

Case No. 2022-00147
Water Service Corporation of Kentucky
Responses to Attorney General First Request for Information

AG DR 1-1:

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 Water Service Corporation (“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 Support 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 (US) Inc. (“CRU”), and designate whether each position is based in Kentucky or elsewhere, and what the allocation factor to Water Service Kentucky is for each position.
- e. Provide an organizational chart of Corix Infrastructure, Inc. (“CII”) and designate whether each position is based in Kentucky or elsewhere, and what the allocation factor to Water Service Kentucky is for each position.
- f. Provide an organizational chart of the overall Corix Group of Companies, and the applicable allocation factor to Water Service Kentucky, if any.
- g. Provide an organizational chart that includes all of the parent companies/holding companies/affiliated companies that are associated with Water Service Kentucky.

Original Response: Please see below. All positions in each chart note the location below the employee’s name (e.g., WSC Chicago refers to WSC’s Chicago, Illinois office). Department

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allocation factors are shown in Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 – CONFIDENTIAL.xlsx, Allocation \$ tab.

- a. Please see AG DR 1-1 a - WSCK Org Chart. Colby Wilson reports to Seth Whitney.
- b. Please see response to part C below. WSC employees are part of Corporate Support Services and encompasses those employees who reside in the US versus Canada.
- c. Please see the following attachments:
 - (1) AG DR 1-1 Org Chart Part 1 CEO and EVP COO
 - (2) AG DR 1-1 Org Chart Part 2 EVP Corp Devmt and CFO
 - (3) AG DR 1-1 Org Chart Part 3 EVP Support Services
 - (4) AG DR 1-1 Org Chart Part 4 EVP Risk Mgmt
- d. No positions are associated with CRU.
- e. Please see response to Item C above.
- f. Please see attachment AG DR 1-1 CONFIDENTIAL.pdf. For allocation factors, please see response to AG DR 1-2.
- g. Please see response to Part F above.

Supplemental August 16, 2022 Response:

Effective August 1, 2022, the following personnel changes were made:

Steve Lubertozi has moved to the role of SVP, Regulatory and Legislative Affairs. This role reports to the COO, and is a newly created position. Mr. Lubertozi's forecasted salary and benefits are unchanged from the as-filed amounts. Mr. Lubertozi's salary and benefits costs have been included in the COO Cost Center in attached file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 - CONFIDENTIAL UPDATED 8.16.22.xlsx.

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Seth Whitney has moved to the role of SVP, North Region, replacing Mr. Lubertozzi. Mr. Whitney retains his President, Cleveland Thermal and WSCK responsibilities. Mr. Whitney's salary and benefits costs, and applicable allocations, have been updated in attached file PSC DR 1-49 Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits CONFIDENTIAL UPDATED 8.16.2022.xlsx.

Anthony Gray has been promoted from FP&A Manager to Regional Director, FP&A. Mr. Gray's prior FP&A Manager role reported to the President, Mid-Atlantic Business Unit, who reports to the SVP, North Region. In his new role, Mr. Gray's responsibilities now extend to oversight of the entire North Region, and he reports to Mr. Whitney. Similar to Mr. Whitney, he retains his FP&A leadership responsibilities for the Mid-Atlantic Business Unit. Mr. Gray's salary and benefits costs, with applicable allocations, have been added to the attached file PSC DR 1-49 Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits CONFIDENTIAL UPDATED 8.16.2022.xlsx.

Department allocation factors have been updated and are shown in Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 – CONFIDENTIAL.xlsx, Allocation \$ tab.

Witness: James Kilbane/Shawn Elicegui

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AG DR 1-2:

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 amount of costs that are direct charged and/or allocated to the Company in the test year.

Response: WSC allocates indirect costs WSC and CII incur through guidelines established in the Cost Allocation Manual (“CAM”). Please see Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 – CONFIDENTIAL.xlsx for costs charged and allocated in the Forecast Period. In addition, WSC direct charges Benefits costs, as detailed in Exhibit 29.14 (except Workers Compensation Insurance). Finally, Insurance Expense, as shown in Exhibit 29.16 (including Workers Compensation Insurance from Exhibit 29.14), is allocated based on allocation factors detailed in Excel file PSC DR 1-50 - Business Insurance.xlsx.

