

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

- a. Please see the attached file, "Response to AG 1.01 - Organization Chart WSCKY"
- b. Please see the attached files:

"Response to AG 1.01 - Organization Chart WSCKY" the allocation factor for the WSCKY Employees is 100%.

"Response to AG 1.01 - Organization Chart WSC" the allocation factor for the WSC Employees is 2.33%.

"Response to AG 1.01 - Organization Chart RVP" the allocation factor for the RVP Employees is 13.67%.

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- c. The Company does not maintain a specific organizational chart of Corix Corporate Services. Please refer to the attachment provided in response to Staff DR 2.20, which shows how corporate costs are allocated to WSCK.
- d. The Company does not maintain a specific organizational chart of Corix Regulated Utilities, Inc. Please refer to the attachment provided in response to Staff DR 2.20, which shows how corporate costs are allocated to WSCK.

WITNESS:

Perry Brown, Senior Financial Analyst

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Response to AG 1.01 - Organization Chart WSKY

Stephen Vaughn
State Operations Manager USKY Middlesboro Water Corix US  (12,12)

Christopher Cannon
Water-Wastewater Operator I USKY Clinton Water Corix US

Colby Wilson
Water-Wastewater Operator II USKY Middlesboro Water Corix US

Dustin Brock
Field Tech I USKY Middlesboro Water Corix US

Earl Bledsoe
Field Tech I USKY Middlesboro Water Corix US

Harvey Johnson
Water-Wastewater Operator II USKY Middlesboro Water Corix US

Holden Buttery
Field Tech I USKY Middlesboro Water Corix US

James Onkst
Lead Water-Wastewater Operator USKY Middlesboro Water Corix US

Jason Scott
Field Tech I USKY Middlesboro Water Corix US

Jeffrey Killion
Field Tech I USKY Middlesboro Water Corix US

Ronald Rushing
Field Tech I USKY Clinton Water Corix US


Wendell Mills
Lead Water-Wastewater Operator USKY Middlesboro Water Corix US


William Bowling
Utility Operations Intern USKY Middlesboro Water Corix US





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Response to AG 1.01 - Organization Chart WSC

James Devine
EVP, Support Services
 (9,117)


Carol Vorster
Vice President & CIO
 (4,13)


Jordon Novak
Vice President, Support Operations
 (6,13)


Karen Sasic
Director, Billing & Regulatory Relations
 (6,48)

Mary Rollins
HSE Manager
 (2,2)

Michael Kozlowski
Director, Strategic Projects (PMO)


Nathan Meyers
Vice President, Human Resources
 (9,11)

Thomas Oakley
Public Relations Director
 (5,5)


Tom Ostler
IT Director
 (9,16)


Zain Abbas
Project Manager




Carol Vorster
Vice President & CIO
 (4,13)

Darlene Westen
Manager, Special Projects


Erik Bjerkelund
Manager, Application Services
 (5,6)

Percy Cheung
IT Project Manager
 (1,1)

Thomas Smutny
IT Security Manager
 (2,2)




Jordon Novak

Vice President, Support Operations
 (6,13)

Adam Feathergill

Payroll and Administrative Services Specialist

Antoinette Federico

AP Supervisor
 (5,5)

LaWanda Valrie

Fleet Administrator


Nancy Paule

Receptionist


Serena Boyd


Purchasing Card Administrator


Valerie Arnold


Purchasing Manager
 (2,2)



Karen Sasic
Director, Billing & Regulatory Relations
 (6,48)


Amber Daffer
Collections Supervisor
 (1,1)

Ann Raponi
Billing Supervisor
 (8,8)


Ferrellyn Trovinger
Customer Service Manager
 (9,28)

Jiayang Wang
Reporting Analyst

Matthew Chandler
Contact Center Administrator

Nancy Gendron
Supervisor, Customer Care Operations
 (5,5)




Mary Rollins
HSE Manager  (2,2)

Angela Zhu
HSE Specialist

Harshna Patel
Administrative Assistant



Nathan Meyers
Vice President, Human Resources
 (9,11)

Andrew Patterson
Total Rewards Analyst

Cade Barella
HCM Cloud Analyst


Jason Gearhart
HR Business Partner

Jennifer Ortega
HR Generalist

Josephine Watts
HR Business Partner


Kayla Annerino
HR Advisor

Laura Villegas
HR Administrator

Mary Chan
Payroll Manager
 (2,2)

Tammy Rutledge
Human Resources Advisor



Thomas Oakley
Public Relations Director  (5,5)

Carolyn Abel Grad
Senior Proposal Specialist


Colin Miley
Proposals and Communications Manager

Elizabeth Kotz
Marketing & Communications Integrator


Eric Wilson
Communication & Public Relations Manager

Jo-Ann Latta
Senior Proposal Specialist



Tom Ostler
IT Director  (9,16)

Atheer Al-Rawi
Senior Network Administrator

Danny Lee
Service Desk Manager  (7,7)

Hardik Dave
Systems Administrator

James Parker
End User Compute Administrator

Janice Evangelista
Intermediate Systems Administrator


Jian Zhu
IT Technical Lead

Marla Singer
Administrative Assistant

Nathanial Andersen
Network Engineer

Soe Myat
Junior Systems Administrator



Amber Daffer
Collections Supervisor  (1,1)

Kelsey Agnew
Collections Admin. Assistant



Ann Raponi
Billing Supervisor ☎(8,8)

Agnes Sverida
Billing Audit & Compliance Specialist

April Clark
Meter-to-Cash Specialist

Helen Fulmer
Meter-to-Cash Specialist

Jajayra Martinez
Accounts Receivables Processing Specialist


Kimberly Bennett
Sr. Meter-to-Cash Specialist

Lisa Silva
Meter-to-Cash Specialist

Lori Lynn Jones
Sr. Billing Services Specialist

Shelia Meacham
Meter-to-Cash Specialist



Antoinette Federico
AP Supervisor  (5,5)

Diane Arnoux
AP Clerk


Kayla Hong
AP Clerk

Natalie Schaefer
AP Clerk

Patrycja Wojnicka
AP Clerk

Shaurice McKinney
AP Clerk



Danny Lee
Service Desk Manager  (7,7)

Alan Funk
Intermediate IT Support Analyst

Edward James Bagtas
Help Desk Specialist

Franco Ryan Tiangson
IT Support Analyst


Jose Diaz
Help Desk Specialist

Joseph Sills
Senior Help Desk Specialist


Marlytel Decena
Intermediate Server Administrator

Rikki Ashley
IT Trainer



Erik Bjerkelund
Manager, Application Services  (5,6)

Colin Anderson
CMMS Application Administrator


Douglas Huang
Operational System Specialist  (1,1)


Joseph Dizon
Programmer/Analyst-Reporting

Kimberlee Rose
Business Process Analyst


Scott Bradbury
OMS Coordinator




Ferrellyn Trovinger
Customer Service Manager
 (9,28)

Aja McReynolds
Contact Center Supervisor
 (2,2)


Elise Christian
Commission Relations Liaison

Ewan Dehnert
Contact Center Supervisor
 (7,7)


Isabel Ceballos
Customer Service Administrative Support

Neal Franklin
Contact Center Supervisor
 (4,4)


Stephanie Muniz
Customer Service Administrative Support

Steven Crowder
Contact Center Supervisor
 (2,2)

Vincent Hicks
Customer Service Administrative Assistant

Zakia Bouldin
Contact Center Supervisor
 (4,4)




Mary Chan
Payroll Manager  (2,2)

Rui (Lina) Zheng
Payroll & Benefits Administrator

Teresa Bradley
Payroll Analyst



Nancy Gendron
Supervisor, Customer Care Operations  (5,5)

Brenda Hathaway
Administrative Assistant


Kelly McFarlane
Payments Specialist

Nancy Bond
Billing Specialist

Nikky-Rae DeCoteau
Billing Specialist


Shannon Tapley
Customer Service & Collections Representative



Percy Cheung
IT Project Manager  (1,1)

Ali Lokhandwala
Business Process Analyst




Thomas Smutny
IT Security Manager  (2,2)

Navjot Mishra
Security Analyst

Spencer Williams
IT Security Analyst




Valerie Arnold
Purchasing Manager  (2,2)

Vanessa Robinson
Purchasing Coordinator

Virginia Rippy
Purchasing Coordinator




Aja McReynolds
Contact Center Supervisor  (2,2)

Alisha Greer
Collections Representative


Janice Williams
Collections Representative



Douglas Huang
Operational System Specialist  (1,1)

Lawrence Barnillo
Intermediate IT Support Analyst



Ewan Dehnert
Contact Center Supervisor  (7,7)

Carl Crutchfield
Customer Service Rep

Jennifer Akers
Customer Service Rep

Jerry Lazarre
Customer Service Rep


Kelly Hagan
Customer Service Rep

Lorie Mayeski
Customer Resolution Advocate

Reginald Jerome
Customer Service Rep

Yoleydis Gonzalez
Customer Service Rep



Neal Franklin
Contact Center Supervisor  (4,4)


Glenda Thompson
Customer Resolution Advocate

Roslyn Lide-Miller
Customer Service Rep

Sabrina Cooper
Customer Service Rep

Tiara Hayes
Customer Service Rep




Steven Crowder
Contact Center Supervisor  (2,2)

Kaitlynn Gilbert
Customer Service Rep

Patricia Askia
Customer Service Rep



Zakia Bouldin
Contact Center Supervisor  (4,4)

Dominique Greenfield
Customer Service Rep

Sandra Soto
Customer Service Rep

Shanika Wright
Customer Service Rep


Tina Richardson
Customer Service Rep




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Response to AG 1.01 - Organization Chart RVP

Steven Lubertozzi

President
WSC Chicago
Corix US
 (3,85)


Justin Kersey

Vice President, Operations
WSC Chicago
Corix US
 (12,80)


Michael Miller

Business Development Director
USIL Whispering Hills
Corix US

Robert Guttormsen


Financial Planning & Analysis Manager
WSC Chicago
Corix US
 (2,2)





Justin Kersey
Vice President, Operations
WSC Chicago
Corix US
 (12,80)


Alice Benton
Administrative Assistant
USMD Utilities of Maryland Cost Center
Corix US


Colin Webb
Compliance Manager
USIL Somonauk
Corix US


Donald Smiley
State Operations Manager
USVA Massanutten Public Service Corp.
Water
Corix US
 (6,6)


Emily Long
State Operations Manager
USPA Penn Estates Utilities Water
Corix US
 (10,10)


Loren Grosvenor
State Operations Manager
USIN Twin Lakes Utilities Water
Corix US
 (8,8)


Lucas Smith
Area Manager
USIL Whispering Hills
Corix US
 (8,8)

Manda Mattoon
Area Manager
USIL Galena Water
Corix US
 (7,7)

Matthew Loporto
State Operations Manager
USMD Utilities of Maryland Cost Center
Corix US
 (8,8)


Randy Varas
Area Manager
USIL Somonauk
Corix US
 (7,7)

Sean Carbonaro
Director, Engineering & Asset Management
WSC Chicago
Corix US
 (2,2)

Stephen Vaughn
State Operations Manager
USKY Middlesboro Water
Corix US
 (12,12)

Tanya Peters
Administrative Assistant
USIN Twin Lakes Utilities Water
Corix US




Robert Guttormsen
Financial Planning & Analysis Manager WSC Chicago Corix US  (2,2)

Andrew Dickson
Senior Financial Analyst WSC Chicago Corix US

Perry Brown
Senior Financial Analyst WSC Chicago Corix US



Sean Carbonaro
Director, Engineering & Asset Managment WSC Chicago Corix US  (2,2)

Joshua Graff
Project Manager USMD Provinces Utilities, Inc. Corix US

Steven Oxley
GIS Analyst USIL Oakwood Water Corix US



Stephen Vaughn
State Operations Manager USKY Middlesboro Water Corix US ☰(12,12)

Christopher Cannon
Water-Wastewater Operator I USKY Clinton Water Corix US

Colby Wilson
Water-Wastewater Operator II USKY Middlesboro Water Corix US

Dustin Brock
Field Tech I USKY Middlesboro Water Corix US

Earl Bledsoe
Field Tech I USKY Middlesboro Water Corix US

Harvey Johnson
Water-Wastewater Operator II USKY Middlesboro Water Corix US

Holden Buttery
Field Tech I USKY Middlesboro Water Corix US

James Onkst
Lead Water-Wastewater Operator USKY Middlesboro Water Corix US

Jason Scott
Field Tech I USKY Middlesboro Water Corix US

Jeffrey Killion
Field Tech I USKY Middlesboro Water Corix US

Ronald Rushing
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Wendell Mills
Lead Water-Wastewater Operator USKY Middlesboro Water Corix US

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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.

RESPONSE:

Please see the attached file, "Response to AG DR 1.02 - WSKY Allocated v. Direct". Waster Service Kentucky receive allocations from WSC, the Midwest Regional Cost Center, and the Midwest-MidAtlantic Vice President Cost Center.

WITNESS: Perry Brown, Senior Financial Analyst

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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.

RESPONSE:

Since WSCK is requesting the PSC reestablish computer plant balances based on the PSC's assertion that computer assets last 22.5 years it has requested costs associated with Project Phoenix to be included in WSCK's revenue requirement. \$8,046 was included in WSCK's depreciation expense for Project Phoenix.

WITNESS: Perry Brown, Senior Financial Analyst

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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.

RESPONSE:

Please refer to the direct testimony of Company witness Guttormsen starting on pp. 16. Additionally, formulaic support for the calculations that develop each pro forma adjustment can be found in the attachment provided in response to PSC Staff data request 1.03 entitled "Response to Staff DR 1.3 - Filing Template".

WITNESS:

Rob Guttormsen

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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.

RESPONSE:

Please see attached affidavit of Ann Raponi for the proof of publication. Copies of the mailings were filed with the Application as Exhibit 3 and with the Corrected Notice filed on June 18, 2020. Those notices have been posted to WSCK's website.

WITNESS:

Rob Guttormsen

AFFIDAVIT

Comes Ann Raponi, and after first being duly sworn, deposes and states:

1. I am the Billing Supervisor for Utilities, Inc.;
2. On June 1, 2020, I caused to be mailed customer notices regarding the proposed rate increase to all customers in Water Service Corporation of Kentucky's service area. The notices intended to be issued were filed with the Application in Case No. 2020-00160 as Exhibit 3. The customers in Water Service Corporation of Kentucky's Middlesboro service area received notices that referenced only the Clinton service area.
3. On June 16, 2020, I caused to be mailed a corrected customer notice to customers in Water Service Corporation of Kentucky's Middlesboro service area.
4. A copy of the corrected customer notice that was mailed out is attached to this affidavit as an exhibit.
5. This affidavit will be filed in compliance with 807 KAR 5:011, Section 8.

