



# Shelby Energy Cooperative

A Touchstone Energy Cooperative 

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

SHELBY ENERGY COOPERATIVE, INC.  
APPLICATION FOR AN INCREASE IN  
RETAIL RATES BASED ON A HISTORICAL  
TEST YEAR

CASE NO. 2016-00434

THIRD DATA REQUEST OF COMMISSION STAFF  
TO SHELBY ENERGY COOPERATIVE, INC.

May 5, 2017

RECEIVED

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.  
ATTORNEYS AT LAW  
500 MAIN STREET, SUITE 5  
SHELBYVILLE, KENTUCKY 40065

MAY 5 2017  
PUBLIC SERVICE  
COMMISSION

C. LEWIS MATHIS, JR.  
T. SHERMAN RIGGS  
DONALD T. PRATHER  
NATHAN T. RIGGS  
ERIN R. RATLIFF

TELEPHONE: (502) 633-5220  
FAX: (502) 633-0667

E-MAIL [donaltdtpprather@gmail.com](mailto:donaltdtpprather@gmail.com)

May 3, 2017

Executive Director  
Public Service Commission  
211 Sower Boulevard  
Frankfort, Kentucky 40602

Re: Shelby Energy Cooperative PSC Case No. 2016-00434

Gentlepersons:

Please find enclosed the original plus ten copies of the Applicant's Responses to the Commission Staff's Third Request for Information, together with Shelby Energy's Fourth Motion for Confidential Treatment of Specified Materials.

Thank you for your attention to this matter.

Very truly yours,

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.

By: 

Donald T. Prather

DTP/pm  
Enclosures

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of Adjustment of Rates        )  
of Shelby Energy Cooperative, Inc.        )

Case No. 2016-00434


**APPLICANT'S RESPONSES TO  
COMMISSION STAFF'S THIRD REQUEST FOR INFORMATION**

The Applicant, Shelby Energy Cooperative, Inc., makes the following responses to the "Commission Staff's Third Request for Information" as follows:

1. The witnesses who are prepared to answer questions concerning each request are Debra J. Martin and James R. Adkins.
2. Debra J. Martin, President & CEO of Shelby Energy Cooperative, Inc., is the person supervising the preparation of the responses on behalf of the Applicant.
3. The responses and exhibits are attached hereto and incorporated by reference herein.

Respectfully submitted,

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.

By:  \_\_\_\_\_

Donald T. Prather  
500 Main Street, Suite 5  
Shelbyville, Kentucky 40065  
Phone: (502) 633-5220  
Fax: (502) 633-0667  
Attorney for Shelby Energy Cooperative, Inc.

The undersigned, Debra J. Martin, as President & CEO of Shelby Energy Cooperative, Inc., being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: May 5, 2017

SHELBY ENERGY COOPERATIVE, INC.

Debra J. Martin  
DEBRA J. MARTIN, PRESIDENT & CEO

Subscribed, sworn to, and acknowledged before me by Debra J. Martin, as President & CEO for Shelby Energy Cooperative, Inc. on behalf of said Corporation this 5th day of May, 2017.

Mary E. Fedule 520745  
Notary Public, Kentucky State at Large

My Commission Expires: 10-7-18

The undersigned, James R. Adkins, as Consultant of Shelby Energy Cooperative, Inc., being duly sworn, states that the responses herein are true and accurate to the best of my knowledge and belief formed after reasonable inquiry.

Dated: May 5, 2017

SHELBY ENERGY COOPERATIVE, INC.

James R. Adkins R  
JAMES R. ADKINS, CONSULTANT

Subscribed, sworn to, and acknowledged before me by James R. Adkins, as Consultant of Shelby Energy Cooperative, Inc. on behalf of said Corporation this 5th day of May, 2017.

Mary E. Fedule 520745  
Notary Public, Kentucky State at Large

My Commission Expires: 10-7-18

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of Adjustment of Rates        )  
of Shelby Energy Cooperative, Inc.        )

Case No. 2016-00434

**FOURTH MOTION FOR CONFIDENTIAL  
TREATMENT OF SPECIFIED MATERIALS**

Pursuant to 807 KAR 5:001, Section 13 and KRS 61.878, Shelby Energy Cooperative, Inc. (“Shelby Energy”) respectfully moves the Kentucky Public Service Commission (the “Commission”) to designate as confidential material portions of Shelby Energy’s Response to the Commission Staff’s Third Request for Information. The specific information which Shelby Energy is requesting be afforded confidential treatment are the answers to Question 1.c. including Exhibit 3-1c, and Questions 4 and 19 including Exhibits 3-4 and 3-19, both of which are being submitted on a USB drive labeled “C” (hereinafter “Confidential Information”).

In support of this motion, Shelby Energy states that the Confidential Information pertains to wages, salaries and benefits of employees and, as such, constitutes information of a personal nature where the public disclosure thereof would constitute a clear and unwarranted invasion of personal privacy.

Additionally, information relating to the wages, salaries and benefits of employees would unnecessarily provide interested parties and Shelby Energy’s competitors with access to information regarding employee compensation and benefits. If competing utilities know what Shelby Energy pays to its employees, including the benefits afforded to employees, it will be easy for those competing utilities to attempt to hire away Shelby Energy’s employees and management. Such public disclosure would unfairly harm Shelby Energy’s competitive position in the market place for utility management and a skilled utility workforce, all to the detriment of Shelby Energy and its members.

The Commission has previously recognized the confidential nature of this type of information in a prior proceeding, namely *In the Matter of Application of Water Service*

*Corporation of Kentucky for a General Adjustment in Existing Rates, Order Regarding Request for Confidential Treatment* (entered April 5, 2016), Case No. 2015-00382.

The time period for these materials to be treated as confidential should be indefinitely.

WHEREFORE, Shelby Energy respectfully requests that the answers to Question 1.c. including Exhibit 3-1c, and Questions 4 and 19 including Exhibits 3-4 and 3-19, both of which are being submitted on a USB drive labeled "C", be declared by the Commission as confidential and that such treatment continue indefinitely. If this information becomes publicly available or otherwise no longer warrants confidential treatment, Shelby Energy will notify the Commission pursuant to 807 KAR 5:001, Section 13(10).

Respectfully submitted,

MATHIS, RIGGS, PRATHER & RATLIFF, P.S.C.

By: 

Donald T. Prather  
500 Main Street, Suite 5  
Shelbyville, Kentucky 40065  
Phone: (502) 633-5220  
Fax: (502) 633-0667

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No. 2016-00434

1. Refer to the application, Exhibit 1, page 1 of 10.
  - a. Provide the basis for determining the wage and salary increases for union and non-union employees from 2012-2016.
  - b. Explain how the annual increases comply with Shelby Energy's Wage and Salary Plan.
  - c. Provide the Payroll Adjustment for the test year if the non-union wage and salary increase were to be 2 percent.

**Response 1a:**

Wages for pay increase for union employees is the result of negotiation between Shelby Energy and the representatives of the International Brotherhood of Electrical Workers (IBEW).

Salary increases for non-union employees follow the guidelines of the Wage and Salary Policy, #902. For a copy of BP #902, refer to Exhibit CC of the Commission Staff's First Request for Information. Each employee is assigned a salary grade that was established following a formal wage and salary evaluation of the position. The position was evaluated for internal equity through a point system (point factor analysis), and for external equity through research of comparable positions within the region and other cooperatives. The comparative labor market includes the city of Louisville, KY because Louisville KY is different from other cities/town near Shelbyville. It has a highly competitive labor climate and Shelbyville is part of that MSA. (See [www.bls.gov](http://www.bls.gov) -325

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Commission Staff's third Request for Information  
Case No. 2016-00434

Metropolitan Areas - Louisville/So IN MSA). Employees in nearby "bedroom communities" around Louisville, such as Shelbyville, are targets to have their employees recruited away. Shelby Energy also recruits from the Louisville, KY market and must consider the Louisville, KY labor market when establishing pay rates.

The Salary Review process is annual. The President/CEO is presented with the results of the comparative salary research and the President/CEO may approve a change in salary based on where the employee's pay rate is located in relationship to the midpoint of the wage and salary range and the current "market price" in the comparative labor market. The President/CEO approves increases that are within the salary budget and within the salary range of comparable positions in the labor market area.

The President/CEO presents the approved rate change to the appropriate supervisor of each employee for further consideration. The supervisor will recommend final approval of the rate change to the President/CEO based on the results of the employee's appraisal and performance review. Should the appraisal and performance review not support the rate change, a consultation with the President /CEO will take place prior to rate pay adjustment documentation for each employee being submitted to the human resources department by the President/CEO.

**Response 1b:**

The annual increases for union employees follow the negotiated contract with the IBEW.



Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
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The Wage & Salary Policy for non-union employees provides for increases that are competitive and based on performance. Competitive salaries are those that are +/- 10% of the midpoint of the assigned salary grade. The midpoint of each salary grade is the market price of the assigned position based on area and industry salary survey research.

The process of determining whether the Wage & Salary Plan is accomplishing the goal is validated by conducting a *Compa-Ratio Analysis*, whereby each employee's salary is compared to the midpoint of the assigned salary grade. To be competitive in the local market, the employee must be paid between .90 and 1.10 of the salary midpoint. Those outside the range are viewed individually. Employees with a salary compa-ratio under .90 and over 1.10 are reviewed individually to determine if the pay rate is appropriate based on position, length of service, and expertise that is valuable to the Shelby Energy and its members.

Because compensation is covered under the Civil Rights Act of 1964 (and amendments), information is also reviewed to assure there is no discrimination based on race, gender or age. An additional consideration is given to expertise that would allow an employee to be an attractive candidate to be recruited away. Final approval of increases is withheld until there is assurance of equity for each employee and the total cost is reasonable and within the salary budget, and the entire salary plan review and recommendations are approved by the Board of Directors.

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No. 2016-00434

**Response 1c:**

Refer to **Exhibit 3-1c** which is included and made a part of this response for the Payroll Adjustment for non-union wages with an increase of 2%.

## Shelby Energy Cooperative

Case No. 2016-00464

July 31, 2016

Payroll Adjustment

To reflect the increase granted by the Board of Directors, the step increases granted and promotions during the year. To give recognition to employees terminated and employees hired during the test year. Overtime pay is calculated at 1-1/2 times regular pay rate for hours worked in excess of 8 hours per day.

Temporary employees are used for certain busy times of the month, or when an employee has scheduled vacation time off. This is expected to continue into the future.

Wage and salary increases are as follows:

	<u>Increase</u>	
	<u>Union</u>	<u>Non-Union</u>
2016	2.93%	1.93%
2015	2.47%	3.82%
2014	2.13%	3.69%
2013	2.04%	2.76%
2012	3.00%	3.64%

The amount of increase was allocated based on the actual test year.

Projected wages	\$ 2,819,811
Actual wages for test year	<u>\$ 2,876,791</u>
Adjustment	<u>\$ (56,980)</u>

The allocation is on the following page:

Shelby Energy Cooperative  
Case No. 2016-00464

Allocation of increase in payroll:

		Labor		
		<u>Distribution</u>	<u>Percent</u>	<u>Allocation</u>
107.20	Construction work in progress	719,972	25.0%	(14,260)
108.80	Retirement work in progress	228,002	7.9%	(4,516)
143.00	Receivable from others	9,168	0.3%	(182)
163.00	Stores	61,223	2.1%	(1,213)
184.00	Transportation	0	0.0%	0
242.52	Employee sick leave/vacation	141,345	4.9%	(2,800)
580.00	Operations	46,156		
583.00	Overhead line	59,658		
584.00	Underground	0		
586.00	Meter	115,233		
587.00	Installations	7,682		
588.00	Miscellaneous distribution	156,393	13.4%	(7,628)
590.00	Maintenance	10,212		
593.00	Overhead line	361,827		
594.00	Underground	106,177		
595.00	Transformers	848		
597.00	Street lights	6,556		
598.00	Miscellaneous maintenance	69,869	19.3%	(11,003)
901.00	Supervision	75,148		
902.00	Meter reading	73,441		
903.00	Consumer records	84,509		
904.00	Consumer records	0	8.1%	(4,617)
907.00	Supervision, Customer service	19,338		
908.00	Consumer accounting	87,678		
909.00	Consumer information	28,086		
910.00	Misc customer information	153,686	10.0%	(5,720)
912.00	Customer demonstration	9,089	0.3%	(180)
920.00	Administrative	194,004		
926.00	Employee benefits	21,593		
930.00	Miscellaneous	26,628		
935.00	Maintenance general plant	<u>3,270</u>	<u>8.5%</u>	<u>(4,863)</u>
	Total	<u>2,876,791</u>	<u>100.0%</u>	<u>(56,982)</u>

Employee Number	Hours Worked Test Year				Actual Test Year Wages						Wage Rate 2% non-union	Normalized Test Year Wages					
	Regular	Overtime	Vac Pay	Total	Regular	Overtime	Excess Vac Pay	Salary Overtime	Stanby Pay	Total		Regular	Overtime	Excess Vac Pay	Salary Overtime	Stanby Pay	Normalized Total
<b>Salaried Employees:</b>																	
601	2,080.00			2,080.00	████				████	████	████	████	████				████
702	2,080.00		40.00	2,120.00	████				████	████	████	████	████				████
706	2,080.00		40.00	2,120.00	████				████	████	████	████	████				████
801	2,080.00			2,080.00	████				████	████	████	████	████				████
1304	2,080.00		40.00	2,120.00	████				████	████	████	████	████				████
1307	2,080.00		40.00	2,120.00	████				████	████	████	████	████				████
1316	1,670.75			1,670.75	████					████	████	████	████				████
2314	2,080.00			2,080.00	████				████	████	████	████	████				████
Subtotal	16,230.75	0.00	160.00	16,390.75	656,977	0	7,520	2,940	25,080	692,517		665,101	0	7,520	2,940	25,080	700,641
<b>Hourly Employees:</b>																	
208	2,080.00	18.00	40.00	2,138.00	████	████	████			████	████	████	████				████
210	2,008.00	328.00	8.00	2,344.00	████	████	████	████		████	████	████	████				████
301	2,080.00	4.25		2,084.25	████	████				████	████	████	████				████
302	2,080.00	382.25	40.00	2,502.25	████	████	████			████	████	████	████				████
304	2,080.00	5.50		2,085.50	████	████				████	████	████	████				████
306	2,080.00	357.25		2,437.25	████	████				████	████	████	████				████
310	2,080.00	15.25		2,095.25	████	████				████	████	████	████				████
403	2,080.00	4.75		2,084.75	████	████			████	████	████	████	████				████
501	2,080.00	169.50	40.00	2,289.50	████	████	████			████	████	████	████				████
503	2,080.00	326.25		2,406.25	████	████				████	████	████	████				████
705	1,828.25	34.25		1,862.50	████	████				████	████	████	████				████
709	2,080.00	9.50		2,089.50	████	████				████	████	████	████				████
710	2,080.00	5.00		2,085.00	████	████				████	████	████	████				████
1101	2,080.00	9.50		2,089.50	████	████				████	████	████	████				████
1303	2,080.00			2,080.00	████					████	████	████	████				████
1306	2,080.00		40.00	2,120.00	████				████	████	████	████	████				████
1308	1,919.00	4.50		1,923.50	████	████				████	████	████	████				████
1310	2,080.00	336.00		2,416.00	████	████				████	████	████	████				████
1311	2,080.00	13.75		2,093.75	████	████				████	████	████	████				████
1313	2,080.00			2,080.00	████				████	████	████	████	████				████
1314	1,920.00			1,920.00	████				████	████	████	████	████				████
1315	2,072.00	9.50		2,081.50	████	████			████	████	████	████	████				████
1317	1,037.00	251.25		1,288.25	████	████				████	████	████	████				████
1403	2,080.00	360.00		2,440.00	████	████				████	████	████	████				████
1701	2,080.00	40.00		2,120.00	████					████	████	████	████				████
1801	2,080.00	296.00		2,376.00	████	████				████	████	████	████				████
1902	2,080.00	352.25		2,432.25	████	████				████	████	████	████				████
1911	2,072.50	121.00		2,193.50	████	████			████	████	████	████	████				████
1912	2,080.00	402.50		2,482.50	████	████				████	████	████	████				████
2306	2,040.00	317.50		2,357.50	████	████				████	████	████	████				████
2309	2,080.00	313.25		2,393.25	████	████				████	████	████	████				████

Shelby Energy Cooperative

Employee Earnings and Hours  
July 31, 2016

Witness: Debra Martin

Employee Number	Hours Worked Test Year				Actual Test Year Wages						Wage Rate 2% non-union	Normalized Test Year Wages					
	Regular	Overtime	Vac Pay	Total	Regular	Overtime	Excess Vac Pay	Salary Overtime	Stanby Pay	Total		Regular	Overtime	Excess Vac Pay	Salary Overtime	Stanby Pay	Normalized Total
2312	1,927.00	154.75		2,081.75	████	████				████	████	████				████	
2315	2,063.00	352.00		2,415.00	████	████				████	████	████				████	
<b>Subtotal</b>	<b>66,726.75</b>	<b>4,993.50</b>	<b>168.00</b>	<b>71,888.25</b>	<b>1,814,183</b>	<b>242,676</b>	<b>4,919</b>	<b>127</b>	<b>6,625</b>	<b>2,068,530</b>		<b>1,813,410</b>	<b>243,331</b>	<b>4,919</b>	<b>127</b>	<b>6,625</b>	<b>2,068,413</b>
<b>Summer and Part Time Employees:</b>																	
708	288.00	0.50		288.50	████	█				████	████	█				████	
1318	627.00	3.50		630.50	████	█				████	████	█				████	
1319	104.00	3.00		107.00	████	█				████	████	█				████	
1802	327.00			327.00	5,539					████	████	0				████	
2316	344.00			344.00	████					████	████	0				████	
<b>Subtotal</b>	<b>1,690.00</b>	<b>7.00</b>	<b>0.00</b>	<b>1,697.00</b>	<b>27,247</b>	<b>161</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,408</b>		<b>50,593</b>	<b>164</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,757</b>
<b>Retirees:</b>																	
1305	1,850.00			1,850.00	████				████	████	████						0
<b>Subtotal</b>	<b>1,850.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,850.00</b>	<b>████</b>	<b>0</b>	<b>0</b>	<b>████</b>	<b>████</b>	<b>████</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>86,497.50</b>	<b>5,000.50</b>	<b>328.00</b>	<b>91,826.00</b>	<b>2,581,495</b>	<b>242,837</b>	<b>12,440</b>	<b>3,716</b>	<b>36,303</b>	<b>2,876,791</b>		<b>2,529,104</b>	<b>243,495</b>	<b>12,440</b>	<b>3,067</b>	<b>31,705</b>	<b>2,819,811</b>

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No: 2016-00434

2. Refer to the application, Exhibit 1, page 2, and Exhibit 2, page 1. Explain why the allocation factors used in these exhibits differ. Provide revised schedules as necessary.

