

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF WATER SERVICE	)	
CORPORATION OF KENTUCKY FOR AN	)	CASE NO. 2013-00237
ADJUSTMENT OF RATES	)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION  
TO WATER SERVICE CORPORATION OF KENTUCKY

Water Service Corporation of Kentucky ("WSKY") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and six copies of the following information, with a copy to all parties of record. The requested information is due on or before either 14 days after the initial submission of the rate application or 28 days after the date of this Request, whichever is later. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or person supervising the preparation of the response on behalf of the entity that the response is true and accurate to the best of that person's knowledge, information, and belief formed after a reasonable inquiry.

WSKY shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though

correct when made, is now incorrect in any material respect. For any request to which WSKY fails or refuses to furnish all or part of the requested information, WSKY shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention should be given to copied material to ensure that it is legible. When the requested information has been previously provided in this proceeding in the requested format, reference may be made to the specific location of that information in responding to this request. When applicable, the requested information shall be separately provided for total company operations and jurisdictional operations.

1. Provide on an electronic storage medium in Microsoft Excel format the monthly usage data for each WSKY customer in gallons of water for the test period.

2. Provide a current organization chart that shows the current relationship between WSKY and all affiliated companies and that specifically indicates each affiliate with which WSKY routinely transacts business.

3. Provide all work papers, show all calculations, and state all assumptions that WSKY used to develop its pro forma test-period financial information. For all work papers and calculations that exist in an electronic spreadsheet format, provide on an electronic storage medium an electronic copy that is capable of being read and manipulated using Microsoft Excel.

4. a. State whether any of the internal accounting manuals, directives, policies, and procedures that WSKY submitted in Case No. 2010-00476<sup>1</sup> has been modified, amended, or replaced.

b. For each manual, directive, policy or procedure that has been modified, amended, or replaced, provide the current version of the document and identify the portions of the current version that differ from the document that WSKY previously provided.

5. Provide a reconciliation and detailed explanation of each difference, if any, in the capital structure and the net investment rate base of WSKY for the test period.

6. List all business activities of WSKY other than its regulated utility activities. For each activity listed, describe the accounting policies and procedures in place to prevent cross-subsidization with WSKY's regulated utility activities.

7. Provide a schedule listing and describing each project included in the test year Construction Work in Progress ("CWIP").

8. a. Provide a test-period general ledger showing account number, subaccount number, account title, subaccount title, and all entries to each account. For each entry state the date paid, vendor name, check number used to make payment, and the amount. The general ledger shall include all asset, liability, capital, income, and expense accounts used by WSKY. All accounts should show activity for 12 months. Show the balance in each control and all underlying subaccounts per company books.

b. Provide on an electronic storage medium in Microsoft Excel format the test-period general ledger.

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<sup>1</sup> Water Service Corporation of Kentucky's Response to Initial Data Request, Item 4 (filed Feb. 15, 2011) (filed in Case No. 2010-00476, *Application of Water Service Corporation of Kentucky for an Adjustment of Rates* (Ky. PSC filed Jan. 9, 2011)).

9. a. For each cash account that WSKY used during the test-period, provide a cash disbursements ledger that lists all checks in chronological order and details the date paid, check number, vendor, and amount.

b. Provide on an electronic storage medium in Microsoft Excel format the test-period cash disbursements ledger.

10. Provide all audit adjustments made for the test-period financial statements.

11. a. For each employee of Water Service Corporation, WSKY's corporate parent, that worked at WSKY's facilities during the test period, provide:

(1) Name.

(2) Title.

(3) Length of employment with Water Service Corporation.

(4) Job duties.

(5) Test-period pay rate and current pay rate.

(6) Test-period regular time worked and overtime worked.

(7) Percentage of test-period payroll capitalized.

(8) Total test-period payroll expensed and capitalized.

(9) Type of employee benefits (e.g., health insurance, dental insurance, vision insurance, pension) and the amount that WSKY paid for each.

b. Provide on an electronic storage medium in Microsoft Excel format the information requested in Item 11(a).

c. Provide the employer retirement contribution rate(s) that were in effect during calendar years 2010, 2011, 2012, and 2013 and the date the rate(s) became effective.

d. If the employer retirement contribution rate will change in calendar year 2013, provide the rate, the reason for the change, and the effective date of the change.

12. a. Identify all employees listed in the response to Item 11(a) who are no longer Water Service Corporation employees.

b. For each employee identified in the response to Item 12(a):

(1) If the employee's position has been filled, identify the employee currently in the position and state the date on which the replacement employee(s) was hired, his or her actual annualized salary and actual benefit information, and the salary and employee benefit costs that are included in WSKY's pro forma operating expenses.

(2) If the position is currently vacant, state:

(a) The reason(s) why the position is vacant.

(b) The current status of WSKY's efforts to fill the position and the anticipated hire date.

(c) Whether the cost of the position is included in the pro forma salaries and wage expense.