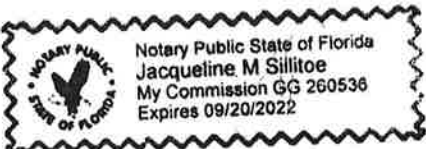
Further, Affiant sayeth naught, this 25th day of August 2020.

Ann Raponi
Ann Raponi

STATE OF Florida)
COUNTY OF Seminole)

The foregoing affidavit was subscribed and sworn to before me this 25 day of August, 2020 by Ann Raponi.

My commission expires September 20, 2022



Jacqueline M Sillitoe
Notary Public, Commission No. GG 260536

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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.

RESPONSE:

In the city of Clinton, WSCK contract operates the city's wastewater system, and provides billing services for said system. The city of Clinton collects payments for WSCK at their city hall. WSCK has a local office at 100 E Jackson St., in Clinton, where customers may come in, or call, with any concerns or questions.

In the city of Middlesboro, WSCK performs billing services for the city, for garbage collection, and wastewater. The City of Middlesboro collects payments for WSCK at their city hall. WSCK has a local office at 102 Water Plant Rd., in Middlesboro, where customers may come in, or call, with any concerns or questions.

WITNESS: Stephen Vaughn State Operations Manager

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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.

RESPONSE:

WSCK files annual reports with the PSC every year and the annual reports are available to the public on the PSC's website.

WITNESS:

Rob Guttormsen

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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.
 - 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.

RESPONSE:

- a. Equivalent residential customer is a ratio assigned to a customer or class of customers based on meter size and an average number of gallons per day.
- b. The Company has 572 customers (premises) in the Clinton service territory and 5,530 customers (premises) in the Middlesboro service territory.

WITNESS: Perry Brown, Senior Financial Analyst

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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.

RESPONSE:

- a. The main difference between WSCK's QIP and KAWC's QIP is that WSCK is proposing to use the operating ratio method to calculate the QIP revenue requirement.
- b. Please refer to the attachment provided in response to staff question 1.36 and 1.37.
- c. The Company anticipates replacing approximately 1 (one) mile of pipeline every calendar year under the QIP, if approved. The large majority of the pipe that will be replaced is cast iron, and we will be targeting areas where there is a history of more frequent main breaks. In Middlesboro, pipelines near Cumberland Avenue are our primary target due to age and concerns surrounding their condition. In Clinton, South

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Washington Street and East Clay Street will be targeted for similar reasons. Most of the pipe to be replaced is made of cast iron.

WITNESS:

Rob Guttormsen and Stephen Vaughn

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.

RESPONSE:

WSCK has previously considered filing an alternate rate filing. In bearing the burden of proof to demonstrate the reasonableness of its rates, WSCK believed that a more thorough application made pursuant to the general adjustment of existing rates would be the best vehicle in presenting its case to the Commission and potential intervenors. WSCK's application in this matter contains more detailed information on which the Commission can render its decision as compared to the information required to be filed pursuant to the Alternate Rate Adjustment Procedure. It is also worth noting that there is no guarantee that a rate case processed under 807 KAR 5:076 will result in lower rate case expenses as the question presumes. Even though the Alternate Rate Adjustment application requires fewer documents to file, the Commission may order and any

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intervenor can request the same information in a case filed under 807 KAR 5:076 as one filed under 807 KAR 5:001. Based on WSCK's previous rate cases, it did not expect that rate case expense would be lower if it filed its application under the Alternate Rate Adjustment Procedure.

WITNESS:

Rob Guttormsen

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.

RESPONSE:

There are no material differences between KAWC's leak adjustment policy and WSCK's proposed leak adjustment policy.

WITNESS:

Rob Guttormsen

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12. Refer to the Direct Testimony of Steven Lubertozzi (Lubertozzi 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.

RESPONSE:

Company witness Baryenbruch provides analysis of the cost comparison to hire either third-party vendors versus the costs allocated from WSC and Corix for comparable services in this case. Please refer to the direct testimony and exhibits of witness Baryenbruch.

WITNESS:

Steve Lubertozzi

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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.
- c. Mr. Lubertozi 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.

RESPONSE:

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- a. WSCK operations has not refused an allocation from WSC during 2019 and 2020 because it did not find any allocation from WSC to be unreasonable nor imprudent.
- b. The process in reviewing allocations from WSC has not changed. WSCK operations reviews all costs that are allocated from WSC, including Corix costs that are allocated from WSC to WSCK through the tier 2 allocation. WSCK operations has not refused an allocation from WSC during 2019 and 2020 because it did not find any allocation from WSC to be unreasonable nor imprudent.
- c. In responding to this data request, WSCK recognized that the adjustment for removal of allocated expense reports is the same in this case as was proposed in Case No. 2018-00208. Please see the attached file entitled "Response to AG DR 1.13 - Allocated Expense Report Removal.

WITNESS:

Steve Lubertozi

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14. Refer to the Lubertozi Testimony, page 7, in which Mr. Lubertozi 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.

RESPONSE:

Please refer to the attachment provided in response to Staff data request 2.22 entitled "Response to Staff DR 2.22 - WSCK Pro Forma CAM Cost Adjustment TTM - 2020.03.31". Additionally, justification for these costs has been filed with WSCK's direct filed application, please see Company witness Elicegui's direct testimony and exhibits.

WITNESS:

Steve Lubertozi

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RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.
 - 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

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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.

RESPONSE:

a.

- i. Please refer to Company witness Guttormsen's direct testimony, page 7. Guttormsen did not assert that "proposing adjustments to post-test year items meets the ratemaking criteria of being known and measurable", Guttormsen stated that "the Company is proposing adjustments to expenses 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".

Sound ratemaking should account for items that can reasonably be predicted to occur in the rate effective year, as well as, known and measurable changes. If post-test year changes are not reflected in rates it could overburden either the rate payer or WSCK's shareholder with rates that produce revenues which do not reflect costs and investment on a going level basis, reflect non-recurring costs, or abnormal fluctuations that may have occurred within the historical test period.

- ii. Justification and narrative for pro-forma adjustments are contained within Company witness direct testimony and the application overall. Calculations developing each proforma adjustment are contained in the attachment provided in response to Staff data request 1.03 entitled "Response to Staff DR 1.3 - Filing Template".

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- b. Current rates are based on a historical test year ended December 31, 2017. Rates stemming from Case No. 2018-00208 were placed into effect approximately 19 months ago. Drivers for increased rates are discussed in the Company's direct application.
- c. Please refer to the attachment provided in response to Staff data request 1.03, tab "Sch.B-I.S" which shows both the per books and pro forma present income statement. WSCK's book costs for the twelve months ended March 31, 2020 were \$2,914,728 and its book revenues for the same period were \$2,846,262, please see column B. Adjusting costs on a pro forma basis, including items such as asset management (interior and exterior tank maintenance), accounting for consumption decline trends, rate year salaries expense, parent company services, and depreciation and taxes produces a book net loss of \$348,676, which is shown in column D.
- d. The allowance for an operating ratio of 88% is based on Commission decisions in WSCK's past (4) general rate cases. WSCK did not perform a ROE study, nor is it requesting rate base/rate of return treatment in Case No. 2020-00160.

WITNESS:

Rob Guttormsen

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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.
- 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.

RESPONSE:

- a. The Company does not expect any direct cost related to its asset management goals in this proceeding. The Asset Management Plan (AMP) will be developed using internal resources, including the Director of Engineering & Asset Management, Geographic Information Systems (GIS) Analyst, State Manager, and Operations staff. If any direct costs are necessary to complete the AMP, those costs will be included in a future rate case.
- b. The Company has an asset management framework that is constantly under improvement and implementation. The Company previously implemented standard asset management practices such as routine inspections of tanks, valves, hydrants, and other assets. For example, the proposed Clinton and Middlesboro tank reconditioning projects were identified from routine third-party tank inspections. The “robust AMP” referred to in Mr.

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Guttormsen's Direct Testimony refers to the update of the AMP currently under development. The update includes developing a more comprehensive asset register and completing more rigorous analysis of the asset data.

- c. The Company plans to develop the AMP using internal resources, including staff and software, whose costs are already proposed for inclusion in this rate case.
- d. The Company plans to develop the AMP using internal resources, including staff and software, that are already proposed for inclusion in this rate case.

WITNESS:

Rob Guttormsen

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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.

RESPONSE:

Please refer to the attachment entitled "Response to Staff DR 2.05 – Water Statistics", provided in response to staff data request 2.05.

WITNESS:

Perry Brown, Senior Financial Analyst

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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.

RESPONSE:

WSC or Corix are not merchant providers of electronic payments and are unable to perform this function in-house. WSC has been in agreement with First Billing Services (FBS) since 2014 as our exclusive provider of electronic payment processing for debit/credit and electronic checks via online, through an IVR or with a live agent. As part of the MyUtilityConnect launch in March 2019, WSC integrated the FBS cloud-based platform with MyUtilityConnect and CC&B to allow for real-time payments on customer accounts for those customers who choose to pay with a debit/credit or electronic check. Prior to the integration, payments were posted to customer accounts once a day as part of a batch upload. The integration with MyUtilityConnect and CC&B allows customers to receive immediate credit for payment and to be able to view the most current balance on their account through the customer engagement portal. In addition, as a result of the integration, for customers subject to service disconnection for non-payment, the real-time payments immediately cancel any scheduled severance activity thereby increasing customer satisfaction and reducing operating costs related to field activities.

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Rob Guttormsen

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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.
 - 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.

RESPONSE:

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- a. The costs for Adaptive are included in WSCK's revenue requirement through the proposed Corix CAM costs.
- b. The costs for Adaptive will not be included in rate base since they are an allocated expense from corporate.
- c. The approximate cost of Adaptive that is allocated to WSCK in the Corix CAM costs is \$613.00.
- d. Meter to Cash is included in WSCK's revenue requirement.
- e. N/A
- f. The cost for Meter to Cash included in the filing was \$94,000. Annualized depreciation expense of \$98.00 is assigned to WSCK in the Company's direct rate filing.
- g. FUSION is included in WSCK's proposed revenue requirement;
- h. N/A
- i. The cost for FUSION included in the filing is \$14,290,000. Annualized depreciation expense of \$14,822 is assigned to WSCK in the Company's direct rate filing.

WITNESS:

Rob Guttormsen

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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.
 - 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

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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.

RESPONSE:

- a. Please see the attachment provided in response to Staff data request 1.03 entitled “Response to Staff DR 1.3 – Salaries”.
- b. Please see below, location is Kentucky:

Year	Average WSCK Raise	Min	Max
2015	3.00%	2.75%	4.00%
2016	3.00%	2.50%	3.50%
2017	12.78%	4.06%	38.71%
2018	7.50%	2.50%	17.50%
2019	3.60%	0.00%	8.00%
2020	3.33%	3.00%	4.00%

- c. Please see the table provided in response to part “b.” above, location is Kentucky.
- d. Yes, annual raises are based on annual performance reviews for the preceding calendar year.
- e. In 2020, WSCK awarded a \$2,000 bonus to an employee in Kentucky.

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- f. Please refer to the attachment provided in response to Staff data request 1.03 entitled “Response to Staff DR 1.3 – Salaries” tab “wp-b2 Calc of Health and Other”. In its revenue requirement, WSCK annualized Health & Other Benefits using the TYE March 31, 2020 benefits costs divide by the number of positions the Company included in WSCK’s rate year to obtain a per employee cost to be applied to each full-time employee. The Company then computed 401k benefits by multiplying employee salaries by the Company’s matching percentages. Annualized salaries will drive 401k benefits to the expected rate year level of 401k costs thus increasing total benefits costs.
- g. Please see the attached files entitled “Response to AG 2.20 - EIP Plan Metrics” and “Response to AG 1.20 - LTIP Plan Metrics”.
- h. Please see below:

Affiliate	Expense	Incentive	Amount
	Type	Type	
President - Midwest	O&M	EIP	\$ 9,308
WSC	A&G	EIP	\$ 13,146
WSC	A&G	LTIP	\$ 9,601
Corix	A&G	EIP	\$ 20,410

WITNESS:

Rob Guttormsen

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RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Response to AG 1.20 - EIP Plan Metrics

EMPLOYEE ANNUAL DEFERRED INCENTIVE PLAN

CORIX GROUP OF COMPANIES

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1 PLAN

The Corix Group of Companies (“Company”) is committed to providing an equitable and competitive compensation program that supports the attraction and retention of employees and reward strong business and individual performance. This plan provides eligible employees with the opportunity to receive an annual lump-sum payment award based on company, business unit and individual performance.

2 SCOPE

(a) Plan Objective

The objectives of the Employee Annual Deferred Incentive Plan (known as Employee Incentive Plan, “EIP”) are to:

- (i) Provide eligible employees with an annual incentive as an integral component of their total annual compensation package while furthering the annual performance of the Company with a view to maximizing shareholder value;
- (ii) Incent eligible employees to achieve or exceed short-term objectives set annually for the Company, each business unit and their personal performance;
- (iii) Reward individual performance and contribution to the Company;
- (iv) Enhance the Company’s ability to attract and retain people with the talent necessary to compete effectively;
- (v) Place a greater proportion of an eligible employee’s pay at risk commensurate with the level of authority and responsibility inherent in the position; and
- (vi) Provide a meaningful incentive for eligible employees that delivers market competitive awards commensurate with company performance.

(b) Eligible Positions

- (i) This plan applies to all positions with incumbent employees that fall within a non-regulated business operation who are active, regular full-time or regular part-time employees;
- (ii) Generally, positions that fall within a regulated business unit, except certain executive positions, will not be eligible for the EIP program;
- (iii) Fixed-term contract employees, casual employees and union employees are excluded from EIP;
- (iv) Other positions or employees who are remunerated under an alternative short-term compensation plan are excluded from EIP;
- (v) Such eligibility for inclusion or exclusion in the EIP is at the sole discretion of the Company.

3 PLAN AND PROCESS

3.1 PLAN DESIGN

The EIP is designed to recognize company, business unit and personal performance for all eligible employees. Weightings for each of the three factors will vary depending upon the position an eligible employee occupies; each factor is then added together to drive an overall score. The more senior the position, the greater the emphasis placed on company or business unit factor. Please refer to Appendix A for illustrative examples.