**Response 2:**

There were some reclassifications made to the labor distribution after the ratio was used for the payroll tax adjustment. Refer to **Exhibit 3-2** for a revised schedule of Exhibit 2, Page 1 of the Application.

Shelby Energy Cooperative  
Case No. 2016-00464  
Payroll Taxes

The employer's portion of FICA and Medicare rates remain the same for 2016 as they were for 2015. The FICA rate is 6.2% and Medicare is 1.45%. The wage limit increased to \$118,500 in 2016 and was \$117,000 in 2015 for FICA; all wages are subject to Medicare.

Federal unemployment rates are 0.80% for the first \$7,000 of wages and state unemployment rate is 2.01% for the first \$10,200 of wages.

Proposed FICA amounts

FICA	175,345	
Medicare	41,565	
	<u>216,910</u>	
Proposed FUTA	5,628	
Proposed SUTA	9,050	231,588

Test year amount

FICA and Medicare	221,625	
Test year FUTA	3,910	
Test year SUTA	9,313	234,848

Increase	<u><u>(3,260)</u></u>	
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Adjustment:	<u>Revised</u>		<u>In Application</u>	
	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>
107 Capitalized	32.95%	(1,074)	32.71%	(1,067)
163 - 416 Clearing and others	7.36%	(240)	8.04%	(262)
580 Operations	13.39%	(436)	13.29%	(433)
590 Maintenance	19.31%	(630)	19.17%	(625)
901 Consumer accounts	8.10%	(264)	8.04%	(262)
908 Customer service	10.04%	(327)	9.96%	(325)
912 Sales	0.32%	(10)	0.31%	(10)
920 Administrative and general	8.53%	(278)	8.47%	(276)
	<u>100.00%</u>	<u>(\$3,260)</u>	<u>100.00%</u>	<u>(\$3,260)</u>
Amount expensed		<u><u>(\$1,946)</u></u>		<u><u>(\$1,932)</u></u>

State unemployment (SUTA) wage rates are as follows:

2016	2.01%
2015	2.02%
2014	1.80%
2013	1.80%
2012	1.80%



Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No. 2016-00434

3. Refer to the application, Exhibit 3, page 2 of 6, and to Case No. 2016-00367, the application, Exhibit 3, page 2 of 6. Explain why the percentages used to allocate the proposed increase in depreciation expense are the same in both exhibits. Provide any necessary revisions to any affected exhibits.

**Response 3:**

The format for Case No. 2016-00367 was inadvertently used for the exhibit referenced. Refer to **Exhibit 3-3** for a revised Exhibit 3, Page 2 of the Application.

Shelby Energy Cooperative  
Case No. 2016-00434  
July 31, 2016

Normalized depreciation accrual:

Distribution plant	2,971,207	
General plant	218,799	
Less charged to clearing	<u>(150,002)</u>	
		3,040,004

Test year depreciation accrual:

Distribution plant	2,552,809	
General plant	213,686	
Less charged to clearing	<u>(144,831)</u>	
		2,621,664

Normalized depreciation adjustment		<u><u>418,340</u></u>
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Transportation clearing

Normalized accrual	150,002
Test year accrual	<u>144,831</u>
	<u><u>5,171</u></u>

The allocation of the increase in depreciation on transportation equipment is based on actual test year transportation clearing.

<u>Account</u>	<u>Revised</u>		<u>Per Application</u>	
	<u>%</u>	<u>Amount</u>	<u>%</u>	<u>Amount</u>
Construction and retirement WIP	48%	\$2,482	34%	\$1,781
Others	1%	52	1%	61
Distribution - operations	15%	776	15%	778
Distribution - maintenance	31%	1,603	27%	1,391
Consumer accounts	1%	52	7%	358
Consumer service and information	2%	103	6%	295
Administrative and general	2%	103	10%	507
Total	<u>100%</u>	<u>\$5,171</u>	100.00%	<u>\$5,171</u>
Expense amount		<u><u>\$2,637</u></u>		<u><u>\$3,329</u></u>

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
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4. Refer to the application, Exhibit 1, and Shelby Energy's response to Commission Staff's Second Request for Information ("Staff's Second Request"), Item 31. Shelby Energy calculates its "projected wages based on a 2,080-hour work year." Provide a revised schedule that calculates the "Projected Wages" using the actual regular hours worked by each employee in the test year. Provide this schedule in Excel spreadsheet format, with formulas intact and unprotected and all rows and columns accessible.

**Response 4:**

Refer to the Confidential electronic version of the Excel spreadsheet contained on **USB Drive (C)** labeled **Exhibit 3-4** which has been included with this response.

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Shelby Energy Cooperative  
Case No. 2016-00464  
July 31, 2016

**Payroll Adjustment**

To reflect the increase granted by the Board of Directors, the step increases granted and promotions during the year. To give recognition to employees terminated and employees hired during the test year. Overtime pay is calculated at 1-1/2 times regular pay rate for hours worked in excess of 8 hours per day.

Temporary employees are used for certain busy times of the month, or when an employee has scheduled vacation time off. This is expected to continue into the future.

Wage and salary increases are as follows:

	<u>Increase</u>	
	<u>Union</u>	<u>Non-Union</u>
2016	2.93%	1.93%
2015	2.47%	3.82%
2014	2.13%	3.69%
2013	2.04%	2.76%
2012	3.00%	3.64%

The amount of increase was allocated based on the actual test year.

Projected wages	\$ 2,806,665
Actual wages for test year	<u>\$ 2,876,791</u>
Adjustment	<u>\$ (70,126)</u>

The allocation is on the following page:

Shelby Energy Cooperative  
Case No. 2016-00464

Exhibit 3-4  
Page 2 of 4  
Witness: James Adkins

Allocation of increase in payroll:

		Labor		
		<u>Distribution</u>	<u>Percent</u>	<u>Allocation</u>
8	107.20	Construction work in progress	719,972	25.0% (17,550)
9	108.80	Retirement work in progress	228,002	7.9% (5,558)
10	143.00	Receivable from others	9,168	0.3% (223)
11	163.00	Stores	61,223	2.1% (1,492)
12	184.00	Transportation	0	0.0% 0
13	242.52	Employee sick leave/vacation	141,345	4.9% (3,445)
14	580.00	Operations	46,156	
15	583.00	Overhead line	59,658	
16	584.00	Underground	0	
17	586.00	Meter	115,233	
18	587.00	Installations	7,682	
19	588.00	Miscellaneous distribution	156,393	13.4% (9,388)
20	590.00	Maintenance	10,212	
21	593.00	Overhead line	361,827	
22	594.00	Underground	106,177	
23	595.00	Transformers	848	
24	597.00	Street lights	6,556	
25	598.00	Miscellaneous maintenance	69,869	19.3% (13,541)
26	901.00	Supervision	75,148	
27	902.00	Meter reading	73,441	
28	903.00	Consumer records	84,509	
29	904.00	Consumer records	0	8.1% (5,682)
30	907.00	Supervision, Customer service	19,338	
31	908.00	Consumer accounting	87,678	
32	909.00	Consumer information	28,086	
33	910.00	Misc customer information	153,686	10.0% (7,040)
34	912.00	Customer demonstration	9,089	0.3% (222)
35	920.00	Administrative	194,004	
36	926.00	Employee benefits	21,593	
37	930.00	Miscellaneous	26,628	
38	935.00	Maintenance general plant	<u>3,270</u>	<u>8.5%</u> <u>(5,984)</u>
39				
40		Total	<u>2,876,791</u>	<u>100.0%</u> <u>(70,125)</u>

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Shelby Energy Cooperative  
Employee Earnings and Hours

July 31, 2016

Exhibit 3-4  
Page 4 of 4  
Witness: James Adkins

Employee Number	Hours Worked Test Year				Actual Test Year Wages						Wage Rate 1-Nov-15	Normalized Test Year Wages					
	Regular	Overtime	Vac Pay	Total	Regular	Overtime	Excess Vac Pay	Salary Overtime	Stanby Pay	Total		Regular	Overtime	Excess Vac Pay	Salary Overtime	Stanby Pay	Normalized Total
	2306	2,040.00	317.50		2,357.50												
2309	2,080.00	313.25		2,393.25													
2312	1,927.00	154.75		2,081.75													
2315	2,063.00	352.00		2,415.00													
<b>Subtotal</b>	<b>66,726.75</b>	<b>4,993.50</b>	<b>168.00</b>	<b>71,888.25</b>	<b>1,814,183</b>	<b>242,676</b>	<b>4,919</b>	<b>127</b>	<b>6,625</b>	<b>2,068,530</b>		<b>1,813,410</b>	<b>243,331</b>	<b>4,919</b>	<b>127</b>	<b>6,625</b>	<b>2,068,413</b>
<b>Summer and Part Time Employees:</b>																	
708	288.00	0.50		288.50													
1318	627.00	3.50		630.50													
1319	104.00	3.00		107.00													
1802	327.00			327.00										0			
2316	344.00			344.00										0			
<b>Subtotal</b>	<b>1,690.00</b>	<b>7.00</b>	<b>0.00</b>	<b>1,697.00</b>	<b>27,247</b>	<b>161</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>27,408</b>		<b>50,593</b>	<b>164</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50,757</b>
<b>Retirees:</b>																	
1305	1,850.00			1,850.00													0
<b>Subtotal</b>	<b>1,850.00</b>	<b>0.00</b>	<b>0.00</b>	<b>1,850.00</b>		<b>0</b>	<b>0</b>					<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total</b>	<b>86,497.50</b>	<b>5,000.50</b>	<b>328.00</b>	<b>91,826.00</b>	<b>2,581,495</b>	<b>242,837</b>	<b>12,440</b>	<b>3,716</b>	<b>36,303</b>	<b>2,876,791</b>		<b>2,515,959</b>	<b>243,495</b>	<b>12,440</b>	<b>3,067</b>	<b>31,705</b>	<b>2,806,665</b>

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
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5. Refer to the application, Exhibit 9, page 3 of 5.

a. Provide a detailed description of each item listed in the table below and explain why the cost should be allowed for ratemaking purposes.

<u>Vendor Name</u>	<u>Description</u>	<u>Amount</u>
a. GDS Associates, Inc.	Consultants-Engineering	\$1,500
b. GDS Associates, Inc.	Consultants-Engineering	\$1,500
c. GDS Associates, Inc.	Consultants-Engineering	\$ 630
d. GDS Associates, Inc.	Consultants-Engineering	\$ 306
e. GDS Associates, Inc.	Consultants-Engineering	\$ 383
f. GDS Associates, Inc.	Consultants-Engineering	\$ 480
g. GDS Associates, Inc.	Consultants-Engineering	\$ 480
h. GDS Associates, Inc.	Consultants-Engineering	\$1,096
i. GDS Associates, Inc.	Consultants-Engineering	\$1,558

**Response 5a:**

Shelby Energy's does not have a professional engineer on staff and outsources engineering functions that require this expertise to GDS Associates, Inc. ("GDS"). GDS performs periodic work order inspections which require the signature of a professional engineer to meet RUS requirements. In addition, GDS provides assistance to the staking technicians regarding planning and design on larger projects and provides supporting engineering services as needed by the Manager of Engineering and/or the VP of Operations and Engineering. These costs are part of the required day to day engineering functions needed to meet the growth and development on the distribution system and should be allowed for ratemaking purposes. Refer to **Exhibit 3-5a** which provides a detailed description of each item listed in the table and is included as part of this response.



Shelby Energy Cooperative, Inc.  
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b. On May 31, 2016, there is a payment to Mathis, Riggs, Prather of \$3,427 described as "Misc Legal Svs - Refinance." Provide a detailed explanation as to why this legal fee was not recovered in the refinancing cost.

**Response 5b:**

Only electric plant can be financed with long-term debt, and RUS does not allow financing of legal fees for long-term debt. Since the initial RUS debt financed electric plant, Shelby Energy could refinance with long-term debt.

Shelby Energy Cooperative, Inc.  
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<b>GDS Associates, Inc.</b>			
<b>Date</b>	<b>Check</b>	<b>Amount</b>	<b>Detailed Description</b>
08/24/15	63176	\$1,500.00	Monthly retainer for general engineering consulting services from (06/27/15 - 07/31/15)
09/24/15	63427	\$1,500.00	Monthly retainer for general engineering consulting services from 08/01/15 - 08/31/15
10/21/15	63711	\$630.00	Review coordination for intellirupter sectionalizing; meeting to review UG design and layout of commercial property; meeting to review Defoe substation and intellirupter sectionalizing
12/22/15	64162	\$306.00	Prepare spreadsheet of recloser locations; prepare sectionalizing spreadsheets; prepare UG distribution primary layout for Persimmon Ridge subdivision expansion and email
01/25/16	64378	\$382.50	Call to discuss update to Persimmon Ridge UG expansion project; call to verify sag charts; review intellirupter layout for industrial park; prepare comparison of guying 1/0 ACSR and 2 ACSR
02/25/16	64640	\$480.00	Review sectionalizing questions; prepare updates to sectionalizing; review changes due to model issues
03/23/16	64839	\$480.00	Prepare updates to sectionalizing per request; prepare and email recloser information
04/22/16	65071	\$1,096.00	Review Defoe substation amendment, update Defoe amendment and send to Shelby for RUS review; Waze subdivision and size transformers for voltage drop and flicker; generate DWG for Waze II; work on UG layout for Waze; finalize and email Defoe CWP amendment
05/24/16	65212	\$1,558.00	Work on DWG for Waze II; prepare UG layout for Waze property; work on DWG for Waze II; finalize UG of Waze property and email; meeting with Shelby to review and design UG primary layout for three projects; review questions on sectionalizing, prepare response and email; finalize and email Martini Lane work order inspection report

Shelby Energy Cooperative, Inc.  
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6. Refer to the Application, Exhibit 10. Provide an explanation of any items paid listed as VISA in the Meals column.

**Response 6:**

Refer to **Exhibit 3-6** for an explanation for any items paid and listed as VISA in the Meals column in Exhibit 10 of the Application. This exhibit is included and made a part of this response.

Shelby Energy Cooperative, Inc.  
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<b>VISA - Meal Column /Application, Exhibit 10</b>			
<b>Date</b>	<b>Check</b>	<b>Amount</b>	<b>Detailed Description</b>
08/19/15	63136	\$66.89	Board room supplies and snacks for board and other meetings
09/18/15	63314	\$35.00	Board meeting lunch for 08/27/15
09/18/15	63366	\$157.27	Board meeting lunch and supplies for 08/27/15
10/19/15	63616	\$111.65	Board meeting lunch for 10/19/15
11/18/15	63858	\$56.68	Board meeting lunch and supplies for 11/19/15
02/17/16	64545	\$19.66	Board room supplies and snacks for board and other meetings
03/20/16	64783	\$19.62	Board room supplies and snacks for board and other meetings
04/18/16	65010	\$32.36	Board room supplies and snacks for board and other meetings
05/19/16	65227	\$24.97	Board room supplies and snacks for board and other meetings
06/19/16	65445	\$30.25	Board room supplies and snacks for board and other meetings
07/19/16	65666	\$36.26	Board room supplies and snacks for board and other meetings

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
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7. Refer to the Application, Exhibit 11, pages 4-6 of 7. Provide an explanation of the following miscellaneous expenses:

	<u>Amount</u>
(105) VISA - Certificate Frames	\$248.04
(110) Louisville Improvisors- Employee Functions & Recreation	\$600.00
(113) Science Hill Inn - Employee Functions & Recreation	\$3,060.00
(124) VISA - Employee Functions & Recreation	\$269.07
(130) VISA - Employee Coffee & Supplies	\$210.75
(207) Perryville Embroidery LLC - Employee Apparel - Annual Meeting	\$953.21
(209) Backyard Bounce - Miscellaneous	\$147.43
(210) Classic Printing, Inc. - 2 Sided Color Trifold	\$2,189.00
(213) VISA - Coffee Maker	\$816.88
(214) VISA - Coffee Supplies	\$221.63

**Response 7:**

Refer to **Exhibit 3-7**, which is included and made a part of this response, for an explanation of the miscellaneous expenses noted for Exhibit 11 of the Application.