(d) If the cost of the position is included in the pro forma salaries and wage expense, the position costs that are included in the test-period

operating expenses (e.g., payroll expenses, payroll capitalized, retirement, payroll taxes, insurance benefits) and the accounts to which each amount was charged.

13. a. Provide a schedule detailing each test-period expenditure related to the preparation of the application filed in this proceeding. Show in the schedule the nature and amount of each expenditure.

b. Provide the vendor invoice for each expenditure listed in response to Item 13(a). The invoices should contain detailed descriptions of the services, the amount of time billed for each service, and the hourly billing rate. Identify the account number and title to which each amount was charged.

c. State the expected total cost to prosecute this case to completion. The projected amount should be detailed by type of service and vendor, with supporting documentation for each.

d. Provide a monthly update of the schedule requested in Item 13(a) that shows total costs incurred as of that date and that includes the supporting detailed vendor invoices as requested in Item 13(b).

14. Describe WSKY's long-term construction planning program and provide all memoranda and internal documents in which the program is discussed and approved.

15. Provide a complete copy of all wage, compensation, and employee benefits studies, analyses, or surveys conducted for or used by WSKY or Water Service Corporation.

16. For each water operation employee group, state the amount, percentage increases, and effective dates for:

a. General wage increases granted for the years 2010, 2011, and 2012.

b. Merit wage increases granted for the years 2010, 2011, and 2012.

17. Describe each early retirement plan or other staff reduction program that WSKY or Water Service Corporation offered its employees during 2010, 2011 and 2012 or intends to offer during 2013 and provide all cost-benefit analyses associated with these programs.

18. Provide a detailed list of all fringe benefits available to Water Service Corporation employees and the cost of each benefit in 2010, 2011, 2012, and the expected cost of each benefit to be provided in 2013. Indicate which fringe benefits, if any, are limited to management employees.

19. List separately the budgeted and actual numbers of full- and part-time employees by employee group, by month and by year, for 2010 through 2012.

20. Provide complete details of Water Service Corporation's Other Post-retirement Employee Benefits package(s).

21. Provide all current labor contracts and the most recent contracts previously in effect.

22. Provide a copy of each group medical insurance policy that Water Service Corporation currently maintains.

23. List each property leased to WSKY and state the amount of the annual lease payment.

24. Provide a calculation of federal and state income tax expense, including a reconciliation of book to taxable income, for 2011 and 2012 in the format provided in Schedule 24.

25. a. Provide each service agreement or contract that WSKY has with an affiliate company.

b. Describe the pricing policies of WSKY and its affiliates regarding affiliate company transactions.

26. a. List and describe each good or service that is provided to WSKY by any affiliated company.

b. Describe the benefits that WSKY derives from an affiliate providing the goods or services identified in Item 26(a).

c. List and describe each good or service that WSKY provides to an affiliated company.

27. a. Provide a schedule<sup>2</sup> that lists the allocated expenses from Water Service Corporation to WSKY by month for the test period.

b. Provide a schedule<sup>3</sup> that lists the direct charges from Water Service Corporation to WSKY's direct expenses by month for the test period.

28. Provide each monthly invoice that Water Service Corporation issued to WSKY for the test period.

29. a. Identify the electric utility that serves WSKY's facilities in Middlesboro.

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<sup>2</sup> The schedule should present the requested information in the same format that WSKY used in its Response to Commission Staff Second Information Request, Item 14(a), in Case No. 2010-00476.

<sup>3</sup> The schedule should present the requested information in the same format that WSKY used in its Response to Commission Staff Second Information Request, Item 14(b), in Case No. 2010-00476.



b. Provide the monthly bills that were rendered to WSKY during the test period for electric service to its facilities in Middlesboro.

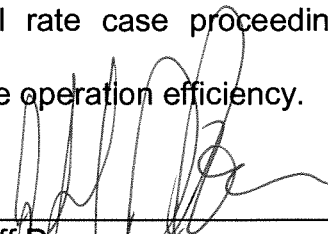
c. State the rate schedule(s) under which the electric utility provides electric service to WSKY facilities in Middlesboro. If service is provided under more than one rate schedule, list for each rate schedule the facilities that are served under that rate schedule.

30. a. Identify the electric utility that serves WSKY's facilities in Clinton.

b. Provide the monthly bills that were rendered to WSKY during the test period for electric service to its facilities in Clinton.

c. State the rate schedule(s) under which the electric utility provides electric service to WSKY facilities in Clinton. If service is provided under more than one rate schedule, list for each rate schedule the facilities that are served under that rate schedule.

31. List and describe all actions that WSKY has taken and that programs that WSKY has implemented since its last general rate case proceeding to minimize operation and maintenance expenses and improve operation efficiency.



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Jeff Derouen  
Executive Director  
Public Service Commission  
P.O. Box 615  
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DATED:           JUL 30 2013          

cc: Parties of Record

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