Each eligible position shall be assigned a target EIP award that is expressed as a percentage of base salary, based on the position's scope and level of responsibility within the company. In addition, each eligible position will also be assigned the weightings prescribed for that particular position.

3.2 PAYOUT FORMULA

(a) The Award Payout is calculated as follows:

Business Unit Positions: = {Weighted Company Performance Factor + Weighted Business Unit Performance Factor + Weighted Personal Performance Factor} x {Base Salary* x EIP Target %}
Corporate/Support Services Positions: = {Weighted Company Performance Factor + Weighted Personal Performance Factor} x {Base Salary* x EIP Target %}
<i>*The Base Salary for the payout formula is total Regular Earnings, as defined in Section 4 below, for the performance year.</i>

Appendix B provides a number of example payout scenarios under an additive plan.

(b) Certain exceptions apply in regards to an award payout, depending on whether the Company Gatepost is achieved and whether financial thresholds have been met.

(c) The payout curve on Company and Business Unit Performance Factor is:

Performance level	Threshold	Target	Maximum
Payout Percentage	50%	100%	150%

(d) The maximum payout possible under the EIP is 150% of target.

(e) If the overall Personal Performance Factor is below .75, then typically there would be no payout of EIP to that eligible employee.

3.3 GATEPOSTS

There are two “gateposts” which must be met in order for any EIP awards to be made:

1. **Company Financial Gatepost** shall be based upon a level required to return an investment to the Company’s shareholder, determined annually; and
2. **No Code Red** Safety and Environment incident has occurred.

To establish the annual Company Financial Gatepost, a determination of Corix’s requirements to meet its required minimum financial obligations to the Company’s shareholder will be performed, and approved by the Board of Directors (“Board”).

3.4 COMPANY PERFORMANCE FACTORS

The Company Performance Factor is determined based on a Company Scorecard for performance from January 1 to December 31. There are also Business Unit (BU) Scorecards for certain lines of business that will generally follow the Company Scorecard at a high level.

Generally, the performance measures and weightings for the Company Scorecard are outlined below:

Strategic Drivers	Performance Measure	Weighting
Customers & Stakeholders	The Company will establish customer experience measures that may change from time to time in accordance to business strategy and Board approval	5%
Operational & Service Excellence	The Company will establish system availability and days in environmental compliance measures that may change from time to time in accordance with regulatory, business strategy and Board approval.	8%
People & Culture	The Company will establish people and culture metrics that will include an emphasis on health and safety. These measures may change from time to time in accordance with business strategy and Board approval.	17%
Financial Performance	The Company will establish financial measures that may change from time to time in accordance to business strategy and Board approval	70%
	Total	100%

Each performance measure has a threshold, target and maximum level of performance. Performance targets are set at the beginning of the year and approved by the Board.

3.5 PERSONAL PERFORMANCE FACTOR

The Personal Performance Factor is determined based on the annual performance review process conducted at the end of the year. The overall Personal Performance Factor is a weighted average of the Personal Performance objective ratings. A rating can range from 0.0 to 1.50.

Performance Level	Definition	Rating
Exceptional Performance	Significantly exceeded requirements and expectations in the delivery of all objectives	1.30 – 1.50
Consistently Exceeds Expectations	Highly proficient, above satisfactory performance on all objectives of the role	1.10 – 1.20
Meets Expectations	Proficient, fully satisfactory on the objectives of the role	1.00
Needs Improvement	Acceptable performance but fell short of expectations for some objectives and had opportunities for improvement	0.75
Unsatisfactory	Failed to deliver on the objectives of their role/position	0

3.6 PERSONAL PERFORMANCE FACTOR OBJECTIVE SETTING

Personal Performance objectives would include objectives set at the beginning of the performance year for the employee. Any particular position that has responsibility for Business Growth, either directly or indirectly, should have certain objectives specific to Business Growth set for the performance year.

It is recommended that each eligible employee have between three and five performance objectives. This allows clear focus on achieving personal results that are aligned to business unit and/or Company success.

4 GUIDELINES

4.1 REGULAR EARNINGS

Regular Earnings are defined as base pay earned in the calendar year and are exclusive of overtime, allowances, Income Continuance (i.e., short term or long term disability) or any one time lump sum payments (such as incentive payments or retention bonuses).

4.2 EMPLOYEE PERFORMANCE

Formal performance reviews are done annually; however, periodic and regular mid-year performance reviews should be undertaken.

Needs Improvement Performance Rating: if an employee has received an overall rating of “needs improvement”, managers have the discretion to provide an award between 0.5 - 0.75.

Unsatisfactory Performance Rating: if an employee has received an overall rating of “unsatisfactory”, no EIP award will be paid.

4.3 NEW HIRES

If an eligible employee is hired on or after July 1st, participation in the Plan commences the following fiscal year. If an eligible employee is hired before July 1st, the current year EIP award, if any, will be pro-rated.

4.4 TRANSFERS, PROMOTIONS OR DEMOTIONS

If an eligible employee transfers business units during the year, their EIP award will be prorated based on their length of service in each business unit if such change moves them to fall under a different scorecard. If an eligible employee is promoted or demoted within the year and receives a different EIP target percentage, the EIP award will be prorated based on their time spent in each EIP target percentage.

4.5 TERMINATIONS

If an eligible employee resigns, or their employment is terminated by Corix for any reason, s/he will receive their EIP award only if the termination date from employment with Corix is after the date the EIP awards are calculated and approved by the Board of Directors of Corix in accordance with section 5 below.

For the purposes of this plan the “termination date” will be the earlier of the date an eligible employee gives or receives written notice of termination of employment and the last day such eligible employee discharges his/her duties to Corix. Participation in the EIP will not be extended if the eligible employee continues to receive compensatory payments or pay in lieu of working notice from Corix and, subject only to any express requirements of legislation applicable to the employee, no EIP payment shall be paid or payable to any eligible employee in respect of or attributable to any notice period after the effective date of termination, whether arising pursuant to contract, common law, or otherwise. No eligible employee will have any rights to receive any amount in respect of EIP except as expressly stated in this plan.

4.6 RETIREMENT

If an eligible employee formally retires (as defined by reaching the age of 55 at a minimum)

during the calendar year, the employee will be eligible to receive a prorated EIP award based on their actual Regular Earnings for the year.

4.7 LEAVE OF ABSENCE

If an eligible employee goes on a leave of absence, he/she will be eligible to receive their EIP award, prorated based on their actual Regular Earnings for the year, when they return from leave. If an employee resigns while on leave of absence, he/she will receive their prorated EIP award as long as he/she is employed by Corix on the date that the Board approves payment, if any, under the plan.

4.8 DISABILITY OR DEATH

In the event that an employee cannot return to work due to disability or death, the employee or their estate will be eligible for a prorated portion of the EIP earned while actively at work during that calendar year. Payments, if any, are contingent upon the Board approving any payment under the plan.

5 PAYMENT

Payments, if any, under EIP are the discretion of the Board of Directors. EIP is not earned by and does not accrue to the benefit of any eligible employee during the performance year. EIP payments to eligible employees only accrue and are owing to the eligible employees when amounts are calculated and approved by the Board of Directors of the Company in accordance with this plan. EIP awards are calculated following the Board's approval of the Company's audited financial statements at the end of the first quarter of the calendar year following the end of the performance year for calculating EIP. EIP awards are paid in cash, or employees have the option of deferring, if eligible, all or a portion of their award into their applicable Corix retirement savings plan.

6 DISCRETIONARY AUTHORITY

The Human Resource & Compensation Committee of the Board ("HRC") has the discretion to authorize exceptions to the application of this Plan for all employees, including executive management team ("EMT") members. For non-EMT roles, the HRC delegates this authority to the Chief Executive Officer and EVP & Chief Strategy Officer.

7 HISTORY

Policy Owner: Strategy/Human Resources
Creation Date: October 2015
Last Updated: May 2020 Version: 3.0

Appendix "A"

Component Weightings for Each Organization Level as % of target	Company Factor	Business Unit Factor	Individual Performance Factor	Total
President & CEO, Corix	75%	0%	25%	100%
Corporate/ Support Services Executive	70%	0%	30%	100%
Business Unit Executive	35%	40%	25%	100%

**The weightings applied to the Executive Management Team positions above are guidelines and actual weightings for individual positions may vary, from year-to-year, as determined by the CEO and Board of Directors. The weightings as applied to the CEO are determined year-to-year by the Board of Directors.*

Component Weightings for Each Organization Level as % of target	Company Factor	Business Unit Factor	Individual Performance Factor	Total
Corporate/Support Services Vice President	65%	0%	35%	100%
Business Unit Vice President	30%	35%	35%	100%
Corporate/ Support Services Director	60%	0%	40%	100%
Business Unit Director/GM	30%	30%	40%	100%
Corporate/Support Services Manager	40%	0%	60%	100%
Business Unit Manager	10%	30%	60%	100%
Corporate/Support Services Professional	30%	0%	70%	100%
Business Unit Professional	10%	20%	70%	100%
Corporate/Support Services Administrative	20%	0%	80%	100%
Business Unit Front Line/Administrative	5%	15%	80%	100%

**The table above generally outlines the weightings attached to each level of role in the company; however, each position will have specifically assigned weightings.*

Appendix "B"
Company Payout Example

The following table pictorially indicates when an eligible employee can expect to see some level of payout under the EIP. Red (light grey) indicates no payout, while Green (dark grey) indicates a potential payout based on performance.

The following is an illustrative Example:

Scenario	CEO		Executive		Vice President		Director		Manager		Professional		Administrative	
	Comp Payout (100%)		Comp Payout (80%)	Personal Payout (20%)	Comp Payout (70%)	Personal Payout (30%)	Comp Payout (60%)	Personal Payout (40%)	Comp Payout (40%)	Personal Payout (60%)	Comp Payout (30%)	Personal Payout (70%)	Comp Payout (20%)	Personal Payout (80%)
Gatepost Missed														
Gatepost Hit, Threshold Missed														
Gatepost Hit, Threshold Hit														

Role: Corporate/Support Services Manager
 EIP %: 15%
 Salary: \$50,000

Personal Performance for all scenarios: Fully Meets Expectations (1.0 rating)

Dimensions	Company	Personal		
Weightings	40%	60%		
Scenarios	Results		Calculation	Bonus Amount
Gatepost Missed	0	0	$(40\% \times 0) + (60\% \times 0) = 0$	$0 \times 15\% \times \$50,000 = \mathbf{\$0.00}$
Company Threshold Missed	0	1	$(40\% \times 0) + (60\% \times 1) = 0.6$	$0.6 \times 15\% \times \$50,000 = \mathbf{\$4,500}$
Company Threshold Hit	.5	1	$(40\% \times .5) + (60\% \times 1) = 0.8$	$0.8 \times 15\% \times \$50,000 = \mathbf{\$6,000}$
Company Target Hit	1	1	$(40\% \times 1) + (60\% \times 1) = 1$	$1 \times 15\% \times \$50,000 = \mathbf{\$7,500}$
Company Maximum Hit	1.5	1	$(40\% \times 1.5) + (60\% \times 1) = 1.2$	$1.2 \times 15\% \times \$50,000 = \mathbf{\$9,000}$

Payout if all Dimensions were at the Maximum

Dimensions	Company	Personal		
Weightings	40%	60%		
Scenario	Results		Calculation	Bonus Amount
Maximum Performance	1.5	1.5	$(40\% \times 1.5) + (60\% \times 1.5) = 1.5$	$1.5 \times 15\% \times \$50,000 = \mathbf{\$11,250}$

Appendix “B”
Business Unit Payout Example

The following table pictorially indicates when an eligible employee can expect to see some level of payout under the EIP. Red (light grey) indicates no payout while Green (dark grey) indicates a potential payout based on performance.

The following is an illustrative Example:

Scenario	Executive			Vice President			Director/GM			Manager			Professional			Front Line / Administrative		
	Comp Payout (40%)	BU Payout (40%)	Personal Payout (20%)	Comp Payout (30%)	BU Payout (35%)	Personal Payout (35%)	Comp Payout (30%)	BU Payout (30%)	Personal Payout (40%)	Comp Payout (20%)	BU Payout (20%)	Personal Payout (60%)	Comp Payout (15%)	BU Payout (15%)	Personal Payout (70%)	Comp Payout (10%)	BU Payout (10%)	Personal Payout (80%)
Gatepost Missed	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
Gatepost Hit Comp Threshold Missed, BU Threshold Missed	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Green	Red	Red	Green	Red	Red	Green
Gatepost Hit Comp Threshold Hit, BU Threshold Missed	Red	Red	Green	Red	Red	Green	Red	Red	Green	Green	Red	Green	Green	Red	Green	Green	Red	Green
Gatepost Hit Comp Threshold Missed, BU Threshold Hit	Red	Green	Green	Red	Green	Green	Red	Green	Green	Red	Green	Green	Red	Green	Green	Red	Green	Green
Gatepost Hit Comp Threshold hit BU Threshold hit	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green	Green

Appendix "B"

Role: Business Unit Manager
 EIP %: 15%
 Salary: \$50,000
 Personal Performance for all scenarios: Fully Meets Expectations

Dimensions	Company	Business Unit	Personal		
Weightings	10%	30%	60%		
Scenarios	Results			Calculation	Bonus Amount
Gatepost Missed	0	0	0	$(10\% \times 0) + (30\% \times 0) + (60\% \times 0) = 0$	$0 \times 15\% \times \$50,000 = \mathbf{\$0.00}$
Company Threshold Missed; Business Unit Threshold Hit	0	.5	1	$(10\% \times 0) + (30\% \times .5) + (60\% \times 1) = 0.75$	$0.75 \times 15\% \times \$50,000 = \mathbf{\$5,625}$
Company and Business Unit Threshold Hit	.5	.5	1	$(10\% \times .5) + (30\% \times .5) + (60\% \times 1) = 0.8$	$0.8 \times 15\% \times \$50,000 = \mathbf{\$6,000}$
Company and Business Unit Target Hit	1	1	1	$(10\% \times 1) + (30\% \times 1) + (60\% \times 1) = 1$	$1 \times 15\% \times \$50,000 = \mathbf{\$7,500}$
Company and Business Unit Maximum Hit	1.5	1.5	1	$(10\% \times 1.5) + (30\% \times 1.5) + (60\% \times 1) = 1.2$	$1.2 \times 15\% \times \$50,000 = \mathbf{\$9,000}$

Payout if all Dimensions were at the Maximum

Dimensions	Company	Business Unit	Personal		
Weightings	10%	30%	60%		
Scenario	Results			Calculation	Bonus Amount
Maximum Performance	1.5	1.5	1.5	$(10\% \times 1.5) + (30\% \times 1.5) + (60\% \times 1.5) = 1.5$	$1.5 \times 15\% \times \$50,000 = \mathbf{\$11,250}$

CASE No. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Response to AG 2.20 - LTIP Plan Metrics



Deferred Long-Term Compensation Plan
(Long-Term Incentive Plan or "LTIP" or "Plan")

Corix Infrastructure Inc.
("Company")

Effective January 1, 2020

Deferred Long-Term Compensation Plan (Long-Term Incentive Plan)

DATE OF PLAN IMPLEMENTATION: January 1, 2020

1. Establishment and Objectives

1.1. The Company hereby establishes its Deferred Long-Term Compensation Plan (also known as Long-Term Incentive Plan or "LTIP"). The objectives of the LTIP are to:

- (a) Incent key employees of the Company to take a long-term view and balance the long-term and short-term impacts of their decisions;
- (b) Reward the business performance and contribution to the Company of these key employees;
- (c) Enhance the Company's ability to attract and retain people with the talent necessary to compete effectively;
- (d) Provide a meaningful incentive for participants that delivers market competitive awards commensurate with Company performance;
- (e) Encourage long-term commitment to the Company and serve as a retention tool for key employees;
- (f) Enable new leaders of the Company to participate in the long-term success of the Company; and
- (g) Provide certain key employees with an additional incentive to further the growth and development of the Company with a view to maximizing long-term shareholder value;

2. Eligible Employees

2.1. This program is available to those key employees ("Eligible Employees") who are identified by the Company from time to time, provided that each such employee:

- (i) has been regularly employed by the Company or one of its affiliated subsidiaries (also collectively known as the Corix Group of Companies or "Corix") for the past six consecutive months on a continuing basis for an average of at least 30 hours per week; or
- (ii) has been designated as eligible by the Human Resources Committee of the Board of Directors.