Shelby Energy Cooperative, Inc.  
 Commission Staff's Third Request for Information  
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**Misc Charges - Application, Exhibit 11**

Exh 11 - ID	Check	Amount	Description	Explanation
105	63859	\$248.04	VISA - Certificate Frames	Employee development certificates framed for (6) employees
110	63862	\$600.00	Louisville Improvisors - Employee Functions & Recreation	Entertainment for annual employee awards dinner
113	64221	\$3,060.00	Science Hill Inn - Employee Functions & Recreation	Annual employee awards dinner
124	64094	\$267.07	VISA - Employee Functions & Recreation	Program for annual employee awards dinner and postage for invitations
130	64099	\$210.75	VISA - Employee Coffee & Supplies	Coffee and sugar for employee in the break room
207	65249	\$953.21	Perryville Embroidery LLC-Employee Apparel - Annual Meeting	Employee shirts for annual meeting
209	65299	\$147.43	Backyard Bounce - Miscellaneous	Popcorn and popcorn machine for annual meeting
210	65281	\$2,189.00	Classic Printing, Inc. - 2 Sided Color Trifold	Printing of annual member survey and shipping to insert with member bills
213	65422	\$816.88	VISA - Coffee Maker	Purchase of commercial coffee maker for employee break room
214	65427	\$221.63	VISA - Coffee Supplies	Coffe and coffee cups for employee break room

Shelby Energy Cooperative, Inc.  
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8. Refer to Shelby Energy's application, Exhibit 12. Provide the amount of rate case expenses that have been incurred to date in the format listed in Exhibit 12.

**Response 8:**

Refer to expenses filed for Shelby Energy through February 28, 2017, submitted on March 31, 2017 and received by the Commission on April 3, 2017.

Shelby Energy rate case expenses for March, 2017 were submitted to the Commission on April 26, 2017.

Shelby Energy Cooperative, Inc.  
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9. Refer to Shelby Energy's response to Staff's Second Request, Items 4 and 21.m., and Revised Exhibit J. Explain why Shelby Energy is proposing a larger percentage rate increase for Schedule B1 than for Schedule B2 when the response to Item 21.m. shows the rate of return for Schedule 81 at current rates is four times greater than that of Schedule B2.

**Response 9:**

The primary item of concern with the Schedule B1 and Schedule B2 was that the demand rates were less than the demand rates billed by East Kentucky Power Cooperative, Inc. ("EKPC") for wholesale power. It was, and is, the desire of Shelby's Board of Directors that demand rates for each of these rate classes have the same demand rates that Shelby Energy is charged by EKPC. The second major concern for these two rate classes is to provide revenue greater than the cost to serve. The third concern is that these two rate classes share in the increase since they did not receive an increase in rates in the last rate case of Shelby Energy. The amount of the rate of return on the rate base was not a concern of Shelby's board.



Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
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10. Refer to Shelby Energy's response to Staff's Second Request, Item 7.
- a. Refer to Exhibit 2-7b., page 1 of 1. Explain why vegetation management expenses increased from \$789,352 in 2012 to \$2,550,921 in 2016.
  - b. Refer to Exhibit 2-7c., page 1 of 1. Explain the increases in the interruption indices from 2012 to 2016 despite the large increases in vegetation management spending.
  - c. Provide the amount of vegetation management expenses in the test year.
  - d. Provide the budget for vegetation management expenses for 2017 through 2020 in the format listed in Item 7.b.

**Response 10a:**

Shelby Energy was unable to establish and maintain a right-of-way ("ROW") cycle and vegetation management plan that was sufficiently controlling vegetation growth for the distribution system based on the previous level of annual expenditures in this area. The weather over the last several years has promoted additional growth in vegetation. Field employees shared that the ROW was over-grown throughout the distribution system which created safety concerns when employees reported they were, frequently, required to clear ROW or request ROW crews to clear vegetation before the restoration of power could begin. An increase in the amount of trees were found to be growing into the lines which created momentary interruptions, "blinks" for members and safety issues for the public. Shelby Energy's management determined the need existed to initiate a more

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No. 2016-00434

consistent method to manage ROW and make a commitment to establishing a 5-year vegetation management cycle for the future, and with the board of director's support, began implementation in 2014.

**Response 10b:**

Shelby Energy provided reliability indices as referenced in the Commission Staff's Second Request for Information, Exhibit 2-7c., Page 1 of 1, that were the standard indices for outages which excludes Major Event Days ("MEDS").

MEDS are outages that are out of the normal day-to-day outages. A MED is usually during a situation that was beyond control and beyond the design and/or operational limits of a utility (e.g., severe storms). Typically, these outages are excluded in the reliability indices for normalizing and trending purposes. MEDS use a five-year average of SAIDI and are calculated using the Institute of Electrical and Electronics Engineers ("IEEE") Beta Method to determine the MED threshold. If the daily SAIDI exceeds this threshold it is classified as a MED.

Excluding MEDS from outage calculations for reliability indices doesn't provide the best picture of what actually takes place in regards to outages that are tree-related or associated with ROW. Refer to **Exhibit 3-10b**. At the top of the exhibit are the reliability indices including MEDS representing all outages for the year. For informational purposes, the number of MEDS for each year are listed with the data. In addition, other outage causes that were equal to or greater than 10% of total outages are provided and listed in descending order in the explanation row.

Shelby Energy Cooperative, Inc.  
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Please note in the reliability indices, including MEDS, there is a decline in the percentages of tree-related/ROW outages; from 57% in 2014 to 48% in 2015 and 39% in 2016. The annual reliability indices may not be trending down as much as expected if comparing only dollars spent for vegetation management. However, the reliability indices are influenced by other factors as can be seen by the percentages provided by year resulting from causes at or above 10% along with the remaining percentages from other causes below 10%.

The reliability indices, excluding MEDS, at the bottom of Exhibit 3-10b are provided as an easy reference for comparison between the two sets of data.

**Response 10c:**

Shelby Energy's vegetation management expenses for the test year from August, 2015 through July, 2016 totaled \$2,293,751.

**Response 10d:**

Refer to **Exhibit 3-10d** for Shelby Energy's budget for vegetation management expenses for 2017 through 2020.

**SHELBY ENERGY COOPERATIVE**  
**CASE NO. 20016-00434**  
**RELIABILITY INDICES**

<b>Including Major Event Days</b>	2012	2013	2014	2015	2016
SAIDI	220.13	114.5	477.64	225.81	172.21
SAIFI	1.24	1.13	1.82	1.46	1.57
CAIDI	177.52	101.33	262.44	154.66	109.69
Percentage of Tree-related Outages	36%	26%	57%	48%	39%
Other Outage Causes => 10%	39%	49%	--	21%	30%
Explanation	Lightning, Wind, Ice	Wind, Equip, Lightning	--	Lightning, Equip	Equip. & Lightning
Number of Major Event Days	4	0	7	6	1

<b>Excluding Major Event Days</b>	2012	2013	2014	2015	2016
SAIDI	92	114.5	138.68	106.56	157.72
SAIFI	0.94	1.13	1.11	0.99	1.51
CAIDI	97.87	101.33	124.94	107.64	104.45
Percentage of Tree-related Outages	29%	26%	14%	24%	35%
Other Outage Causes => 10%	49%	49%	35%	39%	33%
Explanation:	Lightning, Const, Ice	Wind, Equip, Lightning	Equip, Lightning, Const	Equip, Vehicles, Small Animal	Equipment & Lightning

SHELBY ENERGY COOPERATIVE, INC.  
 Commission Staff's Third Request for Information  
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Year	ROW Activity	System Section	Number of Miles/Crews	Price per Mile / Crew	Annual Budget
2017	Cut:	1	346	\$4,900	\$1,695,400
	1st Spray:	5	346	\$290	100,340
	2nd Spray:	3	330	\$290	95,700
	Ticket crews:		2	\$210,000	<u>420,000</u>
					\$2,311,440
2018	Cut:	2	357	\$4,500	\$1,606,500
	1st Spray:	1	346	\$299	103,350
	2nd Spray:	4	364	\$299	108,727
	Ticket crews:		1.5	\$216,300	<u>324,450</u>
					\$2,143,027
2019	Cut:	3	330	\$4,200	\$1,386,000
	1st Spray:	2	357	\$308	109,835
	2nd Spray:	5	346	\$308	106,450
	Ticket crews:		1	\$222,789	<u>222,789</u>
					\$1,825,074
2020	Cut:	4	364	\$3,800	\$1,383,200
	1st Spray:	3	330	\$317	104,574
	2nd Spray:	1	346	\$317	109,644
	Ticket crews:		1	\$229,473	<u>229,473</u>
					\$1,826,891

Row Rotation Cycles					
Section:	1	2	3	4	5
Activity /Year:					
Cut	2017	2018	2014	2015	2016
Spray	2018	2019	2015	2016	2017
Skip	2019	2020	2016	2017	2018
Spray	2020	2021	2017	2018	2019
Skip	2021	2022	2018	2019	2020
Cut	2022	2023	2019	2020	2021

5 YEAR SEC RIGHT OF WAY PLAN

Exhibit 3-10d,  
Page 2 of 2  
Witness: Debra Martin

Substation	Feeder	Name	Miles	Last Cut	Cut	Last Sprayed	1st Spray	2nd Spray	Next Cut
<b>Section (1)</b>									
Clayville 2	3	Benson East	148	2006	2017		2018	2020	2022
Milton 7	4	Liberty Ridge	31	2009	2017		2018	2020	2022
Milton 7	2	South 421/Milton-Bedford	53	2009	2017		2018	2020	2022
Milton 7	1	Moffet Rd.	3	2009	2017		2018	2020	2022
Milton 7	3	Pecks Pike	22	2011	2017		2018	2020	2022
Clayville 2	1	Vigo/Clear Creek	59	2008	2017		2018	2020	2022
New Castle 3	1	Ditto (60 mile total cut 1/2)	30	2008	2017		2018	2020	2022
Subtotal			346						
<b>Section (2)</b>									
New Castle 3	1	Ditto (60 mile total cut 1/2)	30	2008	2018		2019	2021	2023
Campbellsburg 4	4	State Police	43	2008	2018		2019	2021	2023
Logan 10	1	Ardmore/Brassfield	83	2011	2018		2019	2021	2023
Southville 6	1	Rockbridge	84	2011	2018		2019	2021	2023
Clayville 2	5	Benson West	9	2008	2018		2019	2021	2023
Jericho 11	3	South Lake Jericho	44	2010	2018		2019	2021	2023
Logan 1	2	Logan/Finchville	20	2010	2018		2019	2021	2023
Southville 6	2	Pea Ridge	39	2011	2018		2019	2021	2023
Industrial Park	all		5	2013	2018	2014	2019	2021	2023
Subtotal			357						
<b>Section (3)</b>									
Southville 6	3	Southville Pike	55	2012	2019	2014	2020	2022	2024
Clayville 2	4	Hempridge	35	2012	2019	2014	2020	2022	2024
Jericho 11	1	Pendleton North	56	2012	2019	2015	2020	2022	2024
Campbellsburg 4	2	Maddox Rdg.	98	2014	2019	2015	2020	2022	2024
Long Run 13	1 and 2	Long Run / Aiken Rd.	32	2014	2019	2015	2020	2022	2024
Clayville 2	2	Beard	54	2014	2019	2015	2020	2022	2024
Subtotal			330						
<b>Section (4)</b>									
Campbellsburg 4	3	Hillsboro	58	2014	2020	2014	2021	2023	2025
New Castle 3	3	Hwy 146 West	39	2014	2020	2016	2021	2023	2025
Bedford 5	1	Kings Rdg./ East Prong	68	2015	2020	2016	2021	2023	2025
Bedford 5	2	42/Carlise	46	2016	2020	2016	2021	2023	2025
Campbellsburg 4	1	Munford/Mound Hill	94	2015	2020	2016	2021	2023	2025
Logan 1	4	Joyces Station/Webb Rd.	59	2015	2020	2016	2021	2023	2025
Subtotal			364						
<b>Section (5)</b>									
Bedford 5	4	Mount Pleasant	47	2016	2021		2022	2024	2026
Bedford 5	3	South Hwy 421/Barebone	74	2016	2021		2022	2024	2026
Jericho 11	2	Old Jericho/Walnut Hills	40	2016	2021		2022	2024	2026
Logan 1	3	Brunerstown/Pound Ln.	72	2016	2021		2022	2024	2026
New Castle 3	2	South Property	110	2016	2021		2022	2024	2026
Veechdale 15	1	Old Veechdale Rd.	3	2016	2021		2022	2024	2026
Subtotal			346						
Grand Total			1,743						

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
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11. Refer to Shelby Energy's response to Staffs Second Request, Item 12.  
State whether Shelby Energy prorates the customer charge when a customer has less than a full month of service.

**Response 11:**

Shelby does not prorate the customer charge for less than a full month of service.

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No. 2016-00434

12. Refer to Shelby Energy's response to Staffs Second Request, Item 13.c.(2). Provide revised Exhibit J using a multiplier of 365 days times the daily rate rather than 360.

**Response 12:**

Refer to the attached Second Revised Schedule J, **Exhibit 3-12**, for the requested change to the number of days in a year applicable to a daily rate charge for the Prepay Program Service Fee.

Refer to **USB Drive (D)** for an electronic version of the Second Revised Schedule J, labeled **Exhibit 3-12**.





Residential Service - Rate 12

Description	Billing Determinants	Test Year Revenues	Normalized 2010-00509		Phase 1 Proposed		Phase 2 Proposed		Phase 3 Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Consumer Facility Charge	145,617	\$1,476,556	\$10.14	\$1,476,556	\$13.06	\$1,901,758	\$14.03	\$2,043,007	\$15.00	\$2,184,255
Energy charge per kWh	195,123,986	17,289,936	\$0.08861	17,289,936	\$0.08989	17,539,695	\$0.09039	17,637,257	\$0.09088	17,732,868
Difference to partials		<u>3,984</u>		<u>3,984</u>		<u>3,984</u>		<u>3,984</u>		<u>3,984</u>
Total from base rates		18,770,477		<u>\$18,770,477</u>		<u>\$19,445,437</u>		<u>\$19,684,248</u>		<u>\$19,921,107</u>
Fuel adjustment		(817,558)								
Environmental surcharge		<u>2,328,108</u>								
Total revenues		<u>\$20,281,027</u>								
Amount				\$0		\$674,960		\$238,810		\$236,859
Percent				0.0%		3.6%		1.2%		1.2%
Average monthly bill	1,340	\$128.90		\$128.90		\$133.54		\$135.18		\$136.80
Amount				\$0.00		\$4.64		\$1.64		\$1.63
Percent				0.0%		3.6%		1.2%		1.2%

Off-Peak Retail Marketing Rate (ETS)

Description	Billing Determinants	Test Year Revenues	Normalized 2010-00509		Phase 1 Proposed		Phase 2 Proposed		Phase 3 Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Consumer Facility Charge	667									
Energy charge per kWh	253,124	15,486	\$0.06118	15,486	\$0.06216	15,734	\$0.06248	15,815	\$0.06281	15,899
Total from base rates		15,486		<u>\$15,486</u>		<u>\$15,734</u>		<u>\$15,815</u>		<u>\$15,899</u>
Fuel adjustment		(936)								
Environmental surcharge		1,888								
Total revenues		<u>\$16,438</u>								
Amount				\$0		\$248		\$81		\$84
Percent				0.0%		1.6%		0.5%		0.5%
Average monthly bill	379	\$23.22		\$23.22		\$23.59		\$23.71		\$23.84
Amount				\$0.00		\$0.37		\$0.12		\$0.13
Percent				0.0%		1.6%		0.5%		0.5%

Prepay Service - Rate 15

Description	Billing Determinants	Test Year Revenues	Normalized 2010-00509		Phase 1 Proposed		Phase 2 Proposed		Phase 3 Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Consumer Facility Charge (per day)	7,166	\$51,896	\$0.338	\$51,896	\$0.4350	\$94,815	\$0.4680	\$102,008	\$0.5000	\$108,983
Energy charge per kWh	9,471,107	839,235	\$0.08861	839,235	\$0.08989	851,358	\$0.09039	856,093	\$0.09088	860,734
Prepay Service Fee (per day)	7,166	21,797	\$0.100	21,797	\$0.100	21,797	\$0.100	21,797	\$0.100	21,797
Number of customers	597.17									
Total from base rates		912,928		<u>\$912,928</u>		<u>\$967,970</u>		<u>\$979,898</u>		<u>\$991,514</u>
Fuel adjustment		(43,891)								
Environmental surcharge		113,313								
Total revenues		<u>\$982,350</u>								
Amount				(\$0)		\$55,042		\$11,928		\$11,616
Percent				0.0%		6.0%		1.2%		1.2%
Average monthly bill	1,322	\$127.40		\$127.40		\$135.08		\$136.74		\$138.36
Amount				(\$0.00)		\$7.68		\$1.66		\$1.62
Percent				0.0%		6.0%		1.2%		1.2%

General Service - Rate 11

Description	Billing Determinants	Test Year Revenues	Normalized 2010-00509		Phase 1 Proposed		Phase 2 Proposed		Phase 3 Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Consumer Facility Charge										
Single phase	35,906	\$467,855	\$13.03	\$467,855	\$16.01	\$574,855	\$17.01	\$610,761	\$18.00	\$646,308
Three phase	2,778	94,119	\$33.88	94,119	\$37.55	104,314	\$38.78	107,731	\$40.00	111,120
Demand charge (contract)	0	0	\$5.17	0	\$5.17	0	\$5.17	0	\$5.17	0
Energy charge per kWh	31,793,552	2,867,778	\$0.09020	2,867,778	\$0.09193	2,922,781	\$0.09250	2,940,904	\$0.09308	2,959,344
Primary metering discount 5% Rate 23		(371)		(371)		(390)		(396)		(402)
<b>Total from base rates</b>		<b>\$3,429,381</b>		<b>\$3,429,381</b>		<b>\$3,601,560</b>		<b>\$3,658,999</b>		<b>\$3,716,370</b>
Fuel adjustment		(135,228)								
Environmental surcharge		424,585								
<b>Total revenues</b>		<b>\$3,718,738</b>								
Amount				\$0		\$172,179		\$57,439		\$57,370
Percent				0.0%		5.0%		1.6%		1.6%
Average monthly bill	822	\$95.51		\$95.51		\$100.31		\$101.90		\$103.50
Amount				\$0.00		\$4.80		\$1.60		\$1.60
Percent				0.0%		5.0%		1.6%		1.6%

