

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SALT RIVER ELECTRIC)	
COOPERATIVE CORPORATION FOR A)	
CERTIFICATE OF CONVENIENCE AND)	CASE NO.
NECESSITY AUTHORIZING CERTAIN)	2013-00343
PROPOSED CONSTRUCTION IDENTIFIED AS)	
THE HEADQUARTERS CONSTRUCTION AND)	
DISTRICT RENOVATIONS)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION TO
SALT RIVER ELECTRIC COOPERATIVE CORPORATION

Salt River Electric Cooperative Corporation ("Salt River"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due no later than seven days from the date of issuance of this request. 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.

Salt River 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 Salt River fails or refuses to furnish all or part of the requested information, it 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.

1. Refer to the third paragraph of the cover letter submitted with the application where it states, "We also have a bid to building [sic] a new 30,000 square foot warehouse/operations center with an attached 6,000 square foot office, along with a 10,000 square foot building to store wire and transformers and then a 2,000 square foot building to store any leaking transformers." Also refer to paragraph 6 of the application where it states, "Salt River Electric has been working with MSE of Kentucky on the design of our new facility, and project that we should be able to construct a 6,000 square foot office and a 30,000 square foot warehouse for around \$3,300,000."

a. State whether Salt River intends to request approval in the application for the construction of a 10,000-square-foot building and a 2,000-square-foot building.

b. If the answer to a. above is yes, state whether the cost of construction of the 10,000-square-foot building and the 2,000-square-foot building is included in the \$3.3 million total.

c. How many buildings/structures is Salt River proposing to construct?

d. Describe the square footage and purpose of each of the buildings/structures that Salt River proposes to construct.

e. At the September 13, 2013 meeting with Commission Staff, Salt River indicated that the cost of grading the land was not included in the construction cost.

(1) Provide the estimated cost of grading the land at the new location.

(2) Identify and provide an estimate of any other expenses to develop the land and improvements which are not included in the \$4 million estimated cost of the project.

2. Refer to paragraph 4 of the application.

a. Explain how the sales price of \$4.5 million was determined.

b. Provide copies of all information relied upon to determine the sales price for the property, including appraisals, comparative sales, offers, real estate broker estimates, etc.

c. What is the value of the 70 acres of land that is being sold as part of this transaction?

d. Provide the January 1, 2013 assessed value for the land and improvements to be sold as established by the Kentucky Department of Revenue.

e. Provide a copy of the contract between Bardstown Independent School District and Salt River.

3. Refer to paragraph 5 of the application where it states, "Salt River Electric has bought approximately 76 acres adjacent to the Nelson County Industrial Park for around \$581,524."

a. Explain how the purchase price of \$581,524 was determined.

b. Provide copies of all information relied upon to determine the purchase price for the property, including appraisals, comparative sales, offers, real estate broker estimates, etc.

c. Identify the party from which Salt River purchased the 76 acres.

d. Provide the assessed value of the land as of January 1, 2013, as established by the Nelson County Property Valuation Administrator.

4. Refer to paragraph 6 of the application. It indicates that Salt River has been working with MSE of Kentucky on the design of its new facility.

a. Explain why Salt River chose MSE of Kentucky to work on the design of its new facility.

b. State whether Salt River advertised for bids for the design work.

c. If the answer to b. above is yes, provide a copy of the notice and indicate how the notice was published.

d. If the answer to b. above is no, explain why Salt River did not advertise for bids for the design work.

5. Refer to paragraph 6 of the application. It indicates that Salt River has a contract with EH Construction to do this project.

- a. Explain why Salt River chose EH Construction for the project.
 - b. State whether Salt River advertised for bids for the work which was awarded to EH Construction.
 - c. If the answer to b. above is yes, provide a copy of the notice and indicate how the notice was published.
 - d. If the answer to b. above is no, explain why Salt River did not advertise for bids for the work which was awarded to EH Construction.
 - e. Describe what services EH Construction will provide for Salt River.
 - f. Provide a copy of the contract between EH construction and Salt River.
6. State what will happen if an Order approving the project is not issued by October 26, 2013.
7. State the latest date a Commission Order could be issued without adversely impacting Salt River's contractual, financial, or other obligations.
8. State the date when the transaction between Salt River and the Bardstown Independent School District is expected to be completed.
9. State and explain whether Salt River considered building a new headquarters building to conduct customer service and other day-to-day corporate business activities, as well as operations, for inclusion in the new location.
10. a. Explain in detail the need for the new warehouse/operations center facilities, and state whether the existing operations/warehouse facility is the only such facility of this type that Salt River owns or utilizes.

b. If Salt River owns and utilizes other operations or warehouse facilities, explain whether those buildings' operations will be consolidated to operate out of the new facility. If not, explain.

11. State whether any short-term borrowing will be required to finance the project.

12. Provide the estimated details and total cost of the project as bid by EH Construction.

13. Provide the annual costs of operations at the existing operations/warehouse facility.

14. Provide the number of operations and warehouse buildings the proposed new facilities will replace.

15. Detail the size, storage space, and office space of the operations and warehouse buildings that will be replaced.

16. State the age(s) of the current operations and warehouse facilities and if there is a difference in the number of years of use by Salt River.

17. Provide a list of the utility services required at both the existing and the new operations facilities and state the names of the utility service providers at each.

18. The application states that the new site is located on the eastern end of the Nelson County Industrial Park between Parkway Drive and the Bluegrass Parkway. Provide a drawing, with the structures located, that illustrates the surrounding area and the roads and buildings properly positioned and at an appropriate scale and size to view the area in general and with map directions (North) indicated.

19. Provide a list and map of any other locations considered for construction of the new facilities, the reasons for their elimination, and reasons for the choice made.

20. Indicate whether a site environmental exploration and assessment was performed. If so, provide a copy. If not, explain why not.

21. Indicate whether the site location was assessed for exposure to floods or is located in a flood plain.

22. Provide the addresses of both the existing and the new Nelson County Warehouse/Operations Center facilities.

23. Reference Electrical Construction Drawing E-4. The drawing indicates the new facilities will be served by a 150-KW emergency generator and a 500-KVA pad-mounted electrical service transformer. State what fuel will be used to power the generator, whether there is a provision for storing such fuel, and explain the reason for the sizable difference in the ratings of the normal service transformer and the emergency generator.

24. Provide a listing, with amounts, of professional service fees (engineering, architectural and legal, etc.) incurred and expected, and state whether such amounts are already included in the cost estimates indicated in the application.

25. Explain whether the interior partitions are designed to be permanently located as shown on the drawings, or whether they are designed to be readily repositioned if future requirements change.

26. Explain why all the drawings accompanying the application are not stamped and signed by a professional engineer currently licensed in the Commonwealth of Kentucky.

27. Refer to Salt River's response to the Commission's filing deficiency letter, wherein a total annual cost for the operation of the new facility is \$76,595.45. Provide a detailed breakdown of the annual costs of operations at the new operations/warehouse facility.

28. Identify all energy-efficiency measures that Salt River has proposed to be incorporated into the new facilities.



Jeff Derouen
Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

DATED OCT 03 2013

cc: Parties of Record

John Douglas Hubbard
Fulton, Hubbard & Hubbard
117 E. Stephen Foster Avenue
P.O. Box 88
Bardstown, KENTUCKY 40004

Nicky Rapier
Director of Business Development
Salt River Electric Cooperative Corp.
111 West Brashear Avenue
P. O. Box 609
Bardstown, KY 40004