3. LTIP Grants

- 3.1. The Company may provide to such Eligible Employees (each such Eligible Employee, who agrees to be bound by the LTIP, being hereafter referred to as a “Plan Participant”), LTIP grants (each a “LTIP Grant”) in such amounts and at such times as determined by the President & CEO and contemplated by the annual budget approved by the Board of Directors (the “Board”). In making her/his determinations, the President & CEO may be guided by financial market data, competitive compensation data, corporate forecasts as well as the Plan Participant’s level within the organization and his/her individual performance.
- 3.2. Each Plan Participant will only be provided an LTIP Grant if such Plan Participant has first entered into, and continues to comply with, such agreements relating to confidentiality, non-solicitation of Company customers, ownership of intellectual property and restrictive covenants as the Company may require.
- 3.3. The inclusion of an Eligible Employee as a Plan Participant on any occasion does not mean that the Eligible Employee will be included as a Plan Participant on any subsequent occasion. Subject to the terms and conditions of the LTIP, determinations made by the Company under the LTIP need not be uniform and may be made selectively among Eligible Employees and Plan Participants, whether or not such individuals are similarly situated.
- 3.4. Each LTIP Grant shall have a three (3) year performance period (the “Performance Period”) commencing on the effective date that the applicable LTIP Grant was made.

Refer to Schedule “A” for the terms of the LTIP Grants for the current performance period.

4. Measures for Payment Amount

- 4.1. Each LTIP Grant is a target payment amount, calculated as a percentage of salary, in either Canadian or US dollars dependent on the applicable Plan Participant’s country of residence. The LTIP Grant is the target amount of the payment to be made to the applicable Plan Participant based on meeting the performance expectations set by the Company. The actual payment amount made to the applicable Plan Participant (the “LTIP Payment”) will be the LTIP

Grant increased or decreased based on the Company's performance vis-à-vis the performance measures set by the Company as described herein over the Performance Period.

- 4.2. The performance measures for determining the LTIP Payment will be:
- (a) Company's cumulative Earnings Before Interest, Taxes, Depreciation and Amortization calculated without regard to foreign exchange ("Cumulative EBITDA"), which will comprise 50% of the total performance measurement weighting ("EBITDA Weighting"); and
 - (b) Company's 3-Year Valuation change ("Shareholder Return Factor"), which will comprise 50% of the total performance measure weighting ("Valuation"). Valuation shall mean the valuation determination made by PwC (or equivalent consultant) as approved by the Corix Board of Directors.
- 4.3. The LTIP Payment shall be determined by applying the performance measures to the LTIP Grant at the end of Performance Period as follows:

Cumulative EBITDA

- (a) The Cumulative EBITDA achieved over the Performance Period must reach a certain level for any LTIP Payment to be made ("Gatepost");
- (b) The Cumulative EBITDA achieved over the Performance Period will be divided by the cumulative target EBITDA over the Performance Period, and the quotient will be the EBITDA Performance Factor;
- (c) For the purposes of calculating the EBITDA achieved over the Performance Period, EBITDA earned in respect of capital expenditures for any acquisition from an arms-length third party with an enterprise value in excess of \$5 million shall not be included. For clarity, EBITDA earned in respect of any acquisition from an arms-length third party with an enterprise value of \$5 million or less, and in respect of any maintenance capital and capital expenditures in respect of organic growth, which includes extensions and additions to existing systems and existing projects, shall be included in calculating the EBITDA achieved over the Performance Period;

- (d) The LTIP Grant will be multiplied by the EBITDA Weighting and by the EBITDA Payout Multiplier commensurate with the EBITDA Performance Factor based on the table below;

EBITDA Performance Factor	EBITDA Payout Multiplier
Less than 0.8	0
0.80	0.25
1.00	1.00
1.35	2.00
Greater than 1.35	2.00

- (e) If the EBITDA Performance Factor is a value between the points in the tables above, the Performance Factor and related Payout Multiplier will be interpolated on a straight-line basis between the applicable points.

Shareholder Return Factor

- (f) The Shareholder Return Factor performance measure shall be calculated as follows:

$$\text{One (1) year return (\%)} = \text{Closing Valuation}^1 \text{ divided by Opening Valuation (prior year)}$$

¹Closing Valuation = Opening Valuation – new equity or shareholder debt injection(s) from Shareholder(s) + cash payments to Shareholder(s) [interest and dividends]

To calculate the three-year performance cycle results, perform a three-year Compound Annual Growth Rate analysis (CAGR).

- (g) For the purpose of calculating the Shareholder Return Factor achieved over the three-year Performance Period, the following shall be the Payout Formula:
- i. 6.5% threshold with a 30% Payout;
 - ii. 7.5% - 8.5% target with a 100% Payout; and
 - iii. 10.5% maximum with a 200% Payout.

- (h) If the Shareholder Return Factor is a value between the points above, the Return Factor and related Payout will be interpolated on a straight-line basis between the applicable points.
- (i) In regard to the Shareholder Return Factor, Tribus Services Inc. ("Tribus") shall be neutralized regarding any effect that Tribus has on the Company's valuation.

5. Payments

- 5.1. To be eligible for an LTIP Payment, the applicable Plan Participant must be actively employed by Corix on the last day of the Performance Period, subject to the provisions of this LTIP.
- 5.2. The LTIP Payment will be in the year following the year in which the expiry of the Performance Period of the applicable LTIP Grant occurs once the Board has approved the financial statements of the Company for the final year of the Performance Period ("Due Date"), provided that, subject to the limitations of Section 409A of the Code for US Taxpayers, the Company may decline to make an LTIP Payment if:
 - (a) the payment would create a working capital deficiency for the Company;
 - (b) the payment would cause the Company to be in default of its financial obligations under a bona fide arm's length loan agreement; or
 - (c) the Company is insolvent, or if the payment would render it insolvent.
- 5.3. In the event of unusual or nonrecurring events, the Board may exercise its discretion and make adjustments to an LTIP Payment to consider effects that may include but are not limited to: changes in the regulatory landscape, a reorganization or recapitalization; unusual or nonrecurring events; changes in tax or accounting principles; shifts in corporate strategies; unusual and/or highly variable valuation results not directly related to management performance; and individual performance and contribution to achievement and results.
- 5.4. LTIP Payments will be made in cash, net of applicable withholding tax. A Plan Participant who is not a US Taxpayer may elect to have the funds placed into a Corix retirement savings vehicle on a pre-tax basis, provided such placement is accordance with all applicable law.

6. Special Events

- 6.1. In the event of the death of a Plan Participant, the Plan Participant shall be entitled to all LTIP Payments, prorated based on the number of months of active employment in the Performance Period, payable on the Due Date, as if they were actively employed on the last day of the Performance Period.
- 6.2. In the event of Permanent Disability of a Plan Participant, the Plan Participant shall be entitled to all LTIP Payments, prorated based on the number of months of active employment in the Performance Period, payable on the Due Date, as if they were actively employed on the last day of the Performance Period.
- 6.3. For the purposes of this Section, "Permanent Disability" shall mean any physical or mental disability (to be determined by the Company based upon objective medical criteria, acting reasonably) arising from an accident or illness for a period exceeding a cumulative total of six (6) months in any twelve (12) consecutive month period.
- 6.4. In the event of a termination without cause of a Plan Participant, the Plan Participant shall be entitled to all LTIP Payments, payable on the Due Date, if they were actively employed on the last day of the Performance Period. For clarity, a Plan Participant is not eligible for LTIP Payments if the termination without cause occurs prior to the last day of the Performance Period.
- 6.5. In the event of a voluntary resignation of a Plan Participant, the Plan Participant shall be entitled to all LTIP Payments, payable on the Due Date, if they were actively employed on the last day of the Performance Period. For clarity, a Plan Participant is not eligible for LTIP Payments if the voluntary resignation occurs prior to the last day of the Performance Period.
- 6.6. In the event of the Retirement of a Plan Participant, the Plan Participant shall be entitled to all LTIP Payments, prorated based on the number of months of active employment in the Performance Period, payable on the Due Date, as if they were actively employed on the last day of the Performance Period.

For the purpose of this LTIP, the definition of "Retirement" means retirement of a Plan Participant in the following circumstances:

- (a) the Plan Participant has reached the age of 55;

- (b) the Plan Participant having given reasonable written notice of an intention to retire;
- (c) the Plan Participant not receiving any cash severance, retiring allowance or equivalent;
- (d) the Plan Participant complying with reasonable transitional activities as required by the Company;
- (e) the Plan Participant must have completed at least one Performance Period; and
- (f) the Plan Participant complying with all of her/his Post-Employment Obligations.

For the purposes of this LTIP, "Post-Employment Obligations" means all Post-Employment Obligations of Plan Participant (including with respect to non-competition, non-solicitation and confidential information) pursuant to the terms and conditions of the Plan Participant's employment with the Company or any of its affiliates.

- 6.7 Where a Plan Participant is terminated with cause at any time during the Performance Period or before the Due Date, the Plan Participant shall not be entitled to the payment of any LTIP Payments. "Cause" shall be determined by the Company and shall include, without limitation, a Plan Participant's performance of any act of theft, embezzlement, fraud, insubordination, malfeasance, dishonesty or misappropriation of Corix property.
- 6.8 In the event that a Plan Participant takes a Leave of Absence of greater than 90 days, the Plan Participant shall be entitled to all LTIP Payments, prorated based on the number of months of active employment in the Performance Period, payable on the Due Date or upon their return to active employment.

7. General

- 7.1. LTIP Grants and LTIP Payments are not transferable or assignable.
- 7.2. LTIP Payments will be subject to any applicable withholding taxes.
- 7.3. The Company may from time to time take such steps and require such documentation from a Plan Participant in connection with this LTIP which in the Company's opinion is necessary or desirable to ensure compliance with all applicable laws.

- 7.4. The Company shall have the authority to determine that the conditions and restrictions applicable to an LTIP Payment have been met and interpret the LTIP. Decisions of the Company on all matters relating to the LTIP shall be in the Company's sole discretion and shall be conclusive and binding upon Plan Participants.
- 7.5. The Company may amend, suspend or terminate this LTIP or any portion of it at any time.
- 7.6. This LTIP will be construed and enforced in accordance with the laws of British Columbia.
- 7.7. Time will be of the essence in this LTIP.
- 7.8. This LTIP will enure to the benefit of and be binding upon the Eligible Employees, Plan Participants and the Company, and their respective heirs, personal representatives and successors and permitted assigns.
- 7.9. The provisions of this Section 7.9 shall apply to each US Taxpayer: the Plan is intended to comply with Section 409A of the United States Internal Revenue Code ("Code") or an exemption thereunder and shall be construed and administered in accordance with Section 409A of the Code. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under the LTIP comply with Section 409A of the Code and in no event shall the Company (or any officer, employee director, consultant, agent, or representative of the Company) be liable for any portion of any taxes, penalties, interest, or other liabilities, damages or expenses that may be incurred by a Plan Participant on account of non-compliance with Section 409A of the Code. A termination of employment shall not be deemed to have occurred for purposes of any provision of this LTIP providing for the payment of any amounts or benefits upon or following a termination of employment unless such termination is also a "separation from service" within the meaning of Section 409A of the Code and, for purposes of any such provision of this LTIP, references to a "termination," "termination of employment" or like terms shall mean "separation from service." For purposes of Section 409A of the Code, each installment payment provided under the LTIP shall be treated as a separate payment. Notwithstanding any other provision of the LTIP, if any payment or benefit provided to a Plan Participant in connection with the Plan Participant's termination of employment is determined to constitute "nonqualified deferred compensation" within the meaning of Section 409A of the Code and the Plan

Participant is determined to be a “specified employee” as defined in Section 409A(a)(2)(b)(i) of the Code, then such payment or benefit shall not be paid until the first payroll date to occur following the six (6)-month anniversary of the separation from service or, if earlier, on the Plan Participant’s death (the “Specified Employee Payment Date”). The aggregate of any payments that would otherwise have been paid before the Specified Employee Payment Date (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid to the Plan Participant in a lump sum on the Specified Employee Payment Date and thereafter, any remaining payments shall be paid without delay in accordance with their original schedule. “US Taxpayer” means a Plan Participant who is a citizen or permanent resident of the United States for purposes of the Code or a Plan Participant for whom the compensation under this LTIP would otherwise be subject to income tax under the Code.