Supplemental August 16, 2022 Response: Please refer to the updated Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 - CONFIDENTIAL UPDATED 8.16.22.xlsx.

Witness: James Kilbane

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AG DR 1-21:

Refer to the Whitney Testimony, pages 4 – 7.

a. Mr. Whitney asserts that Water Service Kentucky is a wholly-owned subsidiary of CRU, and that CRU owns water and sewer utilities in 17 other states. Provide a detailed list of all of the water and sewer utilities that CRU owns broken down by state.

b. Mr. Whitney states that WSC is also a wholly-owned subsidiary of CRU, and provides necessary services to Water Service Kentucky pursuant to a contract.

i. Provide a list of services that WSC provides to Water Service Kentucky. Include a description as to why each service could not be handled internally by Water Service Kentucky more cost effectively.

ii. Explain whether Water Service Kentucky has recently analyzed the cost to either hire in-house operations or third-party vendors versus the costs allocated from WSC and Corix Corporate Support Services for comparable services.

c. Mr. Whitney asserts that as president of Water Service Kentucky and Cleveland Thermal, he reports to Steve Lubertozzi, who is Senior Vice President of CRU's North Region. Mr. Whitney further states that Mr. Lubertozzi reports to the Chief Operating Officer of CII, Catherine Heigel. Explain why CRU is reporting to CII.

d. Mr. Whitney states that the costs of WSC is shared among Water Service Kentucky and the other operating companies. Provide the names of the entities that share in WSC's costs, and the allocation factor that is assigned to each entity.

e. Mr. Whitney contends that there are measures employed to control the costs of the support services that Water Service Kentucky receives from the Corix companies.

i. Explain in detail the measures that are employed.

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ii. Explain in detail whether Water Service Kentucky has ever refused to pay for an allocation from WSC or the Corix group of companies. If so, provide a detailed list of all allocations that Water Service Kentucky has refused to pay, and explain why each item was not paid.

Response:

a. Please see below for the water and sewer utilities that CRU owns by state:

State	Affiliate
Alabama	Community Utilities of Alabama
Alabama	Utilities of Alabama, Inc.
Arizona	Bermuda Water Company
Florida	Sunshine Water Services
Florida	ACME Water Supply & Management Co.
Georgia	Utilities Inc. of Georgia
Georgia	Water Service Corporation of Georgia
Illinois	Prairie Path Water Company
Indiana	Community Utilities of Indiana
Kentucky	Water Service Corporation of Kentucky
Louisiana	Utilities Inc. Of Louisiana
Maryland	Maryland Water Service
Nevada	Great Basin Water Company
New Jersey	Montague Water Company
New Jersey	Montague Sewer Company
North Carolina	Carolina Water Service, Inc. of NC
Pennsylvania	Community Utilities of Pennsylvania
South Carolina	Blue Granite Water Company
Tennessee	Tennessee Water Service
Texas	Corix Texas
Virginia	Massanutten Public Service Corporation
Virginia	Colchester Public Service Corporation

b.

(i) For an in-depth review of the services that WSC provides to CRU, please refer to Patrick Baryenbruch’s testimony and related report submitted with the Application. Mr. Baryenbruch’s analysis centers on the reasonableness of allocated costs for centralized support

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systems. In his analysis, Mr. Baryenbruch presents a detailed list and description of the services that WSC provides to CRU US utilities, which includes those provided to WSCK. See Exhibit PLB-2 (Exhibit 3, pages 6-7) to his direct testimony.

The Corporate Support Services organization logically provides these services because it would create economies of scale that would benefit CRU US Utilities. The 14 detailed services require a diverse set of expertise (e.g., accounting, information technology, human resources, etc.). WSCK would potentially be forced to hire 14 new employees to perform these services, which would cost customers far in excess of that spent for Corporate Support Services to provide these services. The use of economies of scale is common practice in the utilities industry specifically relating to centralized support services by affiliates of regulated utilities.

