41	39.39%
13.	1.5" Meter		1,519	1,519	-	\$ 64.84		88.06	23.21	35.80%
14.	2" Meter		16,955	3,000	13,955	\$ 176.37		249.44	73.06	41.42%

A	B	C	D	E	F
Line No.	3/31/2020 Per Books	Pro Forma Changes	Pro Forma Present	Proposed Increase	Pro Forma Proposed
1.	<u>Operating Revenues</u>				
2.	\$ 2,790,125	\$ 33,202 [a]	\$ 2,823,327	\$ 1,076,048 [k]	\$ 3,899,375
3.	-	-	-	-	-
4.	56,138	-	56,138	-	56,138
5.					
6.	<u>\$ 2,846,263</u>	<u>\$ 33,202</u>	<u>\$ 2,879,465</u>	<u>\$ 1,076,048</u>	<u>\$ 3,955,513</u>
7.					
8.	<u>Maintenance Expenses</u>				
9.	\$ 751,780	\$ 124,329 [c]	\$ 876,109	\$ -	\$ 876,109
10.	124,772	-	124,772	-	124,772
11.	121,782	-	121,782	-	121,782
12.	182,342	118,057 [i]	300,399	-	300,399
13.	37,939	-	37,939	-	37,939
14.	-	-	-	-	-
15.	113,330	-	113,330	-	113,330
16.	38,064	-	38,064	-	38,064
17.	(65,701)	- [d]	(65,701)	-	(65,701)
18.	183,711	(24,359)	159,352	-	159,352
19.					
20.	<u>\$ 1,488,019</u>	<u>\$ 218,027</u>	<u>\$ 1,706,046</u>	<u>\$ -</u>	<u>\$ 1,706,046</u>
21.					
22.	<u>General Expenses</u>				
23.	\$ 165,529	\$ 23,943 [c]	\$ 189,473	\$ -	\$ 189,473
24.	97,266	(1,171) [l]	96,095	-	96,095
25.	49,159	48,569 [e]	97,728	-	97,728
26.	231,250	18,922 [c] [l]	250,172	-	250,172
27.	35,517	-	35,517	-	35,517
29.	77,049	-	77,049	-	77,049
30.	41,709	(31) [l]	41,678	-	41,678
31.	65,664	781 [b]	66,445	25,324 [b]	91,769
32.	37,623	(276) [l]	37,347	-	37,347
33.					
34.	<u>\$ 800,767</u>	<u>\$ 90,737</u>	<u>\$ 891,504</u>	<u>\$ 25,324</u>	<u>\$ 916,828</u>
35.					
36.	\$ 418,692	\$ 56,692 [f]	\$ 475,384	\$ -	\$ 475,384
37.	(3,660)	3,660 [f]	-	-	-
38.	238,690	22,397 [g]	261,086	2,105 [g]	263,191
39.	(147,351)	-	(147,351)	-	(147,351)
40.	(20,890) [h]	(72,653) [h]	(93,543)	208,946 [h]	115,403
41.	(4,145) [h]	(14,415) [h]	(18,560)	53,637 [h]	35,077
42.	(9,505)	(679) [f]	(10,184)	-	(10,184)
43.					
44.	<u>\$ 471,830</u>	<u>\$ (4,998)</u>	<u>\$ 466,832</u>	<u>\$ 264,688</u>	<u>\$ 731,520</u>
45.					
46.	<u>\$ 2,760,617</u>	<u>\$ 303,766</u>	<u>\$ 3,064,382</u>	<u>\$ 290,012</u>	<u>\$ 3,354,395</u>
47.					
48.	<u>\$ 85,646</u>	<u>\$ (270,564)</u>	<u>\$ (184,918)</u>	<u>\$ 786,036</u>	<u>\$ 601,118</u>
49.					
50.	\$ (144)	\$ 144 [m]	\$ -	\$ -	\$ -
51.	(6,316)	-	(6,316)	-	(6,316)
52.	160,572	6,411 [j]	166,983	-	166,983
53.					
54.	<u>\$ (68,465)</u>	<u>\$ (277,119)</u>	<u>\$ (345,584)</u>	<u>\$ 786,036</u>	<u>\$ 440,452</u>

Line No.

1. [a] Test year revenues are recalculated using current rates on Schedule E. Customer and usage decline are included in proforma revenues. The TCJA surcharge is no longer in effect.
2. [b] Adjusted based on the percentage of uncollectible accounts to revenues in the test year applied to pro forma proposed revenues. Support can be found on w/p [a].
3. [c] Salaries, Wages and Benefits are adjusted to annualize as of April 1, 2020. Support for this change can be found on w/p [b].
4. [d] This note intentionally left blank
5. [e] Regulatory commission expense has been adjusted. Support for this change can be found on w/p [d].
6. [f] Depreciation and Amortization Expense are annualized. Amortization of PAA is removed. Support for this change can be found on w/p [f].
7. [g] Taxes Other than Income is adjusted for annualized payroll taxes and pro forma PSC assessments. Support can be found on w/p [e].
8. [h] Income taxes are computed on taxable income at current rates. Support for this change can be found on w/p [g].
9. [i] Support for this change can be found on w/p [j].
10. [j] Support for this change can be found on w/p [h].
11. [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.
12. [l] Support for this change can be found on w/p [k].
13. [m] Other income has been removed for rate making purposes.

WATER SERVICE CORPORATION OF KENTUCKY **Schedule D**
Case No. 2020-00160 **Petitioner's Exhibit RAG-2**
Revenue Requirement
Test Year Ended 3/31/2020

A	B
<u>Line No.</u>	<u>Item</u>
	Operating Ratio Method
	(d)
1.	Total Operating Expenses \$ 3,064,382
2.	Less: Federal & State Income Taxes 112,103
3.	
4.	Operating Expenses Net of Income Taxes \$ 3,176,486
5.	Divide by: Operating Ratio 88%
6.	
7.	Revenue to Cover Operating Ratio \$ 3,609,643
8.	Less: Operating Expenses Net of Income Taxes \$ (3,176,486)
9.	
10.	Net Operating Income After Income Taxes \$ 433,157
11.	Less: Pro Forma Net Income 345,584
12.	
13.	Net Operating Income Adjustment \$ 778,742
14.	Multiplied by Gross-up Factor 1.381778306
15.	
16.	Revenue Requirement \$ 1,076,048
17.	
18.	Percentage Increase/Decrease 38.11%