Policy Owner:	Strategy/Human Resources
Creation Date:	November 2015
Current Update:	January 2020
Effective Date:	January 1, 2020
Version:	1.4

Schedule A

For the Performance Period, January 1, 20XX to December 31, 20XX, the Cumulative EBITDA shall be \$xxxM

Sample Calculation

Employee A

- Target LTIP = \$10,000

Performance Measures

1. Gatepost: cumulative EBITDA must be at least 0.8 of base budget
2. Cumulative EBITDA: 50% weighting

EBITDA Performance Factor	EBITDA Payout Multiplier
Less than 0.8	0
0.80	0.25
1.00	1.00
1.35	2.00
Greater than 1.35	2.00

Sample Calculation

If the EBITDA Performance Factor is 1.0: $\$10,000 \times 50\% \times 1.0 = \underline{\$5,000}$

All other points will be a linear interpolation calculation.

3. Shareholder Return: 50% weighting

Shareholder Performance Factor	Shareholder Payout Multiplier
Less than 6.5%	0
6.5%	0.30
7.5%	1.00
8.5%	1.00
10.5%	2.00
Greater than 10.5%	2.00

All other points will be a linear interpolation calculation.

Sample Calculation

If the Shareholder Return Factor is 8.0%: $\$10,000 \times 50\% \times 1.0 = \underline{\$5,000}$

Total Payout

4. LTIP Payout = $\$5,000 + \$5,000 = \$10,000$

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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

RESPONSE:

The Company has placed increased focus on growing the business and implemented asset management initiatives to reduce asset failure risk and improve operations and thus Business Development and Project Management resources are necessary to achieve those goals.

WITNESS:

Rob Guttormsen

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

The Company made an offer on or about March 15, 2020 and was in the process of negotiating the final terms of the VP's salary, start date, benefits, etc. However, due to COVID-19 after the offer was made the Company decided to withdraw the offer and determine the impact of COVID-19. In July the Company decided that it will report the position in 3Q20 and restart the search process.

WITNESS:

Rob Guttormsen

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

- a. The Company has placed the Midwest Project Manager on hold due to COVID-19.
- b. Please refer to the attachment provided in response to Staff data request 1.03 entitled "Response to Staff DR 1.3 - Filing Template" tab "wp-j(2)-Prev Maint".

WITNESS:

Rob Guttormsen

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

- a. Please refer to the attachment provided in response to Staff data request 1.03 entitled "Response to Staff DR 1.3 - Filing Template" tab "wp-d-rc.exp". The Company estimated postage using ERCs and expected postage costs. For newspaper publications, WSKC used costs incurred in the prior rate case. To calculate travel costs, 5 people were assumed to be required to attend the evidentiary hearing. Estimates driving consulting and legal are provided herein as "Response to AG DR 1.24(a.) – Consulting" and "Response to AG DR 1.24(a.) – Legal".
- b. The travel costs should be removed if the Company does not attend a hearing in Kentucky and incur airfare, hotel, meals, or transportation costs.

WITNESS:

Rob Guttormsen

CASE No. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Response to AG DR 1.24(a.) – Consulting



Baryenbruch & Company, LLC
Management Consultants

March 13, 2020

Mr. Steven Lubertozzi
President
Water Service Corporation of Kentucky
500 W. Monroe, Suite 3600
Chicago, IL 60661-3779

Dear Steve:

This is my proposal to provide testimony for Water Service Corporation of Kentucky's ("WSCK") upcoming rate. I will address the necessity and reasonableness of services provided by Water Services Corporation ("WSC") during the year ending December 31, 2019. My testimony will also cover the corporate services provided to WSC by parent holding company Corix Infrastructure, Inc, ("Corix").

My testimony will incorporate the results of my recent evaluation of the necessity of services and reasonableness of charges from WSC to Corix Regulated Utilities (US), Inc. during 2019. That study answered the following questions relative to necessity and reasonableness of services provided to all utility operating companies in Corix Regulated Utilities (US):

Necessity of Services

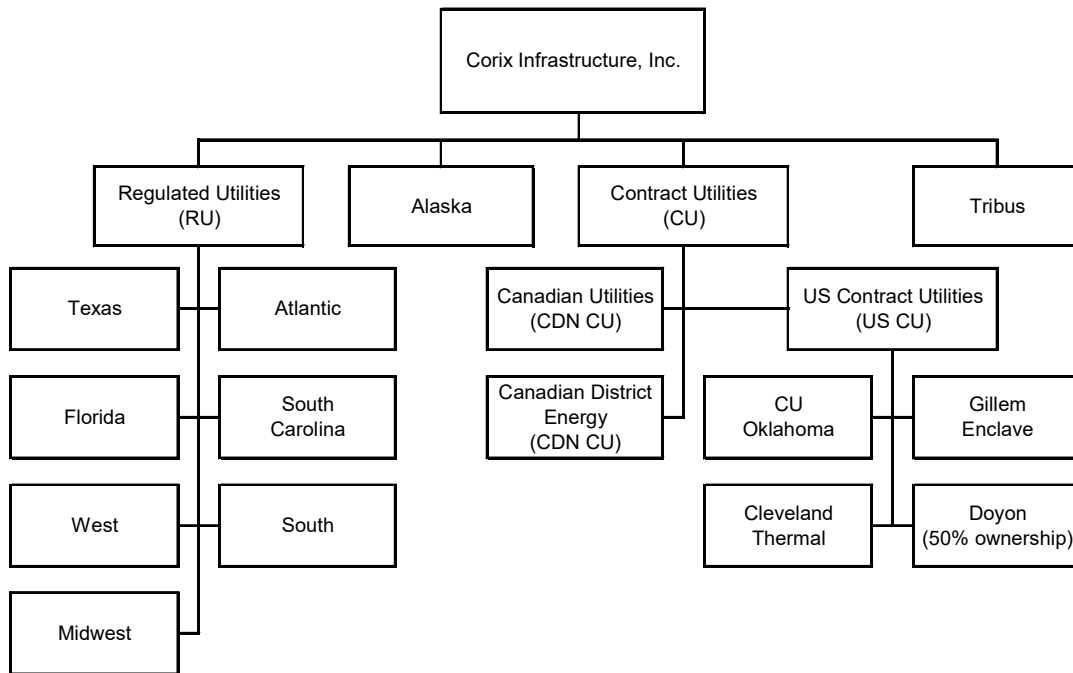
1. Are the services provided by WSC directly and as supported through Corix to Corix Regulated Utilities (US) comparable to services provided by other utility service companies?
2. Are the services provided by WSC directly and as supported through Corix beneficial to Corix Regulated Utilities (US) regulated utilities?
3. Are the services provided by WSC directly and as supported through Corix duplicative or overlapping with work performed by Corix Regulated Utilities (US) themselves?
4. Do governance structure and processes exist to ensure services provided by WSC directly and as supported by Corix are necessary to Corix Regulated Utilities (US)?

Reasonableness of Services

1. Are 2019 charges for services provided by WSC directly and as supported through Corix to Corix Regulated Utilities (US) regulated utilities in line with charges by of other utility services companies to their regulated utility affiliates?
2. Are 2019 services provided by WSC directly and as supported through Corix to Corix Regulated Utilities (US) regulated utilities priced at the lower of cost or market?
3. Are Corix Regulated Utilities (US) utilities' total 2019 customer accounts expenses, including charges directly from WSC as supported through Corix, comparable to the costs of other utilities?
4. Are 2019 services provided by WSC directly and as supported through Corix comparably priced so to all Corix Regulated Utilities (US) regulated utilities?

Background

Corix is a privately held corporation that is owned by certain affiliates of British Columbia Investment Management Corporation. Corix is headquartered in Vancouver, British Columbia and its affiliates provides water, wastewater and energy utility services. Its businesses are organized as of December 31, 2019, as shown below. WSC is in the Midwest region of the Regulated Utilities (US) group.



Source: Company Information

Corix provides the following corporate services WSC and other affiliates include the following

Corporate Office (CEO)	Health, Safety and Environmental
Finance	Corporate Communications
Human Resources	Business Development (A)
Information Technology Governance	Continuous Improvement
Corporate Legal	

WSC is a subsidiary of Corix Regulated Utilities (US) and provides the following services to regulated subsidiaries in the US:

Executive Management	Human Resources
Engineering	Information Technology
Operations	Regulatory
Accounting	Health, Safety and Environmental
Billing and Customer Relations	Other Services

Study's End Product

My testimony will summarize the evidence I developed in my Evaluation of Necessity of Services and Reasonableness of Charges from WSC during 2019. This report will be an attachment to my testimony.

I will also include the results of a comparison of WSCK's total salaries expense per customer to those of other Kentucky water companies of similar size. WSCK's salaries per customer for 12 2019 will be compared to other Kentucky water companies' costs per customer during 2018 (the latest period for which data is available). Comparison group information will be obtained from their 2018 Annual Report to the Kentucky Public Service Commission (KPSC). The comparison group will be selected from the 135 water/waste water companies regulated by the KPSC.

I will produce testimony in draft form by April 27, 2020. After receiving your comments by May 4, 2020, I will finalize the testimony by May 8, 2020 so it can be delivered to our Kentucky attorney by May 10, 2020.

Cost Estimate

I estimate it will take between 70 and 90 hours to complete this study. I am willing to undertake this study on a not-to-exceed total of \$26,550. If the study does not take as much time as estimated to complete, you will only be billed for the actual costs incurred.

	Estimate Range	
	Low	High
Hours		
Develop Cost Comparison	45	60
Prepare Testimony	25	30
Total Hours	70	90
Fees		
Hourly Rate	\$ 295	\$ 295
Total Estimate	\$ 20,650	\$ 26,550

This estimate does not include the cost of answering any potential rate case interrogatories or cross-examination. Should that be necessary, I will perform that work at an hourly rate of \$295. If travel is required, that will be charged at actual cost.

Patrick Baryenbruch Qualifications

Background

I am a Certified Public Accountant (CPA) with an active license from the state of Wisconsin (license number 5343-1). I am a Certified Information Technology Professional (CITP), an accreditation awarded by the American Institute of Certified Public Accountants to CPA professionals who can demonstrate expertise in Information technology management. I also hold a Global Information Assurance Certification (GIAC) in information security from the SANS Institute. I am a member of the American Institute of Certified Public Accountants and the North Carolina Association of Certified Public Accountants.

I began my career as an auditor with Arthur Andersen & Company and later worked for the management consulting firms of Theodore Barry & Associates and Scott Consulting Group, the predecessor firm to ScottMadden, Inc. I established my own management consulting firm, Baryenbruch & Company, LLC, in 1985. I hold a Bachelor of Arts degree in Accounting from the University of Wisconsin-Oshkosh and a Master in Business Administration degree from the University of Michigan.

Mr. Steven Lubertozi
March 13, 2020
Page 4 of 4

Besides my rate case support work, much of my career has been spent as a management consultant for projects related to the utility industry. I have performed consulting assignments for more than 60 utilities and 10 public service commissions. I have participated as project manager, lead consultant or staff consultant for 24 commission-ordered management and prudence audits of public utilities. Of these, I have been responsible for evaluating the area of affiliate charges and allocation of corporate expenses in the Commission-ordered audits of Connecticut Light and Power, Connecticut Natural Gas, General Water Corporation (now United Water Company), Philadelphia Suburban Water Company (now Aqua America) and Pacific Gas & Electric Company. My firm performed the commission-ordered audit of Southern California Edison's 2002, 2003, 2004 and 2005 transactions with its non-regulated affiliate companies.

For the past 20 years, I have also been heavily involved in information technology consulting for the utility industry. My projects involved improvements in IT business management practices of utility IT organizations, covering processes such as business planning, risk management, performance measurement and reporting, cost recovery, budgeting, cost management and personnel development. I have acted as the project manager or member of the project management team for several very large-scale IT implementation projects involving the work of hundreds of utility client employees and contractor personnel.

Utility-Affiliate Transactions Experience

In the course of my career, I have performed more than 110 evaluations of affiliate charges to 39 utility companies. I have acted as an expert witness on utility/affiliate charges in over 70 rate case proceedings before regulators in 17 states. A list of these assignments is shown in Appendix 1.

I want to thank you for asking me to help on this important assignment. I can assure you I will give it my utmost attention. If you are in agreement with this proposal, please sign below and mail one copy to me.

Sincerely,

Patrick L. Baryenbruch

Client Agreement

I am in agreement with the scope, end-products and terms of this proposal:

Steven Lubertozi, President Midwest and Atlantic Ops

Date

Patrick Baryenbruch
Affiliate Transactions and Rate Case Experience

	Client	State	Year	Purpose	Rate Case Witness?
1	Connecticut American Water	Connecticut	1999	Rate Case	Yes
2	Illinois American Water	Illinois	2007	Rate Case	Yes
3	Indiana American Water	Indiana	2017	Rate Case	Yes
4	Kentucky American Water	Kentucky	2003	Rate Case	Yes
		Kentucky	2006	Rate Case	Yes
		Kentucky	2008	Rate Case	Yes
		Kentucky	2009	Rate Case	Yes
		Kentucky	2018	Rate Case	Yes
5	Massachusetts American Water	Massachusetts	2000	Rate Case	Yes
6	Missouri American Water	Missouri	2002	Rate Case	Yes
		Missouri	2008	Rate Case	Yes
		Missouri	2014	Rate Case	Yes
		Missouri	2016	Rate Case	Yes
		Missouri	2019	Rate Case	Yes
7	New Jersey American Water	New Jersey	2005	Rate Case	Yes
		New Jersey	2007	Rate Case	Yes
		New Jersey	2009	Rate Case	Yes
		New Jersey	2010	Rate Case	Yes
		New Jersey	2014	Rate Case	Yes
		New Jersey	2017	Rate Case	Yes
		New Jersey	2019	Rate Case	Yes
8	New Mexico American Water	New Mexico	2007	Rate Case	Yes
9	New York American Water	New York	2006	Rate Case	Yes
		New York	2010	Rate Case	Yes
		New York	2013	Rate Case	Yes
		New York	2015	Rate Case	Yes
10	Ohio American Water	Ohio	2006	Rate Case	Yes
		Ohio	2010	Rate Case	Yes
11	Pennsylvania American Water	Pennsylvania	2008	Compliance	No
		Pennsylvania	2011	Compliance	No
		Pennsylvania	2014	Compliance	No
		Pennsylvania	2017	Compliance	No
12	Tennessee American Water	Tennessee	2006	Rate Case	Yes
		Tennessee	2010	Rate Case	Yes
13	Virginia American Water	Virginia	1996	Rate Case	Yes
		Virginia	1999	Rate Case	Yes
		Virginia	2000	Rate Case	Yes
		Virginia	2001	Rate Case	Yes
		Virginia	2003	Rate Case	Yes
		Virginia	2007	Rate Case	Yes
		Virginia	2009	Rate Case	Yes
		Virginia	2011	Rate Case	Yes
		Virginia	2014	Rate Case	Yes
		Virginia	2018	Rate Case	Yes
14	West Virginia American Water	West Virginia	2002	Rate Case	Yes
		West Virginia	2006	Rate Case	Yes
		West Virginia	2007	Rate Case	Yes
		West Virginia	2009	Rate Case	Yes
		West Virginia	2012	Rate Case	Yes
		West Virginia	2014	Rate Case	Yes
		West Virginia	2017	Rate Case	Yes
15	Atlanta Gas Light (AGL Resources)	Georgia	2009	Rate Case	Yes
16	Atmos Energy Corporation (VA)	Virginia	2004	Compliance	No
17	Columbia Gas of Kentucky	Kentucky	2015	Rate Case	Yes
18	Columbia Gas of Maryland	Maryland	2015	Rate Case	Yes
19	Columbia Gas of Massachusetts	Massachusetts	2004	Rate Case	Yes
		Massachusetts	2006	Internal Info	No
		Massachusetts	2011	Internal Info	No
		Massachusetts	2012	Internal Info	No
		Massachusetts	2014	Internal Info	No
		Massachusetts	2017	Internal Info	No