(ii) Corix Regulated Utilities (US) Inc. retained Mr. Baryenbruch to analyze the extent to which the Corporate Support Services are necessary for the operations of its operating subsidiaries, including WSCK. CRU US also retained Mr. Baryenbruch to assess the reasonableness of the cost allocations associated with the Corporate Support Services. As more fully stated above, Mr. Baryenbruch's report demonstrates, the services are necessary for the continued provisioning of utility services to customers of WSCK and the associated cost allocations are reasonable.

Mr. Baryenbruch also compared WSCK's costs to those of other Kentucky water companies; these costs are primarily administrative. Among other things, Mr. Baryenbruch's cost comparison showed that the costs per customer for services Corporate Support Services provides is below the average of the services provided to the other companies in the Kentucky water company comparison group. Based on this evidence, he concluded that WSCK's expenses,

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including Corporate Support Services charges from WSC, for the years of 2020 through 2023 are reasonable compared to other utilities.

c. CII is the parent company of CRU. As COO of CII, Ms. Heigel is a member of the executive leadership team responsible for operations for both CII and CRU.

d. Please see Excel file PSC STAFF_DR_1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 – CONFIDENTIAL.xlsx, Allocation \$ tab for the entities that are allocated costs from CII and WSC. In addition, the entities noted in response to Item A above are allocated WSC balance sheet items, as reflected in Application Exhibit 26 for WSCK.

e. Please see Mr. Elicegui's Direct Testimony, Q&A 35 and 36. WSCK has not identified costs that required refusal of allocation.

Supplemental August 16, 2022 Response: Please refer to the updated Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 - CONFIDENTIAL UPDATED 8.16.22.xlsx.

Witness: Seth Whitney/Shawn Elicegui

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AG DR 1-35:

Refer to the Kilbane Testimony, page 26.

- a. Provide the total monetary amount that Water Service Kentucky has been allocated for the Oracle Fusion Enterprise Resource Planning system.
- b. Specify how many years Water Service Kentucky customers will pay for the Oracle Fusion Enterprise Resource Planning system in rates.

Response: Please see Application Exhibit 28 and 28.7 for the Oracle Fusion Asset line item. Please see Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 – CONFIDENTIAL, Allocation \$ tab, which provides the allocation of the total project cost and amortization period through March 2029. This term covers the initial 5-year agreement and renewal of 5 years that is reasonably certain to be executed.

Supplemental August 16, 2022 Response: Please refer to the updated Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 - CONFIDENTIAL UPDATED 8.16.22.xlsx.

Witness: James Kilbane

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AG DR 1-37:

Refer to the Direct Testimony of Shawn M. Elicegui (“Elicegui Testimony”), page 5.

a. Mr. Elicegui states that Water Service Kentucky does not have any employees, and appears to indicate the local Kentucky employees are employed by WSC. Explain why Water Service Kentucky does not employ the local Kentucky employees.

b. Mr. Elicegui states there are 13 employees dedicated exclusively to providing service to Water Service Kentucky’s customers. Explain whether these 13 employees are the local employees stationed in Kentucky.

c. Mr. Elicegui states there are 6 regional employees who support utility services provided to customers in Kentucky. Provide the job title, job description, percentage of time that each employee works on Water Service Kentucky’s projects, and location of each employee.

Response:

a. WSCK has no employees. Water Service Corporation employs all of the operational employees for each Corix Regulated Utilities (US) Inc. subsidiary. Having a single legal employer of all of CRU US’s operating companies allows Water Service Corporation to leverage scale by, among other things, providing employees with a comprehensive set of training, safety programs, and technology systems (e.g., Microsoft Office 365 through an enterprise agreement).

b. The 13 employees Mr. Elicegui referenced are full-time, Kentucky-only employees who are stationed in Middlesboro and Clinton.

c. Please see Excel file PSC DR 1-49 Exhibits 18-32-29 Schedule B S&W-Payroll Taxes-Benefits REDACTED.xlsx. The Base Period tab includes the job title, description, location, and

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allocation percentage. The allocation percentage reflects the approximate amount of time each employee works for WSCK.

Supplemental August 16, 2022 Response: The referenced file Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits has been revised. Please see Excel file PSC DR 1-49 Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits CONFIDENTIAL UPDATED 8.16.2022.xlsx.

