

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION OF KENTUCKY

In the Matter of:

Application of Water Service Corporation)	
of Kentucky for a General Adjustment)	Case No. 2022-00147
in Existing Rates and a Certificate Of Public)	
Convenience and Necessity to Deploy)	
Advanced Metering Infrastructure and Approval)	
Of Certain Regulatory Accounting Treatment)	

REBUTTAL TESTIMONY OF QUENTIN M. WATKINS

1 **Q. Please state your name and business address.**

2 A. My name is Quentin M. Watkins. My business address is 2626 Glenwood Ave., Suite 480,
3 Raleigh, NC 27608.

4 **Q. Did you previously provide Direct Testimony in this proceeding?**

5 A. Yes. I did.

6 **Q. What is the purpose of your Rebuttal Testimony?**

7 A. The purpose of my Rebuttal Testimony is to respond to the Direct Testimony of Randy A.
8 Futral on issues related to various expense adjustments proposed by Mr. Futral on behalf
9 of the Office of the Attorney General of the Commonwealth of Kentucky (“OAG”) and the
10 City of Clinton.

11 **Q. Do you agree with Mr. Futral’s assessment that the market midpoint comparison is
12 based on skewed results from non-Kentucky personnel?**

13 A. No. The market midpoint comparison is not based on skewed results from non-Kentucky
14 personnel. Rather, the comparison is based on a position-by-position analysis of all 19
15 roles, and each position is priced appropriately in the markets where those resources reside.
16 There are no hypothetical Kentucky-based resources that could support the needs of Water
17 Service Corporation of Kentucky (“WSCK” or “Company) by those out-of-state positions
18 for the small fractional share of those position salaries allocated to WSCK, so there is no
19 comparison that can be made for hypothetical resources. Instead, the comparative analysis
20 was performed in the markets where the Company’s actual positions are located. As
21 detailed in the Direct Testimony of Mr. Baryenbruch, the Company’s shared corporate
22 services model is more efficient than stand-alone operations would be, which benefits

1 WSCK's customers. It would be unreasonable and punitive to accept the benefits of that
2 model while ignoring certain costs of that model.

3 **Q. Do you agree with Mr. Futral that using the 3% merit increase would be a reasonable**
4 **alternative to the mid-market comparison's recommendation?**

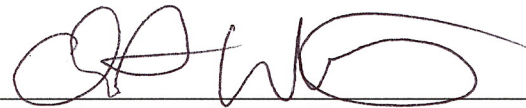
5 A. No. Mr. Futral states that the 3% is the normal merit percentage increase and is a
6 reasonable alternative to the Company's recommendation. If we examine the comparison
7 of base pay for 2022, which was conducted using base pay before the merit increases are
8 applied in the Forecast Period of 2023, it indicates that WSCK's compensation is 5% below
9 the market midpoint on a position-by-position average basis (and 1% below the market
10 midpoint on a weighted average basis) for the 13 core operational positions of WSCK.
11 Eight of the 13 positions also had base compensation that was 10% or more below the
12 market midpoint in the 2022 analysis, and 3 of the 13 positions were 20% or more below
13 the midpoint. If WSCK's intent with the adjustments to compensation in the Forecast
14 Period was to get compensation to parity with the market in order to attract and retain
15 talent, 3% would be at the low end of the range of the adjustment that would be needed in
16 order to achieve that objective for the affected positions.

17 **Q. Does this conclude your prepared rebuttal testimony?**

18 A. Yes.

AFFIDAVIT

The undersigned, QUENTIN M. WATKINS, being duly sworn, deposes and says that he is the Energy Benchmarking Manager at ScottMadden, Inc., and provides consulting services for the Water Service Corporation of Kentucky, that he is authorized to submit this testimony on behalf of Water Service Corporation of Kentucky, and that the information contained in the testimony is true and accurate to the best of his knowledge, information and belief, after reasonable inquiry, and as to those matters that are based on information provided to him, he believes to be true and correct.



Quentin M. Watkins, Affiant

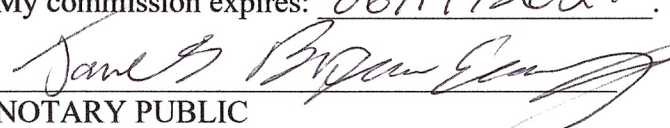
NOTARY CERTIFICATE

STATE OF North Carolina

COUNTY OF wake

Subscribed, acknowledged and sworn to before me by Quentin M. Watkins on this 22nd day of November, 2022.

My commission expires: 06/14/2027.


NOTARY PUBLIC