Large Power Service - Rate 2

Description	Billing Determinants	Test Year Revenues	Normalized 2010-00509		Phase 1 Proposed		Phase 2 Proposed		Phase 3 Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Consumer Facility Charge	636	\$33,186	\$52.18	33,186	\$58.06	\$36,926	\$64.12	\$40,780	\$70.00	\$44,520
Demand charge	157,131	812,367	\$5.17	812,367	\$5.46	857,935	\$5.76	905,075	\$6.05	950,643
Interruptible Credit \$4.90 - Rate 5	0	0	(\$4.90)	0	(\$4.90)	0	(\$4.90)	0	(\$4.90)	0
Energy charge per kWh	52,584,285	3,383,799	\$0.06435	3,383,799	\$0.06419	3,375,385	\$0.06402	3,366,446	\$0.06385	3,357,507
Primary meter discount 5% - Rate 32		<u>(50,630)</u>		<u>(50,630)</u>		<u>(51,120)</u>		<u>(51,623)</u>		<u>(52,107)</u>
Total from base rates		4,178,722		<u>\$4,178,722</u>		<u>\$4,219,127</u>		<u>\$4,260,678</u>		<u>\$4,300,562</u>
Fuel adjustment		(220,288)								
Environmental surcharge		<u>495,351</u>								
Total revenues		<u>\$4,453,785</u>								
Amount				\$0		\$40,404		\$41,551		\$39,884
Percent				0.0%		1.0%		1.0%		0.9%
Average monthly bill	82,680	\$6,570.32		\$6,570.32		\$6,633.85		\$6,699.18		\$6,761.89
Amount				\$0.00		\$63.53		\$65.33		\$62.71
Percent				0.0%		1.0%		1.0%		0.9%

Large Industrial Rate - Schedule B1

Description	Billing Determinants	Test Year Revenues	Normalized 2010-00509		Phase 1 Proposed		Phase 2 Proposed		Phase 3 Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Consumer Facility Charge	167	\$102,585	\$614.28	\$102,585	\$614.28	\$102,585	\$614.28	\$102,585	\$614.28	\$102,585
Demand Charge										
Contract Demand	240,100	1,483,818	\$6.18	1,483,818	\$6.51	1,563,051	\$6.84	1,642,284	\$7.17	1,721,517
Excess of contract Demand	25,252	226,763	\$8.98	226,763	\$9.31	235,096	\$9.65	243,682	\$9.98	252,015
Energy charge	126,170,360	6,606,280	\$0.05236	6,606,280	\$0.05232	6,601,233	\$0.05231	6,599,972	\$0.05230	6,598,710
Energy charge, contract minimum	3,955,428	207,106	\$0.05236	207,106	\$0.05232	206,948	\$0.05231	206,908	\$0.05230	206,869
Primary meter discount 5% - Rate 38		<u>(114,999)</u>		<u>(114,999)</u>		<u>(116,097)</u>		<u>(117,250)</u>		<u>(118,400)</u>
Total from base rates		8,511,553		<u>\$8,511,553</u>		<u>\$8,592,816</u>		<u>\$8,678,181</u>		<u>\$8,763,295</u>
Fuel adjustment		(534,455)								
Environmental surcharge		<u>994,045</u>								
Total revenues		<u>\$8,971,143</u>								
Amount				\$0		\$81,263		\$85,364		\$85,115
Percent				0.0%		1.0%		1.0%		1.0%
Average monthly bill	779,196	\$50,967.38		\$50,967.38		\$51,453.99		\$51,965.15		\$52,474.82
Amount				\$0.00		\$486.61		\$511.16		\$509.67
Percent				0.0%		1.0%		1.0%		1.0%

Large Industrial Rate - Schedule B2

Description	Billing Determinants	Test Year Revenues	Normalized 2010-00509		Phase 1 Proposed		Phase 2 Proposed		Phase 3 Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Consumer Facility Charge	12	\$14,729	\$1,227.41	\$14,729	\$1,227.41	\$14,729	\$1,227.41	\$14,729	\$1,227.41	\$14,729
Demand Charge										
Contract Demand	97,500	602,550	\$6.18	602,550	\$6.77	660,075	\$6.97	679,575	\$7.17	699,075
Excess of contract Demand	3,389	30,433	\$8.98	30,433	\$9.58	32,467	\$9.78	33,144	\$9.98	33,822
Energy charge	63,560,133	2,963,173	\$0.04662	2,963,173	\$0.04625	2,939,656	\$0.04612	2,931,393	\$0.04600	2,923,766
Total from base rates		3,610,886		<u>\$3,610,886</u>		<u>\$3,646,927</u>		<u>\$3,658,842</u>		<u>\$3,671,392</u>
Fuel adjustment		(263,048)								
Environmental surcharge		<u>417,184</u>								
Total revenues		<u>\$3,765,021</u>								
Amount				\$0		\$36,041		\$11,915		\$12,551
Percent				0.0%		1.0%		0.3%		0.3%
Average monthly bill	5,296,678	\$300,907.13		\$300,907.13		\$303,910.56		\$304,903.47		\$305,949.35
Amount				\$0.00		\$3,003.43		\$992.92		\$1,045.88
Percent				0.0%		1.0%		0.3%		0.3%



Outdoor and Street Lighting Service - Rate 3 and 3L (LED)

Description	Billing Determinants	Test Year Revenues	Normalized 2010-00509		Phase 1 Proposed		Phase 2 Proposed		Phase 3 Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Rate 3:										
100 Watt HPS Security Light	41,041	\$387,017	\$9.43	\$387,017	\$9.86	\$404,664	\$10.03	\$411,641	\$10.17	\$417,387
100 Watt Decorative Colonial Light	2,055	26,057	\$12.68	26,057	\$13.29	27,311	\$13.49	27,722	\$13.69	28,133
400 Watt Directional Flood Light	2,038	39,109	\$19.19	39,109	\$20.11	40,984	\$20.42	41,616	\$20.73	42,248
250 Watt Directional Flood Light	4,590	63,709	\$13.88	63,709	\$14.55	66,785	\$14.77	67,794	\$14.99	68,804
150 Watt Decorative Acorn	207	3,136	\$15.15	3,136	\$15.88	3,287	\$16.12	3,337	\$16.36	3,387
Rate 3L:										
Standard	1,224	12,264	\$10.02	12,264	\$10.50	12,852	\$10.66	13,048	\$10.82	13,244
Decorative Colonial	170	2,118	\$12.46	2,118	\$13.06	2,220	\$13.26	2,254	\$13.46	2,288
Cobra Head	4	55	\$13.63	55	\$14.28	57	\$14.50	58	\$14.72	59
Directional Flood Light	155	2,889	\$18.64	2,889	\$19.53	3,027	\$19.83	3,074	\$20.13	3,120
kWh	<u>2,450,356</u>			<u>0</u>		<u>0</u>		<u>0</u>		<u>0</u>
Total from base rates		536,355		<u>\$536,355</u>		<u>\$561,188</u>		<u>\$570,544</u>		<u>\$578,669</u>
Fuel adjustment		(766)								
Environmental surcharge		<u>5,215</u>								
Total revenues		<u>\$540,804</u>								
Amount				\$0		\$24,833		\$9,356		\$8,125
Percent				0.0%		4.6%		1.7%		1.4%
Average monthly bill	48	\$10.42		\$10.42		\$10.90		\$11.08		\$11.24
Amount				\$0.00		\$0.48		\$0.18		\$0.16
Percent				0.0%		4.6%		1.7%		1.4%

Envirowatts

Description	Billing Determinants	Test Year Revenues	Normalized 2010-00509		Phase 1 Proposed		Phase 2 Proposed		Phase 3 Proposed	
			Rates	Revenues	Rates	Revenues	Rates	Revenues	Rates	Revenues
Envirowatts kWh	131,500	3,616	\$0.02750	3,616	\$0.02750	3,616	\$0.02750	3,616	\$0.02750	3,616
Billing Correction adjustments										
Total from base rates		3,616		<u>\$3,616</u>		<u>\$3,616</u>		<u>\$3,616</u>		<u>\$3,616</u>
Fuel adjustment										
Environmental surcharge										
Total revenues		<u>\$3,616</u>								
Amount				\$0		\$0		\$0		\$0
Percent				0.0%		0.0%		0.0%		0.0%

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No. 2016-00434

13. Refer to Shelby Energy's response to Staff's Second Request, Items 14-16. Provide the supporting calculation of the primary metering discount for each phase increase for Rate Schedules 11, 2, and B 1.

**Response 13:**

Refer to **Exhibit 3-13** of this response which provides the supporting calculations for the determination of the proposed primary discount. The supporting set of calculations provides updated information that represents a change in revenue requirements by \$454. The amounts by rate class are provided in the exhibit.

## Shelby Energy Cooperative

Case No. 2016-00434

## Response to Commission Staff's Third Request for Information

Method	Schedule Rate 11	Schedule Rate 2	Schedule Rate B1
Total Base Rate Rev for Test Year	3,429,752	4,229,352	8,626,552
Discount for the Test Year	(371)	(50,630)	(114,999)
Primary Discount as Percent of Base Rate Revenue	-0.01%	-1.20%	-1.33%
Phase 1	Schedule Rate 11	Schedule Rate 2	Schedule Rate B1
Base Rate Revenue	3,601,950	4,270,247	8,708,913
Primary Discount Percent	-0.01%	-1.20%	-1.33%
Primary Discount Amount	(390)	(51,120)	(116,097)
Phase 2	Schedule Rate 11	Schedule Rate 2	Schedule Rate B1
Base Rate Revenue	3,659,395	4,312,301	8,795,431
Primary Discount Percent	-0.01%	-1.20%	-1.33%
Primary Discount Amount	(396)	(51,623)	(117,250)
Phase 3	Schedule Rate 11	Schedule Rate 2	Schedule Rate B1
Base Rate Revenue	3,716,772	4,352,669	8,881,695
Primary Discount Percent	-0.01%	-1.20%	-1.33%
Primary Discount Amount	(402)	(52,107)	(118,400)
Revised Primary Discounts	Schedule Rate 11	Schedule Rate 2	Schedule Rate B1
Primary Discount Phase 1	(390)	(51,120)	(116,097)
Primary Discount Phase 2	(396)	(51,623)	(117,250)
Primary Discount Phase 3	(402)	(52,107)	(118,400)
Total	(1,188)	(154,850)	(351,748)
Initial Proposed Primary Discounts	Schedule Rate 11	Schedule Rate 2	Schedule Rate B1
Primary Discount Phase 1	(380)	(51,223)	(116,185)
Primary Discount Phase 2	(382)	(51,685)	(117,353)
Primary Discount Phase 3	(385)	(52,129)	(118,518)
Total	(1,147)	(155,037)	(352,056)
Change in Revenue Requirements	(41)	187	308

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No. 2016-00434

14. Refer to Shelby Energy's response to Staff's Second Request, Item 17, and revised Exhibit J. Confirm that Shelby Energy inadvertently left the Envirowatts rate for Phase 2 at \$.02825 in revised Exhibit J when it intended to change the Envirowatts rate for all phases to \$.02750.

**Response 14:**

It is confirmed that Shelby Energy intended to update that rate when it revised Exhibit J. Refer to **Exhibit 3-12** for the Second Revised Exhibit J.

Refer to **USB Drive (D)** for an electronic version of the Second Revised Schedule J, labeled **Exhibit 3-12**.

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No. 2016-00434

15. Refer to Shelby Energy's response to Staff's Second Request, Items 20.b. and 20.d. Confirm that, since idle services are included in Total Plant in Service as stated in response to 20.b, idle services are included in the plant account balances that appear in the cost-of-service study. If this cannot be confirmed, explain.

**Response 15:**

It is confirmed that idle services are included in the plant accounts in the cost-of-service studies.

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No. 2016-00434

16. Refer to Shelby Energy's response to Staff's Second Request, Item 21e.  
Provide the supporting calculation for the minimum size of 3.05413.

**Response 16:**

Since the zero intercept is a negative amount and the use of the minimum size underground conductor did not provide a reasonable percent, it was determined to use a combination of the two methods. The zero intercept with equation 1/0KLP 25KV Primary Conductor was used with amount for 185 Amps used as the basis for the minimum size. The use of any one of the individual conductors contained in the CPRs other than the 1/0 KLP 25KV Primary Conductor did seem feasible because this conductor makes up over seventy-five percent of the total investment in underground conductor for Shelby Energy.

Listed below is how the minimum size was computed and the \$3.05413 round to two decimal places results in \$3.05.

Computation of Minimum Size Underground Conductor					
Zero intercept			-1.91445		
X Variable			0.02686		
1/0 KLP 25KV Primary			185	Amps	
Formulat =	Zero Intercept+(XVariable X Amp Rating of 185)				
<b>Result</b>	<b>3.05413</b>				

Shelby Energy Cooperative, Inc.  
Commission Staff's Third Request for Information  
Case No. 2016-00434

17. Refer to Shelby Energy's response to Staff's Second Request, Item 21.g.(1), and revised Exhibit R.

a. Confirm that, in revised Exhibit R, "Consume Allocations" tab, cell 045 should contain the formula "=(N45)" rather than the formula currently included in the cell. If this cannot be confirmed, explain why the current formula is correct.

b. Confirm that, in revised Exhibit R, "Consume Allocations" tab, cell 046 should contain the formula "=(N46)" rather than the formula currently included in the cell. If this cannot be confirmed, explain why the current formula is correct.

c. If a correction to the cost-of-service study is necessary, provide a second revised Exhibit R in Excel spreadsheet format with the formulas intact and unprotected.

**Response 17a:**

The proper formula in the cell D45 should be "=(N45)" and this change has been made in the Second Revised Exhibit R, **Exhibit 3-17** which is included with this response.

**Response 17b:**

The proper formula in the cell D45 should be "=(N46)" and this change has been made in the Second Revised Exhibit R, **Exhibit 3-17**, which is included with this response

**Response 17c:**

Refer to **USB Drive (D)** for an electronic version of the Second Revised Exhibit R, labeled **Exhibit 3-17**.



**Shelby Energy Cooperative.**  
**Shelbyville, KY**

**Case No. 2016-00434**

**COST OF SERVICE STUDY**

**Test Year -**

**Twelve Months Ending July 2016**

**Prepared: November 2016**

J. Adkins

**SHELBY ENERGY COOPERATIVE  
CASE NO. 2016-00434**

Exhibit 3-17  
Second Revised Exhibit R  
Page 2 of 43  
Witness: James R Adkins

**OUTLINE**

**Schedule**

- A Test Year - Actual & Adjusted
- B Functionalization of Expenses
- C Functionalization Footnotes
- D Rate Base Functionalized
- E Classification of Expenses
- F Determination of Demand & Consumer Related Plant Investments
- G Allocation of Costs
- H Demand & Energy Allocators
- I Consumer Allocators
- J Unbundled Statement of Operations
- K Increase Amounts by Rate Class & Rate Design
- L Rate Base for Each Rate Class

SHELBY ENERGY COOPERATIVE  
CASE NO. 2016-00434  
ACTUAL TEST YEAR EXPENSES WITH ADJUSTMENTS

Exhibit 3-17  
Second Revised Exhibit R  
Page 3 of 43  
Witness: Jim Adkins  
Schedule A

Acct No.	Description	Actual \$\$\$\$	Test Year Adjustments						Pro Forma \$\$\$\$
			Adjustment 1, 2 & 7	Adjustment 3, 4 & 5	Adjustment 6,8,9,10,&11	Adjustment 12	Adjustment 14	Adjustment 18	
555	Demand Charges	6,449,265							6,449,265
	Energy Charges	25,765,598					(2,427,882)		23,337,716
	Load Center Charges	560,772							560,772
	Power Factor Penalty	5,153							5,153
	<b>Total Purchased Power</b>	<b>32,780,788</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,427,882)</b>	<b>-</b>	<b>30,352,906</b>
580	Operations Supv & Eng	73,514	(700)						72,813
583	Overhead Line Exp.	621,508	(905)						620,603
584	Underground Line Exp	18,650	-						18,650
585	Street Lighting - Signal Exp	900							900
586	Meter Expense	263,977	(1,748)						262,229
587	Consumer Installations	179,808	(117)						179,692
588	Misc. Distribution Exp	481,355	(2,373)	32,519					511,501
	<b>Total Operations</b>	<b>1,639,712</b>	<b>(5,843)</b>	<b>32,519</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,666,388</b>
590	Maint Supv & Eng	27,769	(155)						27,614
592	Maint of Station Equip	-							-
593	Maint. Overhead Lines	3,090,074	(5,490)		(495,798)			-	2,588,787
594	Maint of Underground Lines	189,088	(1,611)						187,477
595	Maint Line Transformers	(1,795)	(13)						(1,808)
596	Maint of St Lg & Signal Sys	-							-
597	Maintenance of Meters	10,533	(99)						10,434
598	Maint Misc Distrib Plant	117,699	(1,060)	1,391					118,030
	<b>Total Distribut Maintenance</b>	<b>3,433,368</b>	<b>(8,428)</b>	<b>1,391</b>	<b>(495,798)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,930,534</b>

SHELBY ENERGY COOPERATIVE  
CASE NO. 2016-00434  
ACTUAL TEST YEAR EXPENSES WITH ADJUSTMENTS

Exhibit 3-17  
Second Revised Exhibit R  
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Witness: Jim Adkins  
Schedule A