Witness: Seth Whitney/James Kilbane

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AG DR 1-41:

Refer to the Watkins Testimony, page 4.

a. Confirm that according to the Wage and Benefit Study, as of 2023, Water Service Kentucky's projected base compensation will be 3% above market midpoint averages.

b. Mr. Watkins states that the total compensation in 2022 including salary and health and retirement benefits costs are 7% above the market midpoint. Provide the results for the total compensation including salary and health and retirement benefit costs for 2023.

Original Response:

a. Confirmed. Please see Table VII on page 6 of the Wage and Benefit Study, which lists the market position for each position in-scope for the study and summarizes WSCK's overall market position based on a weighted average of all positions.

b. Mr. Watkins did not conduct a total compensation study for 2023 because 2022 report contains the comparison of WSCK's total compensation, which include health and retirement benefits, whereas the 2023 base salary comparison is company specific. The base salary analysis uses position-by-position review of all 19 WSCK in-scope positions whereas the health and retirement benefit analysis contain inflated base salaries from values from the Bureau of Labor Statistics ("BLS"). Mr. Watkins did not believe it was neither appropriate nor informative to apply a historical value to 2023 given the current high inflationary economic environment. Additionally, BLS values came from a survey sample of all positions at all utilities in the United States that inevitably include an unknowable amount of noise and data from incomparable organizations (e.g., utilities with part-time positions, utilities with a mix of employees who participate in health and retirement programs, and utilities with significantly more administrative positions than WSCK). To understand how WSCK's health and retirement benefits compare to

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similar utilities, please reference the section of the report which compares WSCK's pay practices to those of other utilities in Kentucky. Tables XV and XVI on pages 11-12 compare the employer and employee costs for Preferred Provider Organization ("PPO") and High Deductible Health Plan ("HDHP") plans respectively. These indicate that WSCK's costs align with peers' costs.

Please see attached Total Compensation Study from 2022, AG DR 1-41 WSCK Market Position – Total Compensation 2022.

Supplemental August 16, 2022 Response:

a. After incorporating changes to the WSCK organization provided by the Company, WSCK's projected base compensation in 2023 will be 2% below the market midpoint averages. Please see Table VII on page 7 of the Wage and Benefit Study which lists the market position for each position in-scope for the study and summarizes WSCK market position overall based on a weighted average of all positions.

b. After incorporating changes to the WSCK organization provided by the company, WSCK's total compensation in 2022, including health and retirement benefits, is 8% above the market midpoint averages. Mr. Watkins did not conduct a total compensation study for 2023. He did not because, while a comparison of WSCK's total compensation was provided in the report for 2022, the base salary comparison is more company-specific for the 2023 comparison as compared to the health and retirement benefits comparison. It is also because the base salary analysis is conducted using a thorough position-by-position analysis of all 19 in-scope positions for WSCK, while the health and retirement benefit analysis is inflated each base salary using a single value from Bureau of Labor Statistics ("BLS") each for health and retirement benefits. Mr. Watkins did not believe it was appropriate nor informative to apply a historical value to 2023,

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particularly given the current historically high inflationary economic environment. Further, because the BLS values came from a survey sample of all positions at all utilities in the U.S., they inevitably include an unknowable amount of noise and data from organizations that would not be comparable to WSCK (e.g., utilities with part-time positions, utilities with a mix of employees who participate in health and retirement programs and those that do not, and utilities with significantly more administrative positions than WSCK). To understand how WSCK's health and retirement benefits compare to similar utilities, please reference the section of the report which compares WSCK's pay practices to those of other utilities in Kentucky. Tables XV and XVI on pages 11-12 compare the employer and employee costs for Preferred Provider Organization ("PPO") and High Deductible Health Plan ("HDHP") plans respectively, and they indicate that WSCK's costs are very much in line with peers.

Please see attached updated Excel file AG DR 1-41 Updated 8-16-2022.xlsx.

Witness: Quentin M. Watkins

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AG DR 1-66:

Provide the amount of incentive compensation expense pursuant to the 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 incurred directly by the Company and the costs incurred through affiliate charges from each affiliate. In addition, provide these amounts by O&M and/or A&G expense account and/or capital account.