Patrick Baryenbruch
Affiliate Transactions and Rate Case Experience

	Client	State	Year	Purpose	Rate Case Witness?
20	Columbia Gas of Pennsylvania	Pennsylvania	2015	Rate Case	Yes
21	Columbia Gas of Virginia	Virginia	2003	Compliance	No
		Virginia	2004	Compliance	No
		Virginia	2005	Rate Case	Yes
		Virginia	2006	Compliance	No
		Virginia	2007	Compliance	No
		Virginia	2008	Compliance	No
		Virginia	2009	Rate Case	Yes
		Virginia	2010	Compliance	No
		Virginia	2011	Compliance	No
		Virginia	2012	Compliance	No
		Virginia	2013	Rate Case	Yes
		Virginia	2014	Compliance	No
		Virginia	2015	Rate Case	Yes
		Virginia	2016	Compliance	No
	Virginia	2017	Rate Case	Yes	
	Virginia	2018	Compliance	No	
22	Northern Indiana Public Service Company	Indiana	2015	Internal Info	No
		Indiana	2016	Rate Case	Yes
23	Dominion Resources, Inc. (VA)	Virginia	2008	Rate Case	Yes
		Virginia	2009	Compliance	No
		Virginia	2010	Compliance	No
		Virginia	2011	Compliance	No
		Virginia	2012	Compliance	No
		Virginia	2014	Compliance	No
	Virginia	2017	Compliance	No	
24	Duke Energy (NC)	North Carolina	2006	Compliance	No
25	Elizabethtown Gas (AGL Resources) (NJ)	New Jersey	2008	Rate Case	Yes
26	Electric Transmission Texas	Texas	2016	Rate Case	Yes
27	General Water Works of Rio Rancho (NM)	New Mexico	1993	Rate Case	Yes
28	General Water Works of Virginia	Virginia	1992	Rate Case	Yes
29	Po River Water and Sewer (VA)	Virginia	1993	Rate Case	Yes
		Virginia	2007	Rate Case	Yes
		Virginia	2008	Rate Case	Yes
30	Progress Energy (NC)	North Carolina	2001	Internal Info	No
31	Roanoke Gas Company (VA)	Virginia	2006	Compliance	No
32	Southern California Edison	California	2002	Compliance	No
		California	2003	Compliance	No
		California	2004	Compliance	No
		California	2005	Compliance	No
33	AEP Texas	Texas	2018	Rate Case	Yes
34	Southwestern Electric Power	Texas	2016	Rate Case	Yes
35	Virginia Natural Gas (AGL Resources)	Virginia	2004	Compliance	No
		Virginia	2005	Rate Case	Yes
		Virginia	2010	Rate Case	Yes
36	United Water of Pennsylvania	Pennsylvania	2004	Rate Case	Yes
37	Utilities, Inc./Corix Infrastructure Inc.		2018	Internal Info	No
38	Utilities, Inc. (VA)	Virginia	2006	Rate Case	Yes
		Virginia	2008	Rate Case	Yes
		Virginia	2013	Rate Case	Yes
		Virginia	2019	Rate Case	Yes
39	Utilities, Inc. (KY)	Kentucky	2010	Rate Case	Yes
		Kentucky	2012	Rate Case	Yes
Total Studies					114
Number of Rate Cases					77
Number of Utility Clients					39
Number of States					17

CASE No. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Response to AG DR 1.24(a.) – Legal



Sturgill, Turner, Barker & Moloney, PLLC
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M. Todd Osterloh
Member
tosterloh@sturgillturner.com

May 1, 2020

Robert A. Guttormsen
Utilities, Inc.
500 W. Monroe, Suite 3600
Chicago, IL 60661

VIA EMAIL
Robert.Guttormsen@uiwater.com

Re: Water Service Corporation of Kentucky Rate Case Expense

Dear Rob:

You have requested an estimate of legal expenses for the upcoming WSCK rate case. We estimate that the legal expense for this fully litigated case will be **\$143,375**, which includes 525 hours of attorneys' time at an average rate of \$255 per hour, 100 hours for a paralegal at \$95 per hour, and \$5,000 in expenses. This estimate is based on WSCK's past fully litigated rate cases, including one of which that attorneys have worked approximately 525 hours. Kentucky-American is the only other investor-owned water utility in Kentucky. It estimated rate case expense of \$562,500 in legal expenses for their rate case and its attorneys billed over 1,150 hours at an average rate of \$330 per hour.

As always, please let me know if you have any questions.

Sincerely,
STURGILL, TURNER, BARKER & MOLONEY, PLLC

A handwritten signature in blue ink, appearing to read "M. Todd Osterloh".

M. Todd Osterloh

MTO/mlm

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

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.

RESPONSE:

Please refer to the Cost Allocation Manual provided in response to Staff data request 2.18 entitled "Response to Staff DR 2.20- CAM Manual" and the CAM Cost workbook provided in response to Staff data request 2.22 entitled "Response to Staff DR 2.22 - WSCK Pro Forma CAM Cost Adjustment TTM - 2020.03.31".

WITNESS:

Rob Guttormsen

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

The return put forth by WSCK and cited in Guttormsen's testimony on page 31 is the same operating ratio put forth in this case and adopted by the PSC in the previous (4) general rate cases. WSCK is not proposing a 12% return on capital through its QIP rider, rather an operating ratio calculated on incremental income statement costs driven by unrecovered plant investment.

WITNESS:

Rob Guttormsen

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

Mr. Guttormsen stated "All else equal" meaning that if costs and revenue remain constant, WSCK would not need to file a general rate case to recover costs associate with capital.

WITNESS:

Rob Guttormsen

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.
 - 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?

RESPONSE:

- a. KRS 278.170 prohibits the utility to “give any unreasonable preference or advantage to any person or subject any person to any unreasonable prejudice or disadvantage.” WSKC intends to improve the equitability of residential rates through our low income rate, not only enabling a greater number of customers to bear the burden of their bill, but also to

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RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

ensure that that burden is proportionate to the ability to pay that a given customer has. We are not indicating preference or providing advantage to any person or set of persons. Instead, we are ensuring that our rates are not blind to the needs of the community that we serve, and that our rates do not subject any person to unreasonable prejudice or disadvantage.

- b. Yes, WSKC is stating that the shareholders will cover the costs of the income verification. We have proposed a similar process for a similar rate in Virginia – in Virginia, we have already identified Elkton Area Services as our potential partner in income verification for the purposes of a low-income rate. Our arrangement with Elkton Area Services will cost 10% of the revenue recovered through the special rate, so our expectation is for a similar level of cost in Kentucky. This would be equal to \$88,349.10 for WSKC.
- c. As noted directly in Exhibit AD-5 where these values are identified from, the American Community Survey from 2018 is the source for the data that is the foundation for our low income rate design.
 - i. Here are direct links to the source data in census.gov:
 - Middlesboro (Zip 40965)
 - Avg. Household Size = 2.3
<https://data.census.gov/cedsci/table?q=ZCTA5%2040965&g=8600000US40965&tid=ACSST5Y2018.S1101&vintage=2018>
 - Med. Inc. = \$24,556
https://data.census.gov/cedsci/table?q=ZCTA5%2040965%20Income%20and%20Poverty&tid=ACSST5Y2018.S1903&vintage=2018&layer=VT_2018_860_00_PY_D1&cid=S1701_C01_001E&g=8600000US40965&t=Income%20and%20Poverty
 - 38.3% poverty
<https://data.census.gov/cedsci/table?q=ZCTA5%2040965%20Income%20and%20Poverty&g=8600000US40965&tid=ACSST5Y2018.S1701&t=Income%20and%20Poverty&vintage=2018>
 - Clinton (Zip 42031)
 - Avg. Household Size = 2.5
<https://data.census.gov/cedsci/table?q=ZCTA5%2042031%20Families%20and%20Living%20Arrangements&tid=ACSST5Y2018.S1101&hidePreview=false>
 - Med. Inc. = \$34,561
<https://data.census.gov/cedsci/table?q=ZCTA5%2042031%20Income%20and%20Poverty&tid=ACSST5Y2018.S1903&hidePreview=false>
 - 17.3% poverty
<https://data.census.gov/cedsci/table?q=ZCTA5%2042031%20Income%20and%20Poverty&tid=ACSST5Y2018.S1701&hidePreview=false>

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RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

- ii. WSKC works diligently to ensure we provide a quality product and service to our customers throughout the year, and part of that provision of service is ensuring we are financially prepared to provide that service. Rate cases enable that, but frequent rate cases are a burden not only for the company, but also for our customers. WSKC has no interest in undo expenses that lead to more frequent rate cases, as it impinges our ability to provide a timely an equitable return to our shareholders and diminishes the intimacy we are striving to develop with our customer base. Yes, WSKC is consistently and perpetually looking for ways to limit expense to allow for less frequent rate cases.

WITNESS:

Andy Dickson, Senior Financial Analyst

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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.

RESPONSE:

- a. Please refer to the attached file entitled "Response to AG DR 1.29 – Water Quality".
- b. Kentucky is assigned a dedicated toll-free phone number for inbound calls into the Call Centers. Customer Service and Collections Representatives receive training for state specific dedicated call handling, and outbound calls for the purpose of collections. Calls flow immediately to the next available agent with the highest skillset to ensure an efficient resolution for customer complaints. Contact Center emails and faxes handling goes through the same method. Both emails and faxes receive a response upon receipt during regular business hours, or within 48 business hours if received during non-business hours. Written mail correspondence receives a response within five business days.

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After-hours (5:00 PM to 8:00 AM ET) emergency service is handled through our answering service where a live agent answers every call. The agent will take the customer's location, contact information, service issue, and then relay it to the on-call operations service technician through cell phone texting and email. If the on-call technician cannot respond within 10-15 minutes, another technician receives a text, or is called and emailed. An operations manager is always available by phone.

The contingency plan, in case of severe weather, provides continuous customer call response through live agents located in the Florida, Chicago, and North Carolina, Call Centers and after-hours answering service located in Oregon. CS Staff are equipped with laptops and USB headsets, so they can quickly re-locate and continue to respond to customer calls.

WITNESS:

Perry Brown, Senior Financial Analyst

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

Please refer to our attachment entitled "Response to AG DR 1.30 – Middlesboro Tank Reconditioning Bid".

WITNESS:

Stephen Vaughn

CASE No. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Response to AG DR 1.30 – Middlesboro Tank Reconditioning Bid

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	LC United	Seven Brothers	Kountoupes Painting	Thomas Industrial Coat.	L&T Painting
	Sterling Hgts,	Shelby Twp.,	Farmington Hills,	Pevely,	Shelby Twp.,
	MI	MI	MI	MO	MI
Tank #1					
Section 05 00 00					
Swing Gate (1)	1,500.00	1,200.00		3,125.00	1,300.00
Cathodic Clips & Couplings (2)	2,500.00	2,700.00		4,175.00	2,000.00
Roof Stiffener Replacement (3)	15,000.00	7,500.00		25,000.00	8,500.00
Total Section 05 (1-3)	19,000.00	11,400.00		32,300.00	11,800.00
Section 09 97 13					
Wet Interior Repaint (1)	226,000.00	195,700.00		448,998.00	194,000.00
Exterior Overcoat (2)	71,000.00	61,900.00		101,500.00	79,100.00
Exterior Overcoat-Alt. (3)	86,000.00	77,800.00		118,092.00	90,000.00
Total Section 09 (1-2)	297,000.00	257,600.00		550,498.00	273,100.00
Section 26 42 23					
Cathodic Protection System (1)	18,000.00	25,100.00		20,312.00	19,800.00
Project Total	334,000.00	294,100.00		603,110.00	304,700.00
Antennas & Cables	100.00	1,500.00		0.00	500.00
Bid Bond	10%	10%		10%	

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	Clearcreek Coatings	A & N Construction	Viking Industrial Painting	G & L Tank	D & M Painting
	New Carlisle,	Napolean,	Omaha,	Shelbyville,	Washington,
	OH	OH	NE	TN	PA
Tank #1					
Section 05 00 00					
Swing Gate (1)	1,100.00		2,500.00	2,500.00	1,600.00
Cathodic Clips & Couplings (2)	1,500.00		2,500.00	4,000.00	1,800.00
Roof Stiffener Replacement (3)	9,000.00		30,000.00	20,000.00	4,000.00
Total Section 05 (1-3)	11,600.00		35,000.00	26,500.00	7,400.00
Section 09 97 13					
Wet Interior Repaint (1)	232,048.00		200,000.00	197,000.00	449,300.00
Exterior Overcoat (2)	97,790.00		118,600.00	115,000.00	236,070.00
Exterior Overcoat-Alt. (3)	118,415.00		141,600.00	145,000.00	262,840.00
Total Section 09 (1-2)	329,838.00		318,600.00	312,000.00	685,370.00
Section 26 42 23					
Cathodic Protection System (1)	17,000.00		25,400.00	32,000.00	21,000.00
Project Total	358,438.00		379,000.00	370,500.00	713,770.00
Antennas & Cables	2,500.00		3,000.00	5,000.00	4,000.00
Bid Bond	10%		10%	10%	10%