Acct	Description	Actual \$\$\$\$	Test Year Adjustments						Pro Forma \$\$\$\$
			Adjustment 1, 2 & 7	Adjustment 3, 4 & 5	Adjustment 6,8,9,10,&11	Adjustment 12	Adjustment 14	Adjustment 18	
									-
901	Supervision	117,396	(1,140)						116,256
902	Meter Reading Expense	179,242	(1,114)						178,127
903	Cons Recds & Collections	316,216	(1,282)	358					315,292
904	Uncollectible Accounts	(102,825)	-						(102,825)
									-
	<b>Total Consumer Accounts</b>	510,028	(3,536)	358					506,849
									-
907	Supervision	33,244	(293)						32,951
908	Customer Assist. Expense	81,627	(1,330)						80,297
909	Customer Information Exp	62,926	(426)						62,500
910	Misc Customer Service Exp	250,407	(2,332)	295					248,370
912	Demonstration & Selling Exp	(11,891)	(138)						(12,029)
									-
	<b>Total Customer Service</b>	416,313	(4,519)	295					412,088
									-
	<b>Total of Above</b>	38,780,210	(22,326)	34,563	(495,798)	-	(2,427,882)	-	35,868,766
									-
920	Administrative Salaries	325,701	(3,271)						322,430
921	Office Supplies	34,489							34,489
923	Outside Services	77,739			(31,332)				46,407
930.2	Misc. General Exp-Other	353,886	(404)	1,675		25,000			380,157
930.3	Directors Fees & Expenses	106,611			(73,181)				33,430
931	Rents	6,300			(17,562)				(11,262)
935	Maintenance of General Plant	82,402	(50)						82,352
									-
	<b>Total Admin &amp; General</b>	987,129	(3,725)	1,675	(122,075)	25,000	-	-	888,004

SHELBY ENERGY COOPERATIVE  
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ACTUAL TEST YEAR EXPENSES WITH ADJUSTMENTS

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Schedule A

Acct	Description	Actual \$\$\$\$	Test Year Adjustments					Pro Forma \$\$\$\$
			Adjustment 1, 2 & 7	Adjustment 3, 4 & 5	Adjustment 6,8,9,10,&11	Adjustment 12	Adjustment 14	
403.6	Deprec. Distribution Plant	2,548,658		422,492				2,971,150
403.7	Deprec. General Plant	68,854						68,854
								-
	<b>Total Depreciation</b>	2,617,512	-	422,492	-	-	-	3,040,004
								-
408	Taxes Other Than Income Tax	53,102						53,102
426.1	Donations	6,869			(6,869)			-
								-
	<b>Total Miscellaneous</b>	59,971	-	-	(6,869)	-	-	53,102
								-
427	<b>Total Interest on LTD</b>	1,471,969		70,976	-			1,542,945
								-
431	<b>Total Short Term Interest</b>	15,561		(11,597)				3,964
								-
	<b>Total Costs</b>	43,932,351	(26,051)	518,109	(624,742)	25,000	(2,427,882)	41,396,785

SHELBY ENERGY COOPERATIVE  
CASE NO. 2016-00434  
ACTUAL TEST YEAR EXPENSES WITH ADJUSTMENTS

Exhibit 3-17  
Second Revised Exhibit R  
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Witness: Jim Adkins  
Schedule A

Acct	Description	Actual \$\$\$\$	Test Year Adjustments						Pro Forma \$\$\$\$
			Adjustment 1, 2 & 7	Adjustment 3, 4 & 5	Adjustment 6,8,9,10,&11	Adjustment 12	Adjustment 14	Adjustment 18	
	<b>Margin Requirements</b>	1,471,969	-	70,976	-	-	-	-	1,542,945
	<b>Total Revenue Requirements</b>	45,404,320	(26,051)	589,085	(624,742)	25,000	(2,427,882)	-	42,939,730
	<b>Less; Misc Income</b>								
	CATV & Non-Recurring Chrgs								
450	Forfeited Discounts	356,988							356,988
454	Rent from Electric Prop.	318,220							318,220
456	Other Electric Property	(40,587)						2,909	(37,678)
	<b>Total Misc Income</b>	634,621	-	-	-	-	-	2,909	637,530
	<b>Less: Other Income</b>								
417	Management Consult Serv	300							300
418	Equity Earnings-Subsidiary	35,101							35,101
419	Interest Income	39,459							39,459
421	Disposition of Property-Net	5,193							5,193
423	G&T Capital Credits	1,810,069				(1,810,069)			-
424	Other Capital Credits	62,300							62,300
	<b>Total Other Income</b>	1,952,422	-	-	-	(1,810,069)	-	-	142,353
	<b>Revenue Requirements from Rates</b>	42,817,276	(26,051)	589,085	(624,742)	1,835,069	(2,427,882)	(2,909)	42,159,846

SHELBY ENERGY COOPERATIVE  
CASE NO. 2016-00434

		Wages &	Payroll	Witness: James Adkins	
		Salaries	Taxes	Retirement	Total
<b>Adjustments 1, 2 and 7</b>		<u>1</u>	<u>2</u>	<u>7</u>	
	Distribution - operations	(4,184)	(433)	(1,226)	(5,843)
	Distribution - maintenance	(6,035)	(625)	(1,768)	(8,428)
	Consumer accounts	(2,532)	(262)	(742)	(3,536)
	Customer service	(3,138)	(325)	(919)	(4,382)
	Sales	(99)	(10)	(29)	(138)
	Administrative and general	(2,667)	(276)	(781)	(3,724)
	<b>Total operating expenses</b>	<b>(18,655)</b>	<b>(1,931)</b>	<b>(5,465)</b>	<b>(26,051)</b>
<b>Allocation of Adjustments to Accounts</b>			Wage & Sal.	Percent of	Allocation
			Expenses	Total	Adjustments
580.00	Operations		46,156	2.7%	(700)
583.00	Overhead line		59,658	3.5%	(905)
584.00	Underground		0	0.0%	-
586.00	Meter		115,233	6.7%	(1,748)
587.00	Installations		7,682	0.4%	(117)
588.00	Miscellaneous distribution		156,393	9.1%	(2,373)
590.00	Maintenance		10,212	0.6%	(155)
593.00	Overhead line		361,827	21.1%	(5,490)
594.00	Underground		106,177	6.2%	(1,611)
595.00	Transformers		848	0.0%	(13)
597.00	Street lights		6,556	0.4%	(99)
598.00	Miscellaneous maintenance		69,869	4.1%	(1,060)
901.00	Supervision		75,148	4.4%	(1,140)
902.00	Meter reading		73,441	4.3%	(1,114)
903.00	Consumer records		84,509	4.9%	(1,282)
904.00	Consumer records		0	0.0%	-
907.00	Supervision, Customer service		19,338	1.1%	(293)
908.00	Consumer accounting		87,678	5.1%	(1,330)
909.00	Consumer information		28,086	1.6%	(426)
910.00	Misc customer information		153,686	9.0%	(2,332)
912.00	Customer demonstration		9,089	0.5%	(138)
920.00	Administrative		194,004	11.3%	(2,943)
926.00	Employee benefits		21,593	1.3%	(328)
930.00	Miscellaneous		26,628	1.6%	(404)
935.00	Maintenance general plant		3,270	0.2%	(50)
			1,717,081	1	(26,051)

SHELBY ENERGY COOPERATIVE  
CASE NO. 2016-00434

	Depreciation	Property	Interest	
		Taxes	Expense	Total
	<u>3</u>	<u>4</u>	<u>5</u>	
Operating Expenses:				
Cost of power:				
Base rates				
Fuel and surcharge				
Distribution - operations	778	31,741		32,519
Distribution - maintenance	1,391			1,391
Consumer accounts	358			358
Customer service	295			295
Sales	-			-
Administrative and general	507	1,168		1,675
Depreciation	422,492			422,492
Taxes - other				-
Interest on long-term debt			70,976	70,976
Interest expense - other			(11,597)	(11,597)
Other deductions				-
<b>Total</b>	<b>425,821</b>	<b>32,909</b>	<b>59,379</b>	<b>518,109</b>



**SHELBY ENERGY COOPERATIVE**  
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 Second Revised Exhibit R  
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**Functionalization of Revenue Requirements**

Acct No.	Description	Allocation Basis	Pro Forma \$\$\$\$	Power Supply	Substa-Station	Lines
555	Demand Charges	Direct Assign	6,449,265	6,449,265		
	Energy Charges	Direct Assign	23,337,716	23,337,716	-	
	Load Center Charges	Direct Assign	560,772	560,772		
	Power Factor Penalty	Direct Assign	5,153	5,153		
	<b>Total Purchased Power</b>		<b>30,352,906</b>	<b>30,352,906</b>		
580	Operations Supv & Eng	Prop. Exp(b)	72,813			35,800
583	Overhead Line Exp.	Plant Bal (a)	620,603			516,501
584	Underground Line Exp	Plant Bal (a)	18,650			15,522
585	Street Lighting - Signal Exp	Direct Assign	900			
586	Meter Expense	Direct Assign	262,229			
587	Consumer Installations	Direct Assign	179,692			
588	Misc. Distribution Exp	Prop. Exp(b)	511,501		0	251,489
589	Rents	Prop. Exp(b)			-	
	<b>Total Operations</b>		<b>1,666,388</b>	-	-	<b>819,312</b>
			-			
590	Maint Supv & Eng	Prop. Exp(b)	27,614			22,911
592	Maint of Station Equip	Direct Assign	-			
593	Maint. Overhead Lines	Plt Bal (a)	2,588,787			2,154,535

**SHELBY ENERGY COOPERATIVE**  
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**Functionalization of Revenue Requirements**

		Allocation	Trans			Cons. & Acct	Outdoor
Acct No.	Description	Basis	former	Services	Meters	Services	Lighting
555	Demand Charges	Direct Assign					
	Energy Charges	Direct Assign					
	Load Center Charges	Direct Assign					
	Power Factor Penalty	Direct Assign					
	<b>Total Purchased Power</b>						
580	Operations Supv & Eng	Prop. Exp(b)	-	7,216	17,646		12,152
583	Overhead Line Exp.	Plant Bal (a)		104,102			
584	Underground Line Exp	Plant Bal (a)		3,128			
585	Street Lighting - Signal Exp	Direct Assign					900
586	Meter Expense	Direct Assign			262,229		
587	Consumer Installations	Direct Assign					179,692
588	Misc. Distribution Exp	Prop. Exp(b)		50,688	123,957		85,366
589	Rents	Prop. Exp(b)					
	<b>Total Operations</b>		-	165,134	403,832	-	278,110
590	Maint Supv & Eng	Prop. Exp(b)	(18)	4,618	103		
592	Maint of Station Equip	Direct Assign					
593	Maint. Overhead Lines	Plt Bal (a)		434,252			

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**Functionalization of Revenue Requirements**

		Allocation	Pro Forma	Power	Substa-	
Acct	Description	Basis	\$\$\$\$	Supply	Station	Lines
No.						
594	Maint of Underground Lines	Plt Bal (a)	187,477			156,029
595	Maint Line Transformers	Direct Assign	(1,808)			
596	Maint of St Lg & Signal Sys	Direct Assign				
597	Maintenance of Meters	Direct Assign	10,434			
598	Maint Misc Distrib Plant	Prop. Exp {c}	118,030			97,927
	<b>Total Distribut Maintenance</b>		2,930,534	-		2,431,402
901	Supervision	Direct Assign	116,256			
902	Meter Reading Expense	Direct Assign	178,127			
903	Cons Recds & Collections	Direct Assign	315,292			
904	Uncollectible Accounts	Direct Assign	(102,825)			
	<b>Total Consumer Accounts</b>		506,849			-
907	Supervision	Direct Assign	32,951			
908	Customer Assist. Expense	Direct Assign	80,297			
909	Customer Information Exp	Direct Assign	62,500			
910	Misc Customer Service Exp	Direct Assign	248,370			
912	Demonstration & Selling Exp	Direct Assign	(12,029)			
	<b>Total Customer Service</b>		412,088	-	-	-
	<b>Total of Above</b>		35,868,766	30,352,906	-	3,250,714

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**Functionalization of Revenue Requirements**

Acct No.	Description	Allocation Basis	Trans former	Services	Meters	Cons. & Acct Services	Outdoor Lighting
594	Maint of Underground Lines	Plt Bal (a)		31,448			
595	Maint Line Transformers	Direct Assign	(1,808)				
596	Maint of St Lg & Signal Sys	Direct Assign					
597	Maintenance of Meters	Direct Assign			10,434		
598	Maint Misc Distrib Plant	Prop. Exp {c}	(77)	19,737	442		
	<b>Total Distribut Maintenance</b>		(1,902)	490,055	10,979	-	-
901	Supervision	Direct Assign					
902	Meter Reading Expense	Direct Assign				178,127	
903	Cons Recds & Collections	Direct Assign				315,292	
904	Uncollectible Accounts	Direct Assign				(102,825)	
	<b>Total Consumer Accounts</b>		-	-		506,849	-
907	Supervision	Direct Assign				32,951	
908	Customer Assist. Expense	Direct Assign				80,297	
909	Customer Information Exp	Direct Assign				62,500	
910	Misc Customer Service Exp	Direct Assign				248,370	
912	Demonstration & Selling Exp	Direct Assign				(12,029)	
	<b>Total Customer Service</b>		-	-		412,088	-
	<b>Total of Above</b>		(1,902)	655,189	414,811	918,938	278,110

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**Functionalization of Revenue Requirements**

		Allocation	Pro Forma	Power	Substa-	
Acct	Description	Basis	\$\$\$\$	Supply	Station	Lines
No.						
920	Administrative Salaries	Prop. Exp(d)	322,430		-	190,021
921	Office Supplies	Prop. Exp(d)	34,489		-	20,326
923	Outside Services	Prop. Exp(d)	46,407		-	27,350
930.2	Misc. General Exp-Other	Prop. Exp(d)	380,157		-	224,042
930.3	Directors Fees & Expenses	Prop. Exp(d)	33,430		-	19,702
931	Rents	Prop. Exp(d)	(11,262)		-	(6,637)
935	Maintenance of General Plant	Prop. Exp(d)	82,352		-	48,534
	<b>Total Admin &amp; General</b>		888,004		-	523,336
			-			
403	Deprec. Distribution Plant	Net Plant	2,971,150		-	1,961,646
403	Deprec. General Plant	Net Plant	68,854		-	45,460
	<b>Total Depreciation</b>		3,040,004	-	-	2,007,106
			-			
408	Taxes Other Than Income Tax	Rate Base	53,102		-	35,061
426.1	Donations	Rate Base	-		-	-
	<b>Total Miscellaneous</b>		53,102	-	-	35,061
			-			
	<b>Total Interest on LTD</b>		1,542,945	-	-	1,018,742
			-			
	<b>Total Short Term Interest</b>	Rate Base	3,964	-	-	2,617
			-			
	<b>Total Costs</b>		41,396,785	30,352,906	-	6,837,575

**SHELBY ENERGY COOPERATIVE**  
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**Functionalization of Revenue Requirements**

		Allocation	Trans			Cons. & Acct	Outdoor
Acct No.	Description	Basis	former	Services	Meters	Services	Lighting
920	Administrative Salaries	Prop. Exp(d)	(111)	38,299	24,248	53,717	16,257
921	Office Supplies	Prop. Exp(d)	(12)	4,097	2,594	5,746	1,739
923	Outside Services	Prop. Exp(d)	(16)	5,512	3,490	7,731	2,340
930.2	Misc. General Exp-Other	Prop. Exp(d)	(131)	45,156	28,589	63,334	19,168
930.3	Directors Fees & Expenses	Prop. Exp(d)	(12)	3,971	2,514	5,569	1,686
931	Rents	Prop. Exp(d)	4	(1,338)	(847)	(1,876)	(568)
935	Maintenance of General Plant	Prop. Exp(d)	(28)	9,782	6,193	13,720	4,152
	<b>Total Admin &amp; General</b>		(306)	105,480	66,781	147,941	44,773
403	Deprec. Distribution Plant	Net Plant	354,391	393,281	151,804	17,542	92,486
403	Deprec. General Plant	Net Plant	8,213	9,114	3,518	407	2,143
	<b>Total Depreciation</b>		362,604	402,395	155,322	17,948	94,629
408	Taxes Other Than Income Tax	Rate Base	6,336	7,029	2,713	310	1,653
426.1	Donations	Rate Base	-	-	-	-	-
	<b>Total Miscellaneous</b>		6,336	7,029	2,713	310	1,653
	<b>Total Interest on LTD</b>		184,109	204,243	78,819	9,014	48,017
	<b>Total Short Term Interest</b>	Rate Base	473	525	202	23	123
	<b>Total Costs</b>		551,314	1,374,861	718,648	1,094,174	467,306

**SHELBY ENERGY COOPERATIVE**

**CASE NO. 2016-00434**

**FUNCTIONALIZATION OF REVENUE REQUIREMENTS**

Exhibit 3-17  
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 Schedule C

**FOOTNOTES**

<b>(a) Plant Balances</b>		<b>Amount</b>	<b>Percent</b>					
	Poles, Towers & Fixtures	24,800,540						
	Overhead Conductor	24,273,854						
	Underground Conductor	6,924,847						
	Subtotal	55,999,240	83.2%					
	Services	11,286,785	16.8%					
	Total	67,286,025	100.0%					
<b>(b) Expense Proportion</b>								
		<b>Stations</b>	<b>Lines</b>	<b>Transformers</b>	<b>Services</b>	<b>Meters</b>	<b>Lighting</b>	<b>Total</b>
583	Overhead Line Exp.	-	516,501	-	104,102	-	-	620,603
584	Underground Line Exp	-	15,522	-	3,128	-	-	18,650
585	Street Lighting - Signal Exp						900	900
586	Meter Expense	-		-		262,229	-	262,229
587	Consumer Installations	-		-		-	179,692	179,692
	Total	-	532,023	-	107,230	262,229	180,592	1,082,074
	Percent	0.00%	49.17%	0.00%	9.91%	24.23%	16.69%	100.00%