Original Response: Please see Excel file PSC DR 1-49 Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits CONFIDENTIAL.xlsx, 2023 test year tab, showing the dollar amount of incentive compensation on the deferred compensation lines under column U, which represents the EIP plan. Also, please see Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 – CONFIDENTIAL.xlsx, Excluded Costs Budget2023 tab for LTIP, EIP and other bonuses by department that have been excluded from the revenue request in this filing.

Supplemental August 16, 2022 Response: The referenced file Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits has been revised. Please see Excel file PSC DR 1-49 Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits CONFIDENTIAL UPDATED 8.16.2022.xlsx.

In addition, please refer to the updated Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 - CONFIDENTIAL UPDATED 8.16.22.xlsx.

Witness: James Kilbane

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AG DR 1-83:

Refer to the TIER 1 and TIER 2 allocations of affiliate costs for the base year and forecast test year provided in the Application, Exhibit 29, Schedule C.

a. Provide the affiliate charges to Water Service Kentucky by account during 2020, 2021, and for each month in 2022 with available information separated into direct charges, direct assignments, and via each individual allocation factor. Provide in electronic format with all formulas intact.

b. Provide the data used by WSC and Corix to calculate the percentage allocations to each affiliate for each allocation method applicable to charges to Water Service Kentucky during 2020, 2021, 2022 to date, and the test year. Provide in electronic format with all formulas intact.

c. Provide the computations used by WSC and Corix to calculate the percentage allocations to each affiliate for each allocation method in electronic format with all formulas intact applicable to charges for 2020, 2021, 2022 to date, and the test year. Provide in electronic format with all formulas intact.

d. Starting with the beginning of 2020 and projected through the end of 2023, indicate all affiliates that have been or expected to be added or removed from the allocation process. Identify the affiliates and effective dates of these changes.

Response:

a. Please see Excel file PSC DR 1-49 Exhibit 26 – Allocations.xlsx for the 2020, 2021, and thru March 2022 cost allocations. WSC allocations use the ERC data provided in response to Part B. Corix allocations use the Tier 1 data and ERC (Tier 2) data provided in response to part B.

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b. & c. Tier 1: For the Forecast Period, please see Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 – CONFIDENTIAL.xlsx, Allocation % Tab for the allocation factor data for Tier 1 and resulting percentage allocations (CRU is labeled RU-L48 in column F). For 2020, please see Excel file AG DR 1-83 2020 Corix CAM CONFIDENTIAL.xlsx. For 2021, please see Excel file AG DR 1-83 2021 Corix CAM CONFIDENTIAL.xlsx. For 2022 to present, please see Excel file AG DR 1-83 Q2 2022 Corix CAM CONFIDENTIAL.xlsx.

Tier 2: Please see Excel file AG DR-1-83 ERCs for Tier 2 allocations.xlsx for data and WSCK calculated percentage allocations for CRU.

d. In the CAM allocation files noted in response to part B, please see the additions and removals of entities for allocations are as follows:

- 2020: No changes from 2019 noted.
- 2021: Remove Oklahoma University and remove Tribus notional allocation, add Oakridge Energy notional allocation.
- 2022: Remove CWSI and Corix Energy Inc.
- 2023: Add Tobiano.

Supplemental August 16, 2022 Response: Please refer to the updated Excel file PSC DR 1-49 Exhibit 29 - Schedule C - 2023 CAM Forecast 2022-2025 - CONFIDENTIAL UPDATED 8.16.22.xlsx.

Witness: James Kilbane

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AG DR 1-97:

Refer to the Application, Exhibit 29.14, which shows among other things the pensions and other benefits expenses by account for the actual and estimated portions of the base year and for the test year.

a. Explain all reasons why the 401K Profit Sharing expense in account 531001 is projected to increase by approximately 26.1% (\$5,786.34 increase/\$22,170.94) from the base year to the test year.

b. Explain all reasons why the 401K Match expense in account 531002 is projected to increase by approximately 81.4% (\$16,722.81 increase/\$20,553.57) from the base year to the test year.

c. Explain all reasons why Employee Insurance Deductions expense in account 532005 is projected to be \$0 in the test year, when the amount projected for the base year equals (\$48,778.12), which is the equivalent of an increase in expenses of \$48,778.12 in the test year.

d. Confirm that the Company does not participate in any defined pension and/or OPEB benefit plans. If not confirmed, explain since there are no specific accounts listed for those purposes.