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	Utility Service	Currens Construction Ser.	Champion Specialty Ser.	American Suncraft	Southern Road & Bridge
	Perry,	Harrodsburg,	Fort Lauderdale,	Medway,	Tarpon Springs,
	GA	KY	FL	OH	FL
Tank #1					
Section 05 00 00					
Swing Gate (1)		2,800.00	1,350.00		
Cathodic Clips & Couplings (2)		6,600.00	12,690.00		
Roof Stiffener Replacement (3)		3,000.00	51,300.00		
Total Section 05 (1-3)		12,400.00	65,340.00		
Section 09 97 13					
Wet Interior Repaint (1)		242,200.00	263,000.00		
Exterior Overcoat (2)		119,900.00	81,000.00		
Exterior Overcoat-Alt. (3)		143,860.00	108,000.00		
Total Section 09 (1-2)		362,100.00	344,000.00		
Section 26 42 23					
Cathodic Protection System (1)		20,300.00	10,000.00		
Project Total		394,800.00	419,340.00		
Antennas & Cables		2,000.00	1,000.00		
Bid Bond		10%	10%		
			Corrected Amount		

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	TMI Coatings
	St. Paul,
	MN
Tank #1	
Section 05 00 00	
Swing Gate (1)	1,000.00
Cathodic Clips & Couplings (2)	2,000.00
Roof Stiffener Replacement (3)	18,000.00
Total Section 05 (1-3)	21,000.00
Section 09 97 13	
Wet Interior Repaint (1)	297,000.00
Exterior Overcoat (2)	103,000.00
Exterior Overcoat-Alt. (3)	154,000.00
Total Section 09 (1-2)	400,000.00
Section 26 42 23	
Cathodic Protection System (1)	22,000.00
Project Total	443,000.00
Antennas & Cables	3,000.00
Bid Bond	10%

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	LC United	Seven Brothers	Kountoupes Painting	Thomas Industrial Coat.	L&T Painting
	Sterling Hgts,	Shelby Twp.,	Farmington Hills,	Pevely,	Shelby Twp.,
	MI	MI	MI	MO	MI
Tank #2					
Section 03 01 00					
Spall Repair (1)	500.00	500.00		380.00	500.00
Grout Repair (2)	3,200.00	2,000.00		2,100.00	3,000.00
Total Section 03 (1-2)	3,700.00	2,500.00		2,480.00	3,500.00
Section 05 00 00					
Swing Gate (1)	1,500.00	1,200.00		3,125.00	1,300.00
Cathodic Clips & Couplings (2)	2,500.00	2,700.00		4,175.00	2,000.00
Roof Stiffener Replacement (3)	15,000.00	7,500.00		25,000.00	8,500.00
Sidewall Manway (4)	11,000.00	9,900.00		10,000.00	9,000.00
Roof Handrail (5)	6,500.00	5,400.00		15,000.00	14,000.00
Total Section 05 (1-5)	36,500.00	26,700.00		57,300.00	34,800.00
Section 09 97 13					
Wet Interior Repaint (1)	226,000.00	199,200.00		458,214.00	191,000.00
Exterior Overcoat (2)	71,000.00	63,500.00		106,200.00	76,350.00
Exterior Overcoat-Alt. (3)	86,000.00	81,800.00		121,793.00	87,500.00
Total Section 09 (1-2)	297,000.00	262,700.00		564,414.00	267,350.00
Section 26 42 23					
Cathodic Protection System (1)	18,000.00	25,100.00		20,312.00	19,800.00
Project Total	355,200.00	317,000.00		644,506.00	325,450.00
Bid Bond	10%	10%			10%

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	Clearcreek Coatings	A & N Construction	Viking Industrial Painting	G & L Tank	D & M Painting
	New Carlisle,	Napolean,	Omaha,	Shelbyville,	Washington,
	OH	OH	NE	TN	PA
Tank #2					
Section 03 01 00					
Spall Repair (1)	150.00		5,000.00	500.00	900.00
Grout Repair (2)	1,600.00		4,000.00	3,500.00	3,200.00
Total Section 03 (1-2)	1,750.00		9,000.00	4,000.00	4,100.00
Section 05 00 00					
Swing Gate (1)	1,100.00		2,500.00	2,500.00	2,400.00
Cathodic Clips & Couplings (2)	1,500.00		2,500.00	4,000.00	1,800.00
Roof Stiffener Replacement (3)	9,000.00		30,000.00	20,000.00	4,400.00
Sidewall Manway (4)	6,500.00		9,000.00	6,000.00	4,200.00
Roof Handrail (5)	15,000.00		20,000.00	11,000.00	6,400.00
Total Section 05 (1-5)	33,100.00		64,000.00	43,500.00	19,200.00
Section 09 97 13					
Wet Interior Repaint (1)	232,543.00		208,000.00	197,000.00	287,000.00
Exterior Overcoat (2)	99,309.00		121,300.00	115,000.00	120,900.00
Exterior Overcoat-Alt. (3)	119,909.00		141,300.00	145,000.00	140,840.00
Total Section 09 (1-2)	331,852.00		329,300.00	312,000.00	407,900.00
Section 26 42 23					
Cathodic Protection System (1)	17,000.00		25,400.00	32,000.00	24,200.00
Project Total	383,702.00		427,700.00	391,500.00	455,400.00
Bid Bond	10%		10%	10%	10%

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	Utility Service	Currens Construction Ser.	Champion Specialty Ser.	American Suncraft	Southern Road & Bridge
	Perry,	Harrodsburg,	Fort Lauderdale,	Medway,	Tarpon Springs,
	GA	KY	FL	OH	FL
Tank #2					
Section 03 01 00					
Spall Repair (1)		600.00	101.25		
Grout Repair (2)		3,200.00	189.00		
Total Section 03 (1-2)		3,800.00	290.25		
Section 05 00 00					
Swing Gate (1)		2,800.00	1,350.00		
Cathodic Clips & Couplings (2)		6,600.00	12,690.00		
Roof Stiffener Replacement (3)		3,000.00	51,300.00		
Sidewall Manway (4)		5,800.00	12,960.00		
Roof Handrail (5)		9,000.00	23,760.00		
Total Section 05 (1-5)		27,200.00	102,060.00		
Section 09 97 13					
Wet Interior Repaint (1)		246,900.00	263,000.00		
Exterior Overcoat (2)		121,600.00	81,000.00		
Exterior Overcoat-Alt. (3)		144,400.00	108,000.00		
Total Section 09 (1-2)		368,500.00	452,000.00		
Section 26 42 23					
Cathodic Protection System (1)		20,300.00	10,000.00		
Project Total		419,800.00	564,350.25		
Bid Bond			10%		

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	TMI Coatings
	St. Paul,
	MN
Tank #2	
Section 03 01 00	
Spall Repair (1)	1,000.00
Grout Repair (2)	3,000.00
Total Section 03 (1-2)	4,000.00
Section 05 00 00	
Swing Gate (1)	1,000.00
Cathodic Clips & Couplings (2)	2,000.00
Roof Stiffener Replacement (3)	18,000.00
Sidewall Manway (4)	10,000.00
Roof Handrail (5)	23,000.00
Total Section 05 (1-5)	54,000.00
Section 09 97 13	
Wet Interior Repaint (1)	297,000.00
Exterior Overcoat (2)	103,000.00
Exterior Overcoat-Alt. (3)	154,000.00
Total Section 09 (1-2)	400,000.00
Section 26 42 23	
Cathodic Protection System (1)	22,000.00
Project Total	480,000.00
Bid Bond	10%

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	LC United	Seven Brothers	Kountoupes Painting	Thomas Industrial Coat.	L&T Painting
	Sterling Hgts,	Shelby Twp.,	Farmington Hills,	Pevely,	Shelby Twp.,
	MI	MI	MI	MO	MI
Standpipe					
Section 03 01 00					
Concrete Slab Replacement (1)	8,000.00	5,500.00		12,200.00	3,000.00
Section 05 00 00					
Roof Vent (1)	5,000.00	6,800.00		8,750.00	5,800.00
Level Indicator Repair (2)	2,000.00	1,000.00		3,750.00	2,200.00
Total Section 05 (1-2)	7,000.00	7,800.00		12,500.00	8,000.00
Section 09 97 13					
Wet Interior Repaint (1)	27,000.00	47,900.00		67,797.00	9,900.00
Pit Piping Repaint (2)	7,000.00	3,500.00		9,240.00	6,000.00
Total Section 09 (1-2)	34,000.00	51,400.00		77,037.00	15,900.00
Project Total	49,000.00	64,700.00		101,737.00	26,900.00
Tank #1 Total	334,000.00	294,100.00		603,110.00	304,700.00
Tank #2 Total	355,200.00	317,000.00		644,506.00	325,450.00
Standpipe Total	49,000.00	64,700.00		101,737.00	26,900.00
Project Total	738,200.00	675,800.00		1,349,353.00	657,050.00
Bid Bond	10%	10%		10%	10%

Corrected Amount

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

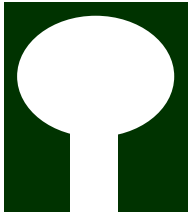
	Clearcreek Coatings	A & N Construction	Viking Industrial Painting	G & L Tank	D & M Painting
	New Carlisle,	Napolean,	Omaha,	Shelbyville,	Washington,
	OH	OH	NE	TN	PA
Standpipe					
Section 03 01 00					
Concrete Slab Replacement (1)	4,500.00		4,000.00	15,000.00	4,200.00
Section 05 00 00					
Roof Vent (1)	5,500.00		5,000.00	6,000.00	7,200.00
Level Indicator Repair (2)	1,500.00		2,000.00	2,200.00	1,800.00
Total Section 05 (1-2)	7,000.00		7,000.00	8,200.00	9,000.00
Section 09 97 13					
Wet Interior Repaint (1)	26,330.00		25,400.00	27,000.00	27,040.00
Pit Piping Repaint (2)	4,000.00		5,000.00	3,800.00	4,800.00
Total Section 09 (1-2)	30,330.00		30,400.00	30,800.00	31,840.00
Project Total	41,830.00		41,400.00	54,000.00	45,040.00
Tank #1 Total	358,438.00		379,000.00	370,500.00	713,770.00
Tank #2 Total	383,702.00		427,700.00	391,500.00	455,400.00
Standpipe Total	41,830.00		41,400.00	54,000.00	45,040.00
Project Total	783,970.00		848,100.00	816,000.00	1,214,210.00
Bid Bond	10%		10%	10%	10%

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	Utility Service	Currens Construction Ser.	Champion Specialty Ser.	American Suncraft	Southern Road & Bridge
	Perry,	Harrodsburg,	Fort Lauderdale,	Medway,	Tarpon Springs,
	GA	KY	FL	OH	FL
Standpipe					
Section 03 01 00					
Concrete Slab Replacement (1)		19,100.00	14,309.00		
Section 05 00 00					
Roof Vent (1)		4,600.00	5,940.00		
Level Indicator Repair (2)		3,100.00	1,620.00		
Total Section 05 (1-2)		7,700.00	7,560.00		
Section 09 97 13					
Wet Interior Repaint (1)		28,800.00	49,158.06		
Pit Piping Repaint (2)		6,700.00	5,000.00		
Total Section 09 (1-2)		35,500.00	54,158.06		
Project Total		62,300.00	76,027.00		
Tank #1 Total		394,800.00	419,340.00		
Tank #2 Total		419,800.00	564,350.25		
Standpipe Total		62,300.00	76,027.06		
Project Total		876,900.00	1,059,717.31		
Bid Bond		10%	10%		
			Corrected Amount		

**Water Service Corporation of Kentucky - 2-1,250,000 Gallon Reservoirs 15,000 Gallon Standpipe
2020 Water Tower Painting Project -June 5, 2020 10:00 a.m.**

	TMI Coatings
	St. Paul,
	MN
Standpipe	
Section 03 01 00	
Concrete Slab Replacement (1)	10,000.00
Section 05 00 00	
Roof Vent (1)	8,000.00
Level Indicator Repair (2)	4,000.00
Total Section 05 (1-2)	12,000.00
Section 09 97 13	
Wet Interior Repaint (1)	39,000.00
Pit Piping Repaint (2)	2,000.00
Total Section 09 (1-2)	41,000.00
Project Total	63,000.00
Tank #1 Total	443,000.00
Tank #2 Total	480,000.00
Standpipe Total	63,000.00
Project Total	986,000.00
Bid Bond	10%



DIXON

**ENGINEERING & INSPECTION SERVICES
FOR THE COATING INDUSTRY**

4811 S. 76th Street
Suite 109
Greenfield, WI 53220
Telephone: (414) 529-1859
Fax: (414) 282-7830

July 13, 2020

Mr. Sean Carbonaro, P.E.
Water Service Corporation of Kentucky
500 W. Monroe Street, Suite 3600
Chicago, IL 60661

Subject: Two (2) 1,250,000-Gallon Reservoirs and 15,000-gallon Standpipe Repainting and Repair Project - Recommendation for Award

Dear Mr. Carbonaro:

Dixon Engineering has reviewed the bids submitted for repainting and repair of the two (2) 1,250,000-gallon reservoirs and 15,000-gallon standpipe and recommends award to the low bidder, L&T Painting of Shelby Township, Michigan, for the amount of \$617,450. This includes all line items in the Schedule of Values excluding the Cathodic Protection System line items. Cathodic Clips and Couplings will still be installed for future use. L&T Painting Company Inc. is a prequalified contractor with Dixon and is in good standing.

If you have any questions, please contact me at (414) 429-3430.

FOR DIXON ENGINEERING, INC.,

Kayla Mulcahy
Project Manager
NACE Certified #10049

SECTION 00 05 00
BID/AGREEMENT FORM FOR CONSTRUCTION CONTRACT

The terms used in this Bid/Agreement Form with initial capital letters have the meanings stated in the Instructions to Bidders, Supplemental Instructions to Bidders (if applicable), the General Conditions, and the Supplementary Conditions.

ARTICLE 1 – BID/AGREEMENT SIGNATURES AND BID

1.01 By signing this Bid Proposal, Contractor acknowledges that this Bid Form becomes an Agreement upon acceptance and signature of Owner below in Article 2.

1.02 Receipt of Addenda – Bidder hereby acknowledges receipt of the following Addenda:
Attach sheet if more rows are needed.

Addendum Number	Addendum Date	SIGNATURE -Addendum Received

1.03 Base Bid – Bidder will complete the Work in accordance with the Contract Documents, including all labor and material, for the following Total price which is the Sum of prices from the Schedule of Values. Section 00 06 00:

\$ 658,050⁰⁰

Lump Sum Prices are based on the Schedule of Values – Section 00 06 00.

Unit Prices have been computed in accordance with the General Conditions and listed in Schedule of Values.