**SHELBY ENERGY COOPERATIVE**

**CASE NO. 2016-00434**

**FUNCTIONALIZATION OF REVENUE REQUIREMENTS**

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 Schedule C

**FOOTNOTES**

<b>(c) Expense Proportion</b>									
		Lines	Transformers	Services	Meters	Total			
593	Maint. Overhead Lines	2,154,535	-	434,252	-	2,588,787			
594	Maint of Underground Li	156,029	-	31,448	-	187,477			
595	Maint Line Transformers	-	(1,808)	-	-	(1,808)			
596	Maint of St Lg & Signal Sy	-	-	-	-	-			
597	Maintenance of Meters	-	-	-	10,434	10,434			
	<b>Total</b>	<b>2,310,564</b>	<b>(1,808)</b>	<b>465,700</b>	<b>10,434</b>	<b>2,784,890</b>			
	<b>Percent</b>	<b>82.97%</b>	<b>-0.06%</b>	<b>16.72%</b>	<b>0.37%</b>	<b>100.00%</b>			
<b>(d) Expense Proportion</b>									
		Station	Lines	Transformers	Services	Meters	Consumer	Lighting	Total
	<b>Total Operations</b>	-	819,312	-	165,134	403,832	-	278,110	1,666,388
	<b>Total Distribut Maintena</b>	-	2,431,401.79	(1,902.39)	490,055.02	10,979.29	-	-	2,930,534
	<b>Total Consumer Account</b>	-	-	-	-	-	506,849	-	506,849
	<b>Total Customer Service</b>	-	-	-	-	-	412,088	-	412,088
	<b>Total</b>	-	3,250,714	(1,902)	655,189	414,811	918,938	278,110	5,515,860
	<b>Percent</b>	<b>0.00%</b>	<b>58.93%</b>	<b>-0.03%</b>	<b>11.88%</b>	<b>7.52%</b>	<b>16.66%</b>	<b>5.04%</b>	<b>100.00%</b>



**SHELBY ENERGY COOPERATIVE**  
**Case No. 2016-00434**  
**NET INVESTMENT RATE BASE**

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 Schedule D

								Consumer	
								Meters	Outdoor
	Description	\$\$\$\$	Stations	Lines	Transformers	Services	Consumer	& Accounting Services	Lighting
360	Land & Land Rights	-		-					
362	Station Equipment	-	-						
364	Poles, Towers and Fixtures	24,800,540		24,800,540					-
365	Overhead Conductor	24,273,854		24,273,854					
366	Underground Conduit	307,821		307,821					
367	UG Conductor	6,924,847		6,924,847					
368	Line Transformers	10,505,808			10,505,808				
369	Services	11,286,785				11,286,785			-
370	Meters	4,265,011					4,265,011		
371	Install. On Consumer Prem.	2,516,980							2,516,980
373	Street Ltg & Signal Systems	67,096							67,096
	Total Distribution Plant	84,948,742	-	56,307,061	10,505,808	11,286,785	4,265,011	-	2,584,076
			0.00%	66.28%	12.37%	13.29%	5.02%	0.00%	3.04%
	Total General Plant	3,121,045	-	1,839,355	(1,076)	370,727	234,713	519,964	157,363
			0.0%	58.9%	0.0%	11.9%	7.5%	16.7%	5.0%
	Total Utility Plant	88,069,787	-	58,146,416	10,504,732	11,657,511	4,499,724	519,964	2,741,440
	Accum. Depreciation	17,810,020	-	11,758,730	2,124,332	2,357,454	909,962	105,150	554,391
	Net Plant	70,259,767	-	46,387,686	8,380,400	9,300,057	3,589,762	414,813	2,187,049
		88,843,077	0.00%	66.02%	11.93%	13.24%	5.11%	0.59%	3.11%
	CWIP	773,290	-	512,564	95,635	102,744	38,824	-	23,523
		71,033,057	-	46,900,251	8,476,034	9,402,801	3,628,587	414,813	2,210,572
	Plus								
	Cash Working Capital	873,319	-	576,592	104,167	115,598	44,620	5,156	27,185
	Materials & Supplies	298,301	-	196,948	35,581	39,485	15,241	1,761	9,286
	Prepayments	77,834	-	51,389	9,284	10,303	3,977	460	2,423
	Minus: Consumer Advances	17,909	-	11,871	2,215	2,379	899	-	545
	Net Investment Rate Base	72,264,602	-	47,713,308	8,622,851	9,565,807	3,691,525	422,190	2,248,920
	Percentage		0.00%	66.03%	11.93%	13.24%	5.11%	0.58%	3.11%

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**CLASSIFICATION OF FUNCTIONALIZED COSTS**

Acct No.	Description	Pro Forma \$\$\$\$	Power Supply			Distribution	Lir
			Demand	Energy	Load Center	Station	
555	Demand Charges	6,449,265	6,449,265				
	Energy Charges	23,337,716	-	23,337,716			
	Load Center Charges	560,772			560,772		
	Power Factor Penalty	5,153	5,153				
	<b>Total Purchased Power</b>	<b>30,352,906</b>	<b>6,454,418</b>	<b>23,337,716</b>	<b>560,772</b>		
580	Operations Supv & Eng	72,813					16,673
583	Overhead Line Exp.	620,603	-				251,280
584	Underground Line Exp	18,650					4,755
585	Street Lighting - Signal Exp	900					
586	Meter Expense	262,229					
587	Consumer Installations	179,692					
588	Misc. Distribution Exp	511,501				0	117,127
589	Rents						
	<b>Total Operations</b>	<b>1,666,388</b>				-	<b>389,834</b>
590	Maint Supv & Eng	27,614					10,670
593	Maint. Overhead Lines	2,588,787					1,048,190
594	Maint of Underground Lines	187,477					47,796
595	Maint Line Transformers	(1,808)					
596	Maint of St Lg & Signal Sys						
597	Maintenance of Meters	10,434					
598	Maint Misc Distrib Plant	118,030					45,608

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CLASSIFICATION OF FUNCTIONALIZED COSTS

Acct No.	Description	Pro Forma \$\$\$\$	es Consumer	Transformers Demand	Consumer	Services Consumer	Meters Consumer	Cons & Acct Consumer	Outdoor Lighting
555	Demand Charges	6,449,265							
	Energy Charges	23,337,716							
	Load Center Charges	560,772							
	Power Factor Penalty	5,153							
	<b>Total Purchased Power</b>	<b>30,352,906</b>							
580	Operations Supv & Eng	72,813	19,127	-	-	7,216	17,646		12,152
583	Overhead Line Exp.	620,603	265,221			104,102			
584	Underground Line Exp	18,650	10,767			3,128			
585	Street Lighting - Signal Exp	900							900
586	Meter Expense	262,229					262,229		
587	Consumer Installations	179,692							179,692
588	Misc. Distribution Exp	511,501	134,363			50,688	123,957		85,366
589	Rents								
	<b>Total Operations</b>	<b>1,666,388</b>	<b>429,478</b>	<b>-</b>		<b>165,134</b>	<b>403,832</b>		<b>278,110</b>
590	Maint Supv & Eng	27,614	12,240	(9)	(9)	4,618	103		
593	Maint. Overhead Lines	2,588,787	1,106,345			434,252			
594	Maint of Underground Lines	187,477	108,233			31,448			
595	Maint Line Transformers	(1,808)		(907)	(901)				
596	Maint of St Lg & Signal Sys								
597	Maintenance of Meters	10,434					10,434		
598	Maint Misc Distrib Plant	118,030	52,319	(38)	(38)	19,737	442		

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Acct	Description	Pro Forma \$\$\$\$	Power Supply			Distribution	Lir
			Demand	Energy	Load Center	Station	
	<b>Total Distribution Maintenance</b>	2,930,534	-	-	-	-	1,152,264
901	Supervision	116,256					
902	Meter Reading Expense	178,127					
903	Cons Recds & Collections	315,292					
904	Uncollectible Accounts	(102,825)					
	<b>Total Consumer Accounts</b>	506,849					-
907	Supervision	32,951					
908	Customer Assist. Expense	80,297					
909	Customer Information Exp	62,500					
910	Misc Customer Service Exp	248,370					
912	Demonstration & Selling Exp	(12,029)					
	<b>Total Customer Service</b>	412,088	-			-	-
	<b>Total of Above</b>	35,868,766	6,454,418	23,337,716	560,772	-	1,542,098
920	Administrative Salaries	322,430				-	88,499
921	Office Supplies	34,489				-	9,466
923	Outside Services	46,407				-	12,738
930.2	Misc. General Exp-Other	380,157				-	104,343
930.3	Directors Fees & Expenses	33,430				-	9,176
931	Rents	(11,262)				-	(3,091)
935	Maintenance of General Plant	82,352				-	22,604
	<b>Total Admin &amp; General</b>	888,004				-	243,734

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**CLASSIFICATION OF FUNCTIONALIZED COSTS**

Acct	Description	Pro Forma	es		Transformers		Services	Meters	Cons & Acct	Outdoor
			Consumer	Demand	Consumer	Consumer	Consumer	Consumer	Lighting	
	<b>Total Distribution Maintenance</b>	2,930,534	1,279,138	(954)	(948)	490,055	10,979	-	-	
901	Supervision	116,256						116,256		
902	Meter Reading Expense	178,127						178,127		
903	Cons Recds & Collections	315,292						315,292		
904	Uncollectible Accounts	(102,825)						(102,825)		
	<b>Total Consumer Accounts</b>	506,849						506,849	-	
907	Supervision	32,951						32,951		
908	Customer Assist. Expense	80,297						80,297		
909	Customer Information Exp	62,500						62,500		
910	Misc Customer Service Exp	248,370						248,370		
912	Demonstration & Selling Exp	(12,029)						(12,029)		
	<b>Total Customer Service</b>	412,088						412,088	-	
	<b>Total of Above</b>	35,868,766	1,708,616	(954)	(948)	655,189	414,811	918,938	278,110	
920	Administrative Salaries	322,430	101,522	(56)	(55)	38,299	24,248	53,717	16,257	
921	Office Supplies	34,489	10,859	(6)	(6)	4,097	2,594	5,746	1,739	
923	Outside Services	46,407	14,612	(8)	(8)	5,512	3,490	7,731	2,340	
930.2	Misc. General Exp-Other	380,157	119,698	(66)	(65)	45,156	28,589	63,334	19,168	
930.3	Directors Fees & Expenses	33,430	10,526	(6)	(6)	3,971	2,514	5,569	1,686	
931	Rents	(11,262)	(3,546)	2	2	(1,338)	(847)	(1,876)	(568)	
935	Maintenance of General Plant	82,352	25,930	(14)	(14)	9,782	6,193	13,720	4,152	
	<b>Total Admin &amp; General</b>	888,004	279,602	(154)	(153)	105,480	66,781	147,941	44,773	

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**CLASSIFICATION OF FUNCTIONALIZED COSTS**

Acct	Description	-	Pro Forma	Power Supply			Distribution	Lin
			\$\$\$\$	Demand	Energy	Load Center	Station	Demand
403	Deprec. Distribution Plant	-	2,971,150				-	913,601
403	Deprec. General Plant	-	68,854				-	21,172
	<b>Total Depreciation</b>	-	3,040,004	-	-	-	-	934,773
		-	-					
408	Taxes Other Than Income Taxes	-	53,102				-	16,329
426.1	Donations	-	-				-	-
	<b>Total Miscellaneous</b>	-	53,102	-	-	-	-	16,329
		-	-					
	<b>Total Interest on LTD</b>	-	1,542,945	-			-	474,461
		-	-					
	<b>Total Short Term Interest</b>	-	3,964	-			-	1,219
		-	-					
	<b>Total Costs</b>	-	41,396,785	6,454,418	23,337,716	560,772	-	3,212,613

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**CLASSIFICATION OF FUNCTIONALIZED COSTS**

Acct	Description	Pro Forma	es	Transformers		Services	Meters	Cons & Acct	Outdoor
				Consumer	Demand	Consumer	Consumer	Consumer	Lighting
403	Deprec. Distribution Plant	2,971,150	1,048,045	177,719	176,672	393,281	151,804	17,542	92,486
403	Deprec. General Plant	68,854	24,288	4,119	4,094	9,114	3,518	407	2,143
	<b>Total Depreciation</b>	<b>3,040,004</b>	<b>1,072,333</b>	<b>181,838</b>	<b>180,766</b>	<b>402,395</b>	<b>155,322</b>	<b>17,948</b>	<b>94,629</b>
408	Taxes Other Than Income Taxes	53,102	18,732	3,177	3,159	7,029	2,713	310	1,653
426.1	Donations	-	-	-	-	-	-	-	-
	<b>Total Miscellaneous</b>	<b>53,102</b>	<b>18,732</b>	<b>3,177</b>	<b>3,159</b>	<b>7,029</b>	<b>2,713</b>	<b>310</b>	<b>1,653</b>
	<b>Total Interest on LTD</b>	<b>1,542,945</b>	<b>544,282</b>	<b>92,327</b>	<b>91,783</b>	<b>204,243</b>	<b>78,819</b>	<b>9,014</b>	<b>48,017</b>
	<b>Total Short Term Interest</b>	<b>3,964</b>	<b>1,398</b>	<b>237</b>	<b>236</b>	<b>525</b>	<b>202</b>	<b>23</b>	<b>123</b>
	<b>Total Costs</b>	<b>41,396,785</b>	<b>3,624,962</b>	<b>276,471</b>	<b>274,842</b>	<b>1,374,861</b>	<b>718,648</b>	<b>1,094,174</b>	<b>467,306</b>

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**Determination of Certain Plant Investments as Demand Related or Consumer Related**

<u>Account 364 - Poles</u>				
<u>Pole</u>	<u>Investment</u>	<u>Number of Units</u>	<u>Unit Cost</u>	<u>Size</u>
35' & Under	2,634,217	13,291	198.20	35.00
40 & 45'	11,840,278	21,056	562.32	45.00
50 & Over	1,257,023	1,557	807.34	60.00
<b>Total for Sample</b>	<b>15,731,518</b>	<b>35,904</b>		
X Variable - (Size)	33.87			
Zero Intercept	(863.64)			321.86
Use Minimum Size Pole			198.20	
Number of poles			35,904.00	
Consumer Related Investment			7,116,013.12	
Total Investment for sample			15,731,518	
<b>Percent Customer Related</b>			<b>45.23%</b>	
<b>Percent Demand Related</b>			<b>54.77%</b>	



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**Determination of Certain Plant Investments as Demand Related or Consumer Related**

Account 365 - Overhead Conductor				
Conductor	Investment	Number of Units	Unit Cost	Amps
8ACWC	144,436	3,382,293	\$ 0.0427	100
1/0 ACSR	122,795	2,155,455	\$ 0.0570	230
3/0 ACSR	215,626	1,012,084	\$ 0.2131	315
4/0 ACSR	999,372	1,187,731	\$ 0.8414	350
2 ACSR	5,550,889	9,450,023	\$ 0.5874	175
4 ACSR	70,958	832,312	\$ 0.0853	140
336 ACSR	2,570,689	2,183,060	\$ 1.1776	500
6ACWC	20,278	336,616	\$ 0.0602	140
Duplex	37,748	74,155	\$ 0.5090	
Triplex	1,093,054	542,053	\$ 2.0165	
#2 ACWC	321	16,101	\$ 0.0199	
#4 ACWC	22,278	336,616	\$ 0.0662	
#9 1/2 ACWC	1,663	54,226	\$ 0.0307	
#2 3-7 Strand Copper	31,412	315,395	\$ 0.0996	
4-3 Strand Copper	29,821	445,246	\$ 0.0670	
# 6 Strand Copper	166	1,528	\$ 0.1086	
1/0 7-Strand Copper	10,494	81,873	\$ 0.1282	
4/0 Quadraplex	29,441	5,966	\$ 4.9348	
2/0 Neural Copper	50	50	\$ 1.0000	
350 MCM	893	610	\$ 1.4639	
500 MCM	9,336	1,897	\$ 4.9215	
#477 MCM	4,349	1,584	\$ 2.7456	
1/0 Solid-ALXLP Conductor	374	290	\$ 1.2897	
<b>Total for Sample</b>	<b>10,966,443</b>	<b>22,417,164</b>	<b>\$ 0.4892</b>	
X Variable - (Size)	0.00298			
Zero Intercept	0.29412			
Total Amount of Conductor in Feet		22,417,164		
Use Zero Intercept.		<b>0.29412</b>		
Minimum Size Investment -Consumer Related		6,593,286.67	<b>60.12%</b>	
Demand Related		<b>4,373,156</b>	<b>39.88%</b>	
Investment in Conductor		<b>\$ 10,966,443</b>	<b>100.00%</b>	

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**Determination of Certain Plant Investments as Demand Related or Consumer Related**

