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David L. Armstrong  
Chairman

James W. Gardner  
Vice Chairman

Linda Breathitt  
Commissioner

February 27, 2014

## PARTIES OF RECORD

Re: Case No. 2013-00165

Attached is a copy of a memorandum which is being filed in the record of the above-referenced case. If you have any comments you would like to make regarding the contents of the memorandum please do so within five days of receipt of this letter. If you have any questions, please contact Jonathan Beyer Staff Attorney, at 502/782-2581.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Derouen".

Jeff Derouen  
Executive Director

Attachment

## INTRA-AGENCY MEMORANDUM

### KENTUCKY PUBLIC SERVICE COMMISSION

**TO:** Case File – Case No. 2013-00165

**FROM:** Jonathan Beyer, Staff Attorney

**DATE:** February 27, 2014

**RE:** Informal Conference of February 26, 2014

Pursuant to Commission Staff's December 19, 2013 Notice, an Informal Conference was held in this matter at the Commission's office in Frankfort, Kentucky on February 26, 2014. A list of attendees is attached to this memorandum.

Beginning the conference, Staff inquired into the possibility of resolving the issues in the Complaint and whether Taylor County Rural Electric Cooperative Corporation ("Taylor County") had considered altering its tariff provision pertaining to questionable permanent service. Counsel for Taylor County, Mr. Robert Spragens stated that two issues exist in the case, with the first issue relating to the questionable permanent service tariff. He stated that although the questioned tariff provision is discretionary, Taylor County has always applied the provision as being non-discretionary. However, in this instance, Mr. Spragens indicated that Taylor County may be willing to waive application of the requirement for pre-payment of removal costs, thereby decoupling this condition from the second issue in the case – Taylor County's installation costs.

Staff next questioned Taylor County on the calculation of its labor overhead in its response to Staff's Second Request for Information. Mr. Spragens asserted that other personnel may be better situated to respond to Staff's inquiry. The issue was deferred to a later request for information, if necessary.

Mr. Frank McAninch questioned Taylor County's estimated labor rates as contrasted by a quote he received from South Kentucky Rural Electric Cooperative Corporation ("South Kentucky"). Mr. McAninch stated that the need for his service is presently to power a kiln. Mr. McAninch additionally stated that his initial service request was based upon his estimated eventual maximum power requirements and he could presently be adequately served by single phase service.

The parties discussed whether a revised application for service could be submitted based upon the agreement that the service would not be to serve a sawmill but instead to provide service to a kiln. Mr. McAninch proposed that Taylor County provide the first 300 feet of the needed extension at no cost, waive the removal fees and he would agree to the remaining labor rates. He additionally indicated that beyond the dispute as it relates to his individual service request, that the Commission should examine the disparity in proposed costs between Taylor County, South Kentucky and

other utilities. Staff stated that it would be beyond the scope of the instant matter to investigate the rates of utilities not a party to the case and a general investigation into the rates of co-ops would need to be conducted in a separate proceeding. Staff also noted that Taylor County would be required to abide by its tariffed rates and rules for service.

The parties then agreed to reexamine Mr. McAninch's application for service and agreed that Mr. Mike Skaggs, with Taylor County, would call Mr. McAninch on February 27, 2014 to schedule a site visit at Mr. McAninch's property. The parties agreed to hold the case in abeyance pending the reevaluation and will serve notice to the Commission if the case is resolved. Staff asserted that if the issue is unable to be resolved, a new procedural schedule will be issued and a formal hearing will be scheduled.

Finding that no party had any further questions, the conference was adjourned.

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

|                              |   |            |
|------------------------------|---|------------|
| FRANK MCANINCH               | ) |            |
| COMPLAINANT                  | ) |            |
| V.                           | ) | CASE NO.   |
|                              | ) | 2013-00165 |
| TAYLOR COUNTY RURAL ELECTRIC | ) |            |
| COOPERATIVE CORPORATION      | ) |            |
| DEFENDANT                    | ) |            |

February 26, 2014

Please sign in:

NAME

REPRESENTING

Jonathan Bryer

PSC - Legal

Matthew Baer

PSC - FA

Eric Bowman

PSC - Engineering

Mike Skagas

Taylor County RECC

Paul D. ...

TAYLOR Co. RECC

Randy L. ...

Taylor Co. RECC

Edward McAninch

Vincent McAninch

Farm Owner