Bidder acknowledges that estimated quantities are not guaranteed and are solely for the purpose of comparison of Bids, and final payment for all Unit Price Bid items will be based on actual quantities, determined as provided in the Contract Documents.

Bidder acknowledges that Lump Sum bids are actually itemized bids based on the Schedule of Values, and further agrees and acknowledges the alternatives and conditions set forth in the Schedule of Values.

1.04 This Bid will remain subject to acceptance for 60 days after the Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Owner.

1.05 BIDDER hereby submits this Bid to:

Owner: Water Service Corporation of Kentucky

Address of Owner: 5509 N. Highland Dr., McHenry, IL 60062

Bidder: L & T Painting inc
(Typed or printed name of organization)

By: Leo Lulaj
(individual's signature)

Name: Leonard Lulaj

Title: President

Date: 06-03-20

If Bidder is a corporation, a partnership, or a joint venture, attach evidence of authority to sign.

Attest: [Signature]
(individual's signature)

Name: Kurtim Lulaj

Title: G M

Date: 06-03-20

Address for giving notices: 50502 Hunters Creek Trl Shelby Twp MI 48317

Bidder's Contact and Agent for Service or Process:

Name: Leonard Lulaj

Title: President

Phone: 586 873 0761

Email: Lulaj82@yahoo.com

(Email will be used for Electronic Document Transfer Protocol.)

All Business Entities

Date of Qualification to do business in MI [State Where Project is Located] is 06\18\08

ARTICLE 2 – AGREEMENT SIGNATURES

2.01 Owner’s signature as Party to Agreement, Changes Bidder’s Status to Second Party to Agreement, Contractor.

AGREEMENT: IN WITNESS WHEREOF, Contractor has signed this Agreement as Bidder. Owner has signed Agreement in duplicate and one counterpart each has been delivered to Owner and Contractor. All portions of the Contract Documents have been signed or identified by Owner and Contractor or on their behalf. (a third copy or original has been delivered to DIXON)

This Agreement will be effective on, August 7, 2020 (which is the Effective Date of the Agreement)

OWNER: Water Service Corp of Kentucky

By: Sean Carbonaro

Title: Director of Eng & Asset Management

ARTICLE 3 – BIDDER TO CONTRACTOR

3.01 The above signed Bidder proposes and agrees, if this Bid is accepted, to enter into an Agreement with Owner by Owner signing above and transforming this Document into a combined Bid/Agreement Form and:

- A. Agrees to perform all Work as specified or indicated in the Bidding Documents for the prices and within the times indicated in this Bid and in accordance with the other terms and conditions of the Bidding Documents.
- B. Agrees to accept all of the terms and conditions of the Instructions to Bidders, including without limitation those dealing with the disposition of Bid security.
- C. Bidder accepts all the terms and conditions of the combined Bid/Agreement form. (The Bid/Agreement form is an attempt to shorten the time period between submittal and award.) Bidder’s signature is an acceptance of all terms of the Bid and Agreement sections.

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

Please refer to our attachment entitled "Response to AG DR 1.31 – Clinton Tank Reconditioning Bid".

WITNESS:

Stephen Vaughn

CASE No. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

Response to AG DR 1.31 – Clinton Tank Reconditioning Bid

SECTION 00 05 00

BID/AGREEMENT FORM FOR CONSTRUCTION CONTRACT

The terms used in this Bid/Agreement Form with initial capital letters have the meanings stated in the Instructions to Bidders, Supplemental Instructions to Bidders (if applicable), the General Conditions, and the Supplementary Conditions.

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1.02 Receipt of Addenda – Bidder hereby acknowledges receipt of the following Addenda:
Attach sheet if more rows are needed.

Addendum Number	Addendum Date	SIGNATURE -Addendum Received

1.03 Base Bid – Bidder will complete the Work in accordance with the Contract Documents, including all labor and material, for the following Total price which is the Sum of prices from the Schedule of Values. Section 00 06 00:

\$ 128,240⁰⁰

Lump Sum Prices are based on the Schedule of Values – Section 00 06 00.

Unit Prices have been computed in accordance with the General Conditions and listed in Schedule of Values.

Bidder acknowledges that estimated quantities are not guaranteed and are solely for the purpose of comparison of Bids, and final payment for all Unit Price Bid items will be based on actual quantities, determined as provided in the Contract Documents.

Bidder acknowledges that Lump Sum bids are actually itemized bids based on the Schedule of Values, and further agrees and acknowledges the alternatives and conditions set forth in the Schedule of Values.

1.04 This Bid will remain subject to acceptance for 60 days after the Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Owner.

1.05 BIDDER hereby submits this Bid to:

Owner: Water Service Corporation of Kentucky

Address of Owner: 5509 N. Highland Dr., McHenry, IL 60062

Bidder: L&T Painting inc
(typed or printed name of organization)

By: Leo Lulaj
(individual's signature)

Name: Leo Lulaj

Title: President

Date: 06-22-20

If Bidder is a corporation, a partnership, or a joint venture, attach evidence of authority to sign.

Attest: [Signature]
(individual's signature)

Name: Kujtim Lulaj

Title: GM

Date: 06-22-20

Address for giving notices:

50502 Hunters Creek Trl Shelby Twp MI 48317

Bidder's Contact and Agent for Service or Process:

Name: Leonard Lulaj

Title: President

Phone: 586 873 0761

Email: Lulaj82@yahoo.com

(Email will be used for Electronic Document Transfer Protocol.)

All Business Entities

Date of Qualification to do business in MI [State Where Project is Located] is
06-12-08

ARTICLE 2 – AGREEMENT SIGNATURES

2.01 Owner's signature as Party to Agreement, Changes Bidder's Status to Second Party to Agreement, Contractor.

AGREEMENT: IN WITNESS WHEREOF, Contractor has signed this Agreement as Bidder. Owner has signed Agreement in duplicate and one counterpart each has been delivered to Owner and Contractor. All portions of the Contract Documents have been signed or identified by Owner and Contractor or on their behalf. (a third copy or original has been delivered to DIXON)

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OWNER: Water Service Corp of Kentucky

By: Sean Carbonaro

Title: Director of Eng & Asset Management

ARTICLE 3 – BIDDER TO CONTRACTOR

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- C. Bidder accepts all the terms and conditions of the combined Bid/Agreement form. (The Bid/Agreement form is an attempt to shorten the time period between submittal and award.) Bidder's signature is an acceptance of all terms of the Bid and Agreement sections.

**Water Service Corporation of Kentucky- 200,000 Gallon Reservoir and 30,000 Gallon Standpipe
2020 Water Tower Painting Project -June 25, 2020 - 10:00 a.m.**

	LC United	Seven Brothers	Thomas Industrial	L & T Painting	Viking Industrial
	Sterling Hgts,	Shelby Twp.,	Pevely,	Shelby Twp.,	Omaha,
	MI	MI	MO	MI	PA
200,000 Gallon Standpipe					
Section 03 01 00					
Grout Repair (1)	3,500	2,000		1,500	3,500
Section 05 00 00					
Sidewall Manway (1)	9,500	9,700		8,000	10,500
Fall Prevention Device (2)	3,000	1,300		1,900	2,800
Roof Handrail and Painter's Railing (3)	12,500	18,900		17,340	30,000
Step-off Platform (4)	8,500	7,700		4,900	7,500
Roof Vent (5)	6,000	6,500		5,900	9,500
Cathodic Clips & Couplings (6)	2,500	3,400		2,000	3,000
Total Section 05 (1-6)	42,000	47,500		40,040	63,300
Section 09 97 13					
Wet Interior Repaint (1)	79,500	131,800		72,300	118,000
Section 26 42 23					
Cathodic Protection System-Alternate (1)	17,000	24,800		20,350	25,500
200,000 Gallon Standpipe Project Total	125,000	181,300		113,840	184,800
30,000 Gallon Reservoir					
Section 09 97 13					
Wet Interior Piping Repaint (1)	14,000	20,500		6,000	3,000
Exterior Piping Repaint (2)	11,000	11,900		7,000	13,500
Foundation Sealant (3)	4,000	6,900		1,400	2,000
Total Section 09	29,000	39,300		14,400	18,500
30,000 Gallon Reservoir Project Total	29,000	39,300		14,400	18,500
Project Total	154,000	220,600		128,240	203,300
Bid Bond	10%	10%		10%	10%

**Water Service Corporation of Kentucky- 200,000 Gallon Reservoir and 30,000 Gallon Standpipe
2020 Water Tower Painting Project -June 25, 2020 - 10:00 a.m.**

	TMI Coatings	Central Painting	Currens Construction	Cunningham Sandblast	G&L Tank
	St. Paul, MN	Navarre, OH	Harrodsurg, KY	Joplin, MO	Shelbyville, TN
200,000 Gallon Standpipe					
Section 03 01 00					
Grout Repair (1)	1,000		1,000		1,200
Section 05 00 00					
Sidewall Manway (1)	10,000		6,500		8,200
Fall Prevention Device (2)	3,000		2,700		3,100
Roof Handrail and Painter's Railing (3)	18,000		9,700		17,000
Step-off Platform (4)	9,000		7,800		8,500
Roof Vent (5)	7,000		5,800		6,000
Cathodic Clips & Couplings (6)	2,000		3,000		2,000
Total Section 05 (1-6)	49,000		35,500		44,800
Section 09 97 13					
Wet Interior Repaint (1)	127,600		114,000		87,000
Section 26 42 23					
Cathodic Protection System-Alternate (1)	23,500		22,250		25,000
200,000 Gallon Standpipe Project Total	177,600		150,500		133,000
30,000 Gallon Reservoir					
Section 09 97 13					
Wet Interior Piping Repaint (1)	24,000		19,600		5,000
Exterior Piping Repaint (2)	23,000		14,400		5,000
Foundation Sealant (3)	3,000		3,800		2,000
Total Section 09	50,000		37,800		12,000
30,000 Gallon Reservoir Project Total	50,000		37,800		12,000
Project Total	227,600		188,300		145,000
Bid Bond	10%		10%		5%

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

- a. Corix Regulated Utilities (US) Inc. does not own the stock of Utilities, Inc. Utilities, Inc. changed its name to Corix Regulated Utilities (US) Inc. by adopting an amendment to its articles of incorporation on June 24, 2019. Thus, Corix Regulated Utilities (US) Inc. is the entity formerly known as Utilities, Inc.

As of June 30, 2020, Water Service Corporation of Kentucky had 1,000 shares of authorized common stock, of which 100 have been issued and are outstanding. Corix Regulated Utilities (US) Inc. owns all of the issued and outstanding common stock Water Service Corporation of Kentucky.
- b. Water Service Corporation of Kentucky should have referred to "Utilities, Inc." as "the entity formerly known as Utilities, Inc."

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

- c. All employees of the US regulated utilities are employees of Water Service Corporation which is the Shared Service organization that serves the United States regulated utilities. Employees' profiles and thus their salary, payroll, and associated benefits are assigned directly to Cost Centers based on employee job function and location in which they work.

WITNESS:

Shawn Elicegui

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

No SERP was included in the Company's revenue request.

WITNESS:

Rob Guttormsen

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

- 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.

RESPONSE:

- a. Yes, the Company should have excluded the 2019 annual hydrant maintenance of \$21,503.
- b. There are 366 hydrants located in Middlesboro.
- c. The \$59 cost per unit in 2019 includes flow testing of the hydrants whereas the cost per unit in 2020 do not include flow testing.

WITNESS: Perry Brown, Senior Financial Analyst

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

Several times, 4-8, each month, the water treatment plant filters must be backwashed. The backwashed water is collected in a holding pond. This pond also receives water from each settling basin, when they are drained, and washed out each month. The decanted water is dechlorinated, and discharged to a nearby farm pond, under KPDES permit number KYG640164. The remaining "sludge" is then washed into one of two other holding ponds. The sludge from these two ponds is stored moved and stored in a third pond for a year. Before this process can take place, the sludge from the third pond is removed with an excavator, and hauled to a drying area, where it is stored for a year, to help reduce the water content. During this year, a backhoe is used to turn the sludge several times, to help facilitate this process. After this, the sludge is hauled off to the landfill in Lily Kentucky. Every two years, a metals analysis must be performed on the sludge material, and documentation must be provided to the receiving facility.

WITNESS: Stephen Vaughn, State Operations Manager

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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 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.

RESPONSE:

- a. The cost included in the direct testimony of Stephen Vaughn only include cost to be paid to the vendor for engineering and construction. The cost included in the Company include capitalized time and interest during construction.
- b. No, the cost included in Case No.2018-00208 was for the tank inspection of the Bean's Fork Tank.

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

- c. The Company included a 10-year life to reflect the anticipated frequency of the tank repainting.

WITNESS: Perry Brown, Senior Financial Analyst

CASE NO. 2020-00160
WATER SERVICE CORPORATION OF KENTUCKY
RESPONSES TO ATTORNEY GENERAL'S FIRST REQUEST FOR INFORMATION

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.

RESPONSE:

Please see the attached file, "Response to AG DR 1.37 – Regulatory Asset Summary".

WITNESS: Perry Brown, Senior Financial Analyst

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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 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.

RESPONSE:

Please refer to the attached file entitled "Response to AG DR 1.38 – Final Order on Rehearing Workpapers 2019.06.18".

WITNESS:

Rob Guttormsen

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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.

RESPONSE:

Please see the attached file, "Response to AG DR 1.39 – Trial Balance". Please refer to the attachment provided in response to staff DR 1.03 for the test year trial balance.

WITNESS: Perry Brown, Senior Financial Analyst

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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.

RESPONSE:

Please see the attached file, "Response to AG DR 1.40 – Vehicles Schedule"

WITNESS: Perry Brown, Senior Financial Analyst

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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.

RESPONSE:

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- a. Please refer to the Company's response to Staff data request 1.17 for FTE headcount. Please see the attached file entitled "Response to AG DR 1.41 - Salaries". The Company will supplement this response with information from 2020 when available.
- b. Please see the response to part "a." above.
- c. Please see the attachment provided in part "a." above. Beginning in 2017, the Company shifted its focus on being more competitive for talent by bringing the Company's salary ranges and employees compensation levels up to market P50 ranges.

WITNESS:

Rob Guttormsen

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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.

RESPONSE:

Please refer to the PSC's final order on reconsideration in Case No. 2018-00208. WSKC did not collect nor refund more or less than 5% of \$54,199.

WITNESS:

Rob Guttormsen

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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.

RESPONSE:

The \$25,074 represent the costs to pay an additional employee that would be needed to properly inspect all of WSCK's valves, on a yearly basis.

WITNESS:

Stephen Vaughn