<u>Account 367 - Underground Conductor</u>					
<u>Conductor</u>	<u>Investment</u>	<u>Number of Units</u>	<u>Unit Cost</u>	<u>Amps</u>	
4 URD Primary	276,154	32,719	8.44	240	
350 URD Triplex	569,555	59,455	9.58	320	
1/0 KLP 25KV Primary	2,378,857	599,628	3.97	185	
350 Primary UG	90,461	25,874	3.50	320	
500 Primary UG	80,044	6,394	12.52	520	
#2 Triplex URD	19,961	22,313	0.89	120	
4/0 URD Triplex	18,768	5,279	3.56	240	
1/0 UG Cable	4,218	3,546	1.19	185	
#2 Solid 15KV	10,361	15,437	0.67	182	
#4 Underground	374	578	0.65	140	
1/0 SOL, KLP Conductor	17,442	12,977	1.34	155	
# 10 URD	72	210	0.34	120	
#4 Duplex URD	240	370	0.65	184	
#6 Duplex	2,702	2,213	1.22	225	
2/0 URD Triplex	8,835	2,656	3.33	225	
4/0 QUAD UG	1,003	532	1.89	225	
32 UG Triplex	79	85	0.93		
<b>Total for Sample</b>	<b>3,479,047</b>	<b>790,181</b>	<b>4.40</b>		
X Variable - (Size)	0.02686				
Zero Intercept	-1.91445				
Total Amount of Conductor in Feet		790,181		\$	3.05
Use Minimum Size		3.05413			
Minimum Size Investment -Consumer Related		2,413,318	69.37%		
Demand Related		1,065,729	30.63%		
Investment in Conductor		3,479,047.00	100.00%		
<b>Breakdown of Lines into Demand Related and Consumer Related Components</b>					
	<b>Total Sample Investment</b>	<b>Percent Consumer</b>	<b>Amount Consumer</b>	<b>Percent Demand</b>	<b>Amount Demand</b>
Underground Conductor	3,479,047	69.37%	2,413,317.57	30.63%	1,065,729
Overhead Conductor	10,966,443	60.12%	6,593,286.67	39.88%	4,373,156
Poles	15,731,518	45.23%	7,116,013.12	54.77%	8,615,505
	<b>26,697,960</b>		<b>13,709,300</b>		<b>12,988,661</b>
Percentage Allocations For Overhead Lines			51.35%		48.65%
	30,177,007		16,122,617		14,054,390
Percentage Allocation for All Lines			53.43%		46.57%

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**Determination of Certain Plant Investments as Demand Related or Consumer Related**

Account 368-Transformers					
Pole	Investment	Number of Units	Unit Cost	Predicted Value	Size
1.5KVA	16,287	30.00	542.89	1.50	
3.KVA CSP	7,200	49.00	146.94	3.00	
5KVA CSP	21,760	166.00	131.08	5.00	
10KVA CSP	728,571	1,988.00	366.48	10.00	
15KVA CSP	4,211,823	7,660.00	549.85	15.00	
25KVA CSP	1,469,741	2,256.00	651.48	25.00	
37.5 KVA	212,769	278.00	765.36	37.50	
50 KVA	143,187	165.00	867.80	50.00	
75KVA	81,798	65.00	1,258.43		
100 KVA	31,121	17.00	1,830.65		
167 KVA	29,448	18.00	1,636.00		
250 KVA	16,688	5.00	3,337.60		
500 KVA	40,741	11.00	3,703.73		
500 KVA URD	40,445	8.00	5,055.66		
1000 KVA	39,733	7.00	5,676.14		
200 KVA PDMT.	186,492	23.00	8,108.35		
300 KVA PDMT	109,895	15.00	7,326.33		
750 KVA PDMT	174,189	16.00	10,886.81		
2500 & 3000 KVA PDMT	341,838	15.00	22,789.20		
500 KVA PDI	101,836	15.00	6,789.07		
225 KVA PDMT	31,860	6.00	5,310.00		
1500 KVA PDMT	101,196	8.00	12,649.50		
2000 KVA PDMT	82,964	4.00	20,741.00		
1000 KVA PDMT	58,064	6.00	9,677.33		
STEP DOWN TRANSFORMER	60,678	10.00	6,067.80		
1500 KVA PAD MT	9,265	1.00	9,265.00		
<b>Total Sample Investment</b>	<b>8,349,589</b>	<b>12,842</b>	<b>650.18</b>		
X Variable - (Size)	16.52				
Zero Intercept	324.13				
Number of Transformers			12,842.00		
Zero Intercept			324.13		
Consumer Related Investment			4,162,455.86		
Total Investment			8,349,589.08		
<b>Percentage of Investment Consumer Related</b>				<b>49.85%</b>	
<b>Percentage of Investment Demand Related</b>				<b>50.15%</b>	

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**REVENUE REQUIREMENTS FOR EACH RATE CLASS**

	A	B	C	D	E
1					Schedule 12
2		Category		Enviro	Residential
3			Amount	Watts	Service
4		<u>Purchased Power Costs</u>			
5		Demand - EKPC Sched E-2	4,345,844		2,825,682
6		Demand - EKPC Sched B <sub>1</sub>	2,108,574		
7		Load Center Charges	560,772		241,830
8		Total Purchased Power Demand	7,015,190	-	3,067,512
9					
10		<u>Energy - EKPC Sched E-2</u>	15,556,216	3,123	10,406,938
11		<u>Energy - EKPC Sched B</u>	7,781,500		
12					
13		Distribution Costs			
14		<u>Demand Related</u>			
15		Lines	3,212,613		1,385,424
16		Transformers	276,471		176,118
17		Total Demand Related	3,489,085		1,561,542
18					
19		<u>Consumer Related</u>			
20		Lines	3,624,962		2,736,109
21		Transformers	274,842		199,663
22		Services	1,374,861		954,129
23		Meters	718,648		536,100
24		Consumer Svc			
25		& Accouting	1,094,174		701,788
26		Total Consumer Related	7,087,488		5,127,789
27					
28		Outdoor Lighting	467,306		
29					
30		Total Costs	41,396,785	3,123	20,163,781
31					
32					
33		Purchased Power Demand Costs	7,015,190	-	3,067,512
34		Purchased Power Energy Costs	23,337,716	3,123	10,406,938
35		Distribution Demand Costs	3,489,085		1,561,542
36		Distribution Consumer Costs	7,087,488		5,127,789
37		Distribution Outdoor Lighting	467,306		
38					
39			41,396,785	3,123	20,163,781

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**REVENUE REQUIREMENTS FOR EACH RATE CLASS**

	B	C	F	G	H	I
1			Schedule 12	Schedule 15	Schedule 11	Schedule 2
2	Category		Residential	Prepay	General	Large
3		Amount	ETS	Service	Service	Power
4	<u>Purchased Power Costs</u>					
5	Demand - EKPC Sched E-2	4,345,844	--	154,913	414,484	933,484
6	Demand - EKPC Sched B	2,108,574				
7	Load Center Charges	560,772	-	13,130	37,975	78,937
8	Total Purchased Power Demand	7,015,190	-	168,043	452,460	1,012,421
9						
10	<u>Energy - EKPC Sched E-2</u>	15,556,216	13,491	504,801	1,694,567	2,802,694
11	<u>Energy - EKPC Sched B</u>	7,781,500				
12						
13	<u>Distribution Costs</u>					
14	<u>Demand Related</u>					
15	Lines	3,212,613	-	75,222	217,558	452,222
16	Transformers	276,471	-	9,686	26,698	19,720
17	Total Demand Related	3,489,085	-	84,908	244,255	471,943
18						
19	<u>Consumer Related</u>					
20	Lines	3,624,962	-	135,050	731,520	6,978
21	Transformers	274,842	-	9,855	63,248	1,374
22	Services	1,374,861	3,846	47,094	364,980	4,160
23	Meters	718,648	2,161	26,461	143,330	10,595
24	Consumer Svc					
25	& Accouting	1,094,174	2,357	18,763	343,985	5,355
26	Total Consumer Related	7,087,488	8,364	237,223	1,647,064	28,462
27						
28	Outdoor Lighting	467,306				
29						
30	Total Costs	41,396,785	21,856	994,975	4,038,346	4,315,519
31						
32						
33	Purchased Power Demand Costs	7,015,190	-	168,043	452,460	1,012,421
34	Purchased Power Energy Costs	23,337,716	13,491	504,801	1,694,567	2,802,694
35	Distribution Demand Costs	3,489,085	-	84,908	244,255	471,943
36	Distribution Consumer Costs	7,087,488	8,364	237,223	1,647,064	28,462
37	Distribution Outdoor Lighting	467,306				
38						
39		41,396,785	21,856	994,975	4,038,346	4,315,519

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**REVENUE REQUIREMENTS FOR EACH RATE CLASS**

	B	C	J	K	L	M
1			Schedule B1	Schedule B2	Outdoor	
2	Category		Large	Large	& Street	
3		Amount	Industrial Rate	Industrial Rate	Lighting	Total
4	<u>Purchased Power Costs</u>					
5	Demand - EKPC Sched E-2	4,345,844	-	-	17,281	4,345,844
6	Demand - EKPC Sched B	2,108,574	1,505,553	603,021		2,108,574
7	Load Center Charges	560,772	136,476	49,127	3,297	560,772
8	Total Purchased Power Demand	7,015,190	1,642,029	652,148	20,577	7,015,190
9						
10	<u>Energy - EKPC Sched E-2</u>	15,556,216	-	-	130,602	15,556,216
11	<u>Energy - EKPC Sched B</u>	7,781,500	5,174,681	2,606,820		7,781,500
12						
13	<u>Distribution Costs</u>					
14	<u>Demand Related</u>					
15	Lines	3,212,613	781,859	281,441	18,886	3,212,613
16	Transformers	276,471	31,000	12,495	755	276,471
17	Total Demand Related	3,489,085	812,859	293,937	19,641	3,489,085
18						
19	<u>Consumer Related</u>					
20	Lines	3,624,962	11,929	3,151	225	3,624,962
21	Transformers	274,842	363	203	136	274,842
22	Services	1,374,861	-	-	652	1,374,861
23	Meters	718,648	-	-	-	718,648
24	Consumer Svc					
25	& Accouting	1,094,174	5,927	15,626	373	1,094,174
26	Total Consumer Related	7,087,488	18,219	18,980	1,386	7,087,488
27						
28	Outdoor Lighting	467,306			467,306	467,306
29						
30	Total Costs	41,396,785	2,473,108	965,064	639,512	41,396,785
31						
32						
33	Purchased Power Demand Costs	7,015,190	1,642,029	652,148	20,577	7,015,190
34	Purchased Power Energy Costs	23,337,716	5,174,681	2,606,820	130,602	23,337,716
35	Distribution Demand Costs	3,489,085	812,859	293,937	19,641	3,489,085
36	Distribution Consumer Costs	7,087,488	18,219	18,980	1,386	7,087,488
37	Distribution Outdoor Lighting	467,306			467,306	467,306
38						-
39		41,396,785	7,647,788	3,571,884	639,512	41,396,785

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**Consumer Related Costs Allocators**

**A. Lines (poles and conduit)**

	<u>Number of Consumers</u>	<u>Allocation Percent</u>
Schedule 12 - Residential	12,156	75.48%
Off-Peak Marketing-ETS	0	0.00%
Schedule 15 - Prepay Service	600	3.73%
Schedule 11 - General Service	3,250	20.18%
Schedule 2 - Large Power	53	0.19%
Schedule B1 - Large Industrial Rate	14	0.33%
Schedule B2 - Large Industrial Rate	1	0.09%
Schedule 5 - Outdoor & Security Lights	31	0.01%
Envirowatts	-	0.00%
	<u>16,105</u>	<u>1.0000</u>

Schedule 5 - Outdoor & Security Lights

31

**B. Transformers**

Rate Class	Number of Consumers	Minimum		Relative Cost	Weight	Allocation Percent
		Number of Transformers	Cost			
Schedule 12 - Residential	12,156	-	\$ 549.85	1.00	12,156.00	72.647%
Off-Peak Marketing-ETS	-	-	-	-	-	0.000%
Schedule 15 - Prepay Service	600	-	\$ 549.85	1.00	600.00	3.586%
Schedule 11 - General Service	3,250	-	651	1.18	3,850.70	23.013%
Schedule 2 - Large Power	53	-	868	1.58	83.65	0.500%
Schedule B1 - Large Industrial Rate	14	-	868	1.58	22.10	0.132%
Schedule B2 - Large Industrial Rate	1	-	6,789	12.35	12.35	0.074%
Schedule 5 - Outdoor & Security Lights	31	-	147	0.27	8.28	0.050%
Envirowatts	-	-	NA	-	-	0.000%
	<u>16,105</u>	-	-	-	<u>16,733.08</u>	<u>100.0%</u>

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## Consumer Related Costs Allocators

### C. Services

Rate Class	# of Consume	Minim Service Cost	Relative Cost	Weight	Allocation Percent
Schedule 12 - Residential	12,156	27.74	1.00	12,156.00	69.40%
Off-Peak Marketing-ETS	49	27.74	1.00	49.00	0.28%
Schedule 15 - Prepay Service	600	27.74	1.00	600.00	3.43%
Schedule 11 - General Service	3,250	39.69	1.43	4,650.00	26.55%
Schedule 2 - Large Power	53	27.74	1.00	53.00	0.30%
Schedule B1 - Large Industrial Rate	14	-	-	-	0.00%
Schedule B2 - Large Industrial Rate	1	-	-	-	0.00%
Schedule 5 - Outdoor & Security Lights	31	7.43	0.27	8.31	0.05%
Envirowatts	-	-	-	-	0.00%
	16,154			17,516.31	1.00

### D. Meters

Rate Class	# of Consume	Minimum Meter Cost	Relative Cost	Weight	Allocation Percent
Schedule 12 - Residential	12,156	124.44	1.00	12,156.00	74.60%
Off-Peak Marketing-ETS	49	124.44	1.00	49.00	0.30%
Schedule 15 - Prepay Service	600	124.44	1.00	600.00	3.68%
Schedule 11 - General Service	3,250	124.44	1.00	3,250.00	19.94%
Schedule 2 - Large Power	53	564.09	4.53	240.25	1.47%
Schedule B1 - Large Industrial Rate	14	-	-	-	0.00%
Schedule B2 - Large Industrial Rate	14	-	-	-	0.00%
Schedule 5 - Outdoor & Security Lights	31	-	-	-	0.00%
Envirowatts	-	-	-	-	-
	16,167			16,295.25	1.00



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**E. Consumer & Accounting Services Consumer Related Costs Allocators**

Rate Class	Number of Consumers	Relative Weight Meter Read	Relative Weight Cons Rcds	Relative Weight Cust Asst	Combined Relative Weights	Weight	Allocation Percent
Schedule 12 - Residential	12,156	1.00	4.00	1.00	6.00	72,936	64.14%
Off-Peak Marketing-ETS	49	1.00	3.00	1.00	5.00	245	0.22%
Schedule 15 - Prepay Service	600	1.00	1.00	1.25	3.25	1,950	1.71%
Schedule 11 - General Service	3,250	1.00	8.00	2.00	11.00	35,750	31.44%
Schedule 2 - Large Power	53	2.00	0.50	8.00	10.50	557	0.49%
Schedule B1 - Large Industrial Rate	14	4.00	20.00	20.00	44.00	616	0.54%
Schedule B2 - Large Industrial Rate	14	4.00	72.00	40.00	116.00	1,624	1.43%
Schedule 5 - Outdoor & Security Lights	31	-	0.25	1.00	1.25	39	0.03%
Envirowatts	-	-	-	0.50	0.50	-	0.00%
						<u>113,716.25</u>	<u>100.00%</u>

	Meter Reading			Consumer Records		
	Factor	Weight	Relative Weight	Factor	Weight	Relative Weight
Schedule 12 - Residential	1.00	1.00	1.00	4.00	1.00	4.00
Off-Peak Marketing-ETS	1.00	1.00	1.00	3.00	1.00	3.00
Schedule 15 - Prepay Service	1.00	1.00	1.00	1.00	1.00	1.00
Schedule 11 - General Service	1.00	1.00	1.00	4.00	2.00	8.00
Schedule 2 - Large Power	2.00	1.00	2.00	0.25	2.00	0.50
Schedule B1 - Large Industrial Rate	4.00	1.00	4.00	5.00	4.00	20.00
Schedule B2 - Large Industrial Rate	4.00	1.00	4.00	12.00	6.00	72.00
Schedule 5 - Outdoor & Security Lights	-	1.00	-	0.50	6.00	0.25
Envirowatts	-	-	-	-	1.00	-

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	Consumer Assistance		Relative
	Factor	Weight	Weight
Schedule 12 - Residential	1.00	1.00	1.00
Off-Peak Marketing-ETS	1.00	1.00	1.00
Schedule 15 - Prepay Service	1.00	1.25	1.25
Schedule 11 - General Service	1.00	2.00	2.00
Schedule 2 - Large Power	2.00	4.00	8.00
Schedule B1 - Large Industrial Rate	2.00	4.00	20.00
Schedule B2 - Large Industrial Rate	2.00	20.00	40.00
Schedule 5 - Outdoor & Security Lights	2.00	10.00	1.00
Envirowatts	0.50	1.00	0.50

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**Demand Related Costs and Energy Related Costs Allocators**

A. Energy Sales Allocation is proportional on actual sales to end use customers										
	Schedule 12	Schedule 12	Schedule 15	Schedule 11	Schedule 2	Schedule B1	Schedule B2	Outdoor		
	Residential	Residential	Prepay	General	Large	Large	Large	& Street		Total
Month	Service	ETS	Service	Service	Poewr	Industrial Rate	Industrial Rate	Lighting		
August	17,174,695	967	870,284	2,739,123	4,543,164	11,045,414	5,831,557	207,287		42,412,491
September	13,841,511	2,294	473,055	2,460,851	4,266,648	10,180,109	5,487,469	204,948		36,916,885
October	11,606,299	10,184	483,391	2,328,156	4,238,565	10,324,608	5,468,976	206,069		34,666,248
November	14,697,943	30,292	820,517	2,413,762	4,040,863	9,647,402	5,153,374	208,106		37,012,259
December	17,433,737	39,652	1,032,504	2,582,570	4,158,523	9,598,393	5,108,500	207,025		40,160,904
January	24,223,972	63,486	1,136,214	3,188,907	4,742,109	10,211,443	5,265,218	205,734		49,037,083
February	21,864,580	60,018	994,394	3,046,225	4,530,958	9,856,916	5,110,716	202,068		45,665,875
March	14,419,581	27,747	738,181	2,444,967	4,310,673	10,595,459	5,207,473	202,832		37,946,913
April	12,607,289	13,573	575,030	2,391,175	4,226,374	10,526,408	5,125,289	201,704		35,666,842
May	12,005,147	4,640	621,024	2,292,839	4,326,537	11,133,512	5,411,781	202,904		35,998,384
June	16,773,599	187	799,147	2,876,605	4,510,470	11,695,657	5,232,369	201,157		42,089,191
July	18,607,133	84	927,366	3,028,372	4,689,401	11,355,039	5,157,411	200,522		43,965,328
Total - EKPC Schedul E	195,255,486	253,124	9,471,107	31,793,552	52,584,285	-	-	2,450,356		291,807,910
Percent	66.91%	0.09%	3.25%	10.90%	18.02%	0.00%	0.00%	0.84%		100.00%
Total - EKPC Schedul B						126,170,360	63,560,133			189,730,493
Percent						66.50%	33.50%			100.00%



