


INTER COUNTY
ENERGY COOPERATIVE

A Touchstone Energy Cooperative 

March 13, 2007

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PUBLIC SERVICE
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Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, Kentucky 40602

**Re: Case No. 2006-00415
Attorney General's Supplemental Requests for Information**

Dear Ms. O'Donnell:

Enclosed please find the original and ten copies of the responses to Items 11, 12 and 13 of the Attorney General's Supplemental Requests for Information for Case No. 2006-00415. These items were added to the Attorney General's Supplemental Requests for Information dated February 22, 2007 and were received by Inter-County Energy on March 7, 2007, which was after the responses for Items 1-10 were submitted on February 28, 2007.

If you have any questions, please do not hesitate to call.

Sincerely,



James L. Jacobus
President/CEO

- Copy To:
- 1) Attorney General
Utility & Rate Intervention Division
1024 Capital Center Drive
Frankfort, KY 40601
 - 2) Hon. James William Barnett
Attorney at Law
Sheehan, Barnett, Hays, Dean & Pennington, PSC
P. O. Box 1517
Danville, KY 40423-1517



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A Touchstone Energy Cooperative 

CASE NO. 2006-00415

**Attorney General's
Supplemental Requests
for Information**

March 13, 2007



P. O. Box 87 • Danville, KY 40423-0087 • (859) 236-4561

Attorney General's Supplemental Requests For Information
Inter County Energy Cooperative Corporation ("ICECC")
Case No. 2006-00415

10. With regard to the response to PSC-2-26, please provide the following information:
 - a. What are the actual test year PSC assessments and where in the filing schedules are these assessments reflected?
 - b. What would be the annualized/normalized PSC assessments based on the current PSC assessment rate? Please show all calculations and calculation components in support of this normalized assessment amount.

11. With regard to the response to PSC-2-2(a), please provide the following information:
 - a. The response to PSC-2-2(a) shows a preliminary 2006 achieved TIER of 0.52, supported by only 2 line items, that is, net margins (loss) of \$(1,184,819) and interest on long term debt of \$2,447,966. Please provide the preliminary 2006 TIER determination of 0.52 in the exact same format and detail as per Exhibit S, page 2 of 4.
 - b. Provide the final calendar year 2006 TIER and support this final TIER with a schedule similar to Exhibit S, page 2 of 4.

12. In its response to PSC-2-2, page 2 of 4, Inter County states that additional, unplanned expenses of \$11,000 were incurred in 2005 involving the appointment of a new director to fill the unexpired term of a deceased director. Do the test year operating expenses shown on Exhibit S, page 2 include the total, or part of, this one-time \$11,000 expense amount? If so, quantify how much of this expense is included in the normalized test year expenses and justify why this one-time expense should be allowed for ratemaking purposes.

13. With regard to the response to PSC-2-8, page 2, response item e (Rent from Electric Property), please provide the following information:
 - a. When exactly (day, month and year) did Inter County start with the implementation of the joint use pole attachment inventory that resulted in an increase in joint use attachment revenues (Account 454 revenue)?
 - b. What would be the annual test year Account 454 rental revenues assuming that the implementation of this joint use pole attachment inventory had started on day 1 of the test year?
 - c. Please provide the actual monthly Account 454 revenues for each month from July 2006 through February 2007.

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Item 11. a.

Operating Revenues:	
Base rates	29,649,184
Fuel and surcharge	5,226,246
Other electric revenue	<u>990,193</u>
	<u>35,865,623</u>
Operating Expenses:	
Cost of power:	
Base rates	20,139,376
Fuel and surcharge	4,838,247
Distribution - operations	1,866,062
Distribution - maintenance	1,415,183
Consumer accounts	1,600,928
Customer service	473,292
Sales	0
Administrative and general	<u>1,617,120</u>
Total operating expenses	<u>31,950,208</u>
Depreciation	2,618,949
Taxes - other	37,049
Interest on long-term debt	2,447,966
Interest expense - other	138,760
Other deductions	<u>22,806</u>
Total cost of electric service	<u>37,215,738</u>
Utility operating margins	<u>(1,350,115)</u>
Nonoperating margins, interest	78,703
Nonoperating margins, other	(21,732)
Patronage Capital Credits:	
G & T	0
Other	<u>108,073</u>
Net Margins	<u>(1,185,071)</u>
TIER	0.52
Modified TIER	0.52

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Item 11. b. Response is the same as for 11.a.

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Item 12.

	<u>April '05</u>	<u>May '05</u>	<u>Sept '05</u>	<u>June '06</u>	<u>Totals</u>
Director Fees	1,500	2,250	1,750		5,500
Mileage	74	128	83		285
Meals	62	82	56		200
New Director Training				4,709	4,709
	<u>1,636</u>	<u>2,460</u>	<u>1,889</u>	<u>4,709</u>	<u>10,694</u>

The test year operating expenses shown on Exhibit S, page 2 includes approximately half of this total expense. Half of these expenses were for the actual selection process for a new director to fill an unexpired term of a deceased director. The remaining half of these expenses were for director training courses. The new director took advantage of the opportunity to complete several courses at one time in order to become knowledgeable of this new role. The costs associated with director training will continue to be incurred.

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Item 13. a. Patterson & Dewar inventoried poles and invoiced us October through December, 2005. Inter-County bills joint users annually. These companies were billed for 2006 based upon inventory findings.

b. Access Cable	329
Adelphia Cable	5,620
Charter Communications	4,153
Mediacom Southeast	1,965
Alltel	270,459
Bell South	109,880
South Central Rural Telephone	661
	<u>393,067</u>

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Item 13. c. The following is actual monthly revenues for July 2006 through February 2007:

	<u>July '06</u>	<u>Aug '06</u>	<u>Sept '06</u>	<u>Oct '06</u>	<u>Nov '06</u>	<u>Dec '06</u>	<u>Jan '07</u>	<u>Feb '07</u>	<u>Totals</u>
MST Communications	200	200	400	200	200	200	200	200	1,800
Joint use attachment accrual	40,508	40,508	40,508	40,508	40,508	40,511	12,000	32,000	287,051
Nextel					1,560	1,200	1,200	1,200	5,160
	<u>40,708</u>	<u>40,708</u>	<u>40,908</u>	<u>40,708</u>	<u>42,268</u>	<u>41,911</u>	<u>13,400</u>	<u>33,400</u>	<u>294,011</u>