Original Response:

a & b. The Base Period used to forecast the projected increase in 401K Profit Sharing and Match expenses includes 6 months actuals, which exclude the merit increase that occurred April 1, 2022, and the merit and wage adjustment increases that will be effective April 1, 2023. It also includes the difference caused by an employee not taking advantage of the full 401k match. Also, the Base Period actuals include various open positions during the first 6 months. Please

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see Excel file PSC DR 1-49 Exhibits 18-32-29 - Schedule B - S&W-Payroll Taxes-Benefits REDACTED for the formulas related to the Forecast Period.

c. The employee insurance deduction represents the amounts withheld from employee paychecks for health benefits, effectively an offset of the gross employer costs in account 532006. The Forecast Period was presented as the net employer cost, therefore only a net value was shown in account 532006.

d. The Company does not participate in defined benefit plans.

Supplemental August 16, 2022 Response: The referenced file Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits has been revised. Please see Excel file PSC DR 1-49 Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits CONFIDENTIAL UPDATED 8.16.2022.xlsx.

Witness: James Kilbane

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AG DR 1-111:

Refer to the Watkins Testimony, page 4. Provide the percentage comparison to the market midpoint for each individual component of total compensation for 2022.

Original Response: Please refer to AG DR 1-41.

Supplemental August 16, 2022 Response: Please refer to AG DR 1-41 UPDATED

8.16.2022.xlsx.

Witness: Quentin M. Watkins

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AG DR 1-112:

Refer to the Watkins Testimony, page 4.

- a. Provide the percentage increases for each position assumed for 2023 in order to take base compensation from 5% below the market midpoint to 3% above the market midpoint.
- b. Provide the percentage comparison to the market midpoint for each individual component of total compensation projected for 2023.

Response:

- a. Please refer to Attachment AG DR 1-41.
- b. As stated in the response to AG DR 1-41, Mr. Watkins did not conduct the total compensation analysis for 2023. The base compensation analysis is company-specific for the analysis of 2023 costs as compared to the health and retirement benefits analysis.

Supplemental August 16, 2022 Response:

- a. Please refer to Attachment AG DR 1-41 UPDATED 8.16.2022.xlsx. After incorporating changes to the WCK organization provided by the Company, WCK's base compensation for 2022 is 8% below the market midpoint averages, and WCK's base compensation in 2023 is projected to be 2% below the market midpoint averages.
- b. As stated in the response to AG DR 1-41 above, Mr. Watkins did not conduct the total compensation analysis for 2023. The base compensation analysis is more company-specific for the analysis of 2023 costs as compared to the health and retirement benefits analysis.

Witness:

Quentin M. Watkins

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AG DR 1-114:

Refer to the Kilbane Testimony, page 10, which discusses base year and forecast year estimates for salaries, taxes, and benefits for employees.

a. Provide a detailed breakdown of the amounts estimated for the base year and forecast year by employee, including merit raises and competitive wage adjustments assumed, in electronic format with all formulas intact.

b. Provide the annual raise that Water Service Kentucky provided to each of its employees as well as the average for all employees for the calendar years 2017, 2018, 2019, 2020, 2021, and 2022. In addition, identify the location of each employee that received an annual raise in the calendar years listed.

c. Identify all bonuses that Water Service Kentucky provided to its employees for the calendar years 2017, 2018, 2019, 2020, 2021, and 2022. Identify the location of each employee that received a bonus in the calendar years listed.

Response:

a & b. Please see Excel file PSC DR 1-49 Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits CONFIDENTIAL.xlsx.

c. Please see response to AG DR 1-3.

Supplemental August 16, 2022 Response: The referenced file Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits has been revised. Please see Excel file PSC DR 1-49 Exhibit 18-32-29 - Schedule B - S&W-PR Taxes-Benefits CONFIDENTIAL UPDATED 8.16.2022.xlsx.

Witness: James Kilbane