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**Demand Related Costs and Energy Related Costs Allocators**

C. Monthly Peak Demands for Each Rate Class										
		Schedule 12	Schedule 12	Schedule 15	Schedule 11	Schedule 2	Schedule B1	Schedule B2	Outdoor	
		Residential	Residential	Prepay	General	Large	Large	Large	& Street	Total
Month		Service	ETS	Service	Service	Poewr	Industrial Rate	Industrial Rate	Lighting	
August		34,756	-	3,174	7,089	12,002	21,715	8,735	514	87,985
September		34,331	-	1,658	8,552	11,924	21,040	8,735	504	86,744
October		23,511	-	1,173	3,466	11,337	20,291	8,530	508	68,816
November		38,322	-	1,925	5,005	11,301	20,272	8,243	511	85,579
December		41,020	-	2,041	4,876	11,503	19,278	8,173	507	87,398
January		56,149	-	2,448	4,901	13,292	19,520	8,113	507	104,930
February		48,807	-	2,538	4,961	12,483	19,616	8,268	507	97,180
March		36,533	-	1,922	4,247	12,704	20,170	7,914	506	83,996
April		27,012	-	1,456	6,601	12,901	20,900	8,120	504	77,494
May		28,645	-	1,588	6,298	11,829	22,223	8,286	505	79,374
June		34,850	-	1,952	7,490	11,778	23,430	8,545	505	88,550
July		42,288	-	2,353	6,586	12,600	23,370	9,058	505	96,760
Total		446,224	-	24,228	70,072	145,654	251,825	90,648	6,083	1,034,734
Percent		43.12%	0.00%	2.34%	6.77%	14.08%	24.34%	8.76%	0.59%	100.00%
Used to allocate distribution demand related costs to appropriate rate classes										

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**Demand Related Costs and Energy Related Costs Allocators**

	2,458	2,461	2,462	2,456	2,458	2,463	2,471	2,478	2,484	2,490	2,492
<b>D. Sum of Consumers Individual Monthly Peak Demands</b>											
		Schedule 12	Schedule 12	Schedule 15	Schedule 11	Schedule 2	Schedule B1	Schedule B2	Outdoor		
		Residential	Residential	Prepay	General	Large	Large	Large	& Street		Total
<u>Month</u>		<u>Service</u>	<u>ETS</u>	<u>Service</u>	<u>Service</u>	<u>Poewr</u>	<u>Industrial Rate</u>	<u>Industrial Rate</u>	<u>Lighting</u>		
August		102,777	-	9,385	18,537	13,029	21,561	8,735	514		174,538
September		104,535	-	5,048	19,183	12,864	20,885	8,735	504		171,754
October		115,281	-	5,751	16,439	12,688	20,140	8,530	508		179,337
November		133,055	-	6,682	21,330	13,433	20,103	8,243	511		203,357
December		131,813	-	6,559	21,500	12,930	19,116	8,173	507		200,598
January		123,492	-	6,272	12,927	13,754	19,339	8,113	507		184,404
February		130,728	-	6,799	16,745	13,588	19,426	8,268	506		196,060
March		126,956	-	6,678	16,051	13,916	19,988	7,914	504		192,007
April		119,787	-	6,457	16,263	12,705	20,747	8,120	505		184,584
May		115,173	-	6,386	19,380	12,824	22,068	8,286	506		184,623
June		105,088	-	5,885	19,467	13,126	23,284	8,545	505		175,900
July		110,935	-	6,172	17,379	14,099	23,222	9,058	506		181,371
Total		1,419,620	-	78,074	215,201	158,956	249,879	100,720	6,083		2,228,533
Percent		63.70%	0.00%	3.50%	9.66%	7.13%	11.21%	4.52%	0.27%		100.00%

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			Enviro	Schedule 12	Schedule 12	Schedule 15	Schedule 11
		Amount	Watts	Residential	Residential	Prepay	General
				Service	ETS	Service	Service
Normalized Revenue from Rates		\$39,969,502	3,715	18,776,920	15,486	906,485	3,429,381
Wholesale Demand Costs							
Generation		6,454,418		2,825,682	-	154,913	414,484
Distribution Substation		560,772		241,830	-	13,130	37,975
Total Wholesale Demand		7,015,190	-	3,067,512	-	168,043	452,460
Wholesale Energy Costs		23,337,716	3,123	10,406,938	13,491	504,801	1,694,567
Total Wholesale Costs		30,352,906	3,123	13,474,450	13,491	672,844	2,147,027
Gross Margin		9,616,596	592	5,302,470	1,995	233,641	1,282,354
Distribution Demand Costs							
Lines		3,212,613		1,385,424	-	75,222	217,558
Transformers		276,471		176,118	-	9,686	26,698
Total Distribution Demand		3,489,085		1,561,542	-	84,908	244,255
Distribution Consumer							
Lines		3,624,962		2,736,109	-	135,050	731,520
Transformers		274,842		199,663	-	9,855	63,248
Services		1,374,861		954,129	3,846	47,094	364,980
Meters		718,648		536,100	2,161	26,461	143,330
Consumer Services		1,094,174	-	701,788	2,357	18,763	343,985
Lighting		467,306		-			
Total Distribution Consumer		7,554,794	-	5,127,789	8,364	237,223	1,647,064
Total Distribution Costs		11,043,879	-	6,689,331	8,364	322,131	1,891,319
Margin before Other Revenue		(1,427,283)	592	(1,386,861)	(6,370)	(88,491)	(608,965)
Allocation of Other Elec. Revenue		637,530		517,932	-	25,004	94,594
Allocation of Misc. Revenue		142,353	-	115,648	-	5,583	21,122
Net Margin		(647,399)	592	(753,280)	(6,370)	(57,904)	(493,249)

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	Schedule 2	Schedule B1	Schedule B2	Outdoor	
	Large	Large	Large	& Street	
	Power	Industrial Rate	Industrial Rate	Lighting	Total
Normalized Revenue from Rates	4,178,722	8,511,553	3,610,886	536,355	39,969,502
Wholesale Demand Costs					
Generation	933,484	1,505,553	603,021	17,281	6,454,418
Distribution Substation	78,937	136,476	49,127	3,297	560,772
Total Wholesale Demand	1,012,421	1,642,029	652,148	20,577	7,015,190
Wholesale Energy Costs	2,802,694	5,174,681	2,606,820	130,602	23,337,716
Total Wholesale Costs	3,815,115	6,816,710	3,258,967	151,179	30,352,906
Gross Margin	363,607	1,694,843	351,918	385,176	9,616,596
Distribution Demand Costs					
Lines	452,222	781,859	281,441	18,886	3,212,613
Transformers	19,720	-	-	755	232,976
Total Distribution Demand	471,943	781,859	281,441	19,641	3,445,589
Distribution Consumer					
Lines	6,978	11,929	3,151	225	3,624,962
Transformers	1,374	31,363	12,698	136	318,337
Services	4,160	-	-	652	1,374,861
Meters	10,595	-	-	-	718,648
Consumer Services	5,355	5,927	15,626	373	1,094,174
Lighting	-	-	-	467,306	467,306
Total Distribution Consumer	28,462	49,219	31,475	468,692	7,598,289
Total Distribution Costs	500,404	831,079	312,916	488,333	11,043,878
Margin before Other Revenue	(136,797)	863,764	39,002	(103,157)	(1,427,282)
Allocation of Other Elec. Revenue	-	-	-	-	637,530
Allocation of Misc. Revenue	-	-	-	-	142,353
Net Margin	(136,797)	863,764	39,002	(103,157)	(647,399)



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	Enviro- Watts	Schedule 12 Residential Service	Schedule 12 Residential ETS	Schedule 15 Prepay Service	Schedule 11 General Service
<b>Revenue Requirements</b>					
Total Costs	\$ 3,123	\$ 20,163,781	\$ 21,856	\$ 994,975	\$ 4,038,346
Plus Margin Requirements	-	696,182	18,297	115,711	84,497
Revenue Requirements	\$ 3,123	\$ 20,859,963	\$ 40,153	\$ 1,110,687	\$ 4,122,843
Minus Revenue from Rates	3,715	18,776,920	15,486	906,485	3,429,381
Increase Amount	(592)	2,083,043	24,667	204,202	693,462
Less: Other Revenue	-	633,581	-	30,587	115,716
Net Increase Amount	(592)	1,449,463	24,667	173,615	577,746
Less: Increase for Rate Classes		\$ 1,150,630	\$ 413	\$ 83,237	\$ 287,006
Under (Over) Recovery	\$ (592)	\$ 298,833	\$ 24,254	\$ 90,378	\$ 290,740
<b>Statement of Operations with</b>					
Revenue from Rates	3,715	18,776,920	15,486	906,485	3,429,381
Rate Increase	\$ -	\$ 1,150,630	\$ 413	\$ 83,237	\$ 287,006
Purchased Power Costs	3,123	13,474,450	13,491	672,844	2,147,027
Gross Margins	592	6,453,100	2,408	316,878	1,569,360
Distribution Costs	-	6,689,331	8,364	322,131	1,891,319
Margins before Other Rev.	592	(236,231)	(5,957)	(5,254)	(321,959)
Plus Other Revenue	-	633,581	-	30,587	115,716
Net Margins with Increase	\$ 592	\$ 397,350	\$ (5,957)	\$ 25,333	\$ (206,243)
Interest Expense	-	928,243	24,396	154,282	112,663
TIER	-	1.43	0.76	1.16	(0.83)
OTIER		1.30	0.76	1.13	(1.02)
Rate Base		44,043,868	624,967	10,036,873	2,143,614
Return on Rate Base		3.01%	2.95%	1.79%	-4.37%

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	Schedule 2	Schedule B1	Schedule B2	Outdoor	
	Large	Large	Large	& Street	Total
	Power	Industrial Rate	Industrial Rate	Lighting	
<b>Revenue Requirements</b>					
Total Costs	\$ 4,315,519	\$ 7,647,788	\$ 3,571,884	\$ 639,512	\$ 41,396,785
Plus Margin Requirements	62,640	103,897	37,396	38,587	\$ 1,157,209
Revenue Requirements	\$ 4,378,159	\$ 7,751,686	\$ 3,609,280	\$ 678,099	\$ 42,553,993
Minus Revenue from Rates	4,178,722	8,511,553	3,610,886	536,355	39,969,502
Increase Amount	199,437	(759,867)	(1,606)	141,744	2,584,491
Less: Other Revenue	-	-	-	-	779,884
Net Increase Amount	199,437	(759,867)	(1,606)	141,744	1,804,607
Less: Increase for Rate Clas	\$ 121,818	\$ 251,625	\$ 60,507	\$ 42,314	1,997,550
Under (Over) Recovery	\$ 77,619	\$ (1,011,492)	\$ (62,113)	\$ 99,430	\$ (192,943)
<b>Statement of Operations with</b>					
Revenue from Rates	4,178,722	8,511,553	3,610,886	536,355	39,969,502
Rate Increase	\$ 121,818	\$ 251,625	\$ 60,507	\$ 42,314	1,997,550
Purchased Power Costs	3,815,115	6,816,710	3,258,967	151,179	30,352,906
Gross Margins	485,425	1,946,468	412,425	427,490	11,614,146
Distribution Costs	500,404	831,079	312,916	488,333	11,043,878
Margins before Other Rev.	(14,979)	1,115,389	99,509	(60,843)	570,268
Plus Other Revenue	-	-	-	-	779,884
Net Margins with Increase	\$ (14,979)	\$ 1,115,389	\$ 99,509	\$ (60,843)	\$ 1,350,151
Interest Expense	83,520	138,530	49,861	51,449	1,542,945
TIER	0.82	9.05	3.00	(0.18)	1.88
OTIER	0.82	9.05	3.00	(0.18)	1.78
Rate Base	3,664,555	6,164,673	2,237,315	2,397,186	71,313,050
Return on Rate Base	1.87%	20.34%	6.68%	-0.39%	4.06%

**SHELBY ENERGY COOPERATIVE**

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**Unbundled Rate Base**

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Schedule L

			Schedule I	Schedule I	Schedule II	Schedule II	Schedule III	Schedule IV	Schedule IV-A	Schedule VI	
		Amount	Residential, Schl & Chur	Marketing Rate	Sml Com 1 Phase	Sml Com 3 Phase	3 Phase Schl & Churches	Large Power 2500 kW Plus	Large Power 50-2500 kW	Outdoor Lights	Total
<u>Function</u>	<u>Classification</u>										
Stations											
	Demand	-	-	-	-	-	-	-	-	-	-
Lines		47,713,308									
	Demand	23,212,708	10,010,368	-	543,519	1,571,960	3,267,529	5,649,317	2,033,552	136,463	23,212,708
	Consumer	24,500,600	18,492,971	-	4,944,238	47,160	80,629	21,298	1,521	-	23,587,818
Transformer		8,622,851									
	Demand	4,324,168	2,754,581	-	151,492	417,569	308,433	484,857	195,434	11,803	4,324,168
	Consumer	4,298,683	3,122,844	154,138	989,236	21,489	5,676	3,172	2,128	-	4,298,683
Services											
	Consumer	9,565,807	6,638,498	327,665	2,539,406	28,944	-	-	4,536	-	9,539,048
Meters											
	Consumer	3,691,525	2,753,820	135,924	736,255	54,426	-	-	-	-	3,680,425
Consumer Acct & Serv.		422,190	270,787	7,240	132,728	2,066	2,287	6,029	144	-	421,280
Outdoor Lighting		2,248,920								2,248,920	2,248,920
<b>Total</b>		<b>72,264,602</b>	<b>44,043,868</b>	<b>624,967</b>	<b>10,036,873</b>	<b>2,143,614</b>	<b>3,664,555</b>	<b>6,164,673</b>	<b>2,237,315</b>	<b>2,397,186</b>	<b>71,313,050</b>

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18. Refer to Shelby Energy's response to Staff's Second Request, Item 22. Identify all changes that were made to the original Exhibit J which are reflected in revised Exhibit J.

**Response 18:**

The change made to the Original Exhibit J and reflected in the Revised Exhibit J was as follows:

- 1) Envirowatts – Changed the rate from \$.02875 per kWh to \$.02750 per kWh but failed to do so in the proposed Phase 2 on Page 10 of 10.

The changes made to the Revised Exhibit J and are reflected in the Second Revised Exhibit J are as follows:

- 1) Rate 15 - Prepay Service --Updated for a 365 customer charges instead of 360 customer service charges.
- 2) Envirowatts -- Changed the rate from \$.02875 per kWh to \$.02750 per kWh in all areas.
- 3) Rate 11 - General Service -- Recalculated the primary service discount.
- 4) Rate 2 - Large Power -- Recalculated the primary service discount
- 5) Rate B1 - Large Industrial Rate -- Recalculated the primary service discount.

Refer to **USB Drive (D)** for an electronic version of the Second Revised Schedule J, labeled **Exhibit 3-12**.

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19. Refer to Staff's Second Request, Item 29. Provide the same information in the same format for the test year ended July 31, 2016, as was provided in this response. Provide the response in Excel spreadsheet format with the formulas intact and unprotected, and all rows and columns accessible.

**Response 19:**

Refer to the Confidential electronic version of the Excel spreadsheet contained on **USB Drive (C)** labeled **Exhibit 3-19** for the Wages and Benefits for the test year ending July 31, 2016.

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20. Refer to Shelby Energy's response to Staff's Second Request, Items 30, 33, and 43.

a. For the test year and calendar year 2016, provide the health insurance cost Shelby Energy would have incurred for non-union employees, assuming that the total cost equals the premium for each level of coverage plus the deductible (In Network), and that for single coverage the employee would pay 21 percent of the total cost and that for all other types of coverage, the employee would pay 32 percent of the total cost.

b. Does Shelby Energy pay life insurance premiums on behalf of its employees? If so, provide the number of employees with life insurance coverage of \$50,000 and the total cost of the life insurance coverage above the \$50,000 coverage for all such employees.

c. For the 401 (k) plan, provide the amount that Shelby Energy paid on behalf of the employees in the NRECA R&S plan (those hired before 2009) in the test year and in calendar year 2016.

d. Explain the reasons for the differences in the amounts Shelby Energy contributes to the 401 (k) plan for union and non-union employees.

**Response 20a:**

Refer to **Exhibit 3-20a** for the health insurance costs that would be incurred by Shelby Energy.

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**Response 20b:**

Yes, Shelby Energy does pay life insurance premiums on behalf of its employees. The number of employees is 47 for 2016 and 44 for the test year. The total cost of the life insurance coverage above the \$50,000 coverage for these employees is \$6,332.25 for 2016 and \$6,243.01 for the Test Year.

**Response 20c:**

The amount of 401K contributions Shelby Energy paid on behalf of the employees in the NRECA R&S plan (those hired before 2009) in 2016 was \$22,902.

The amount of 401K contributions Shelby Energy paid on behalf of the employees in the NRECA R&S plan (those hired before 2009) for the Test Year was \$24,046.

**Response 20d:**

The elimination of the NRECA RS Plan was initiated and the contribution level by Shelby Energy for the 401K plan was established for all employees at that time. Shortly thereafter, the operations employees elected to vote in the union and became a bargaining unit to be represented by the IBEW. As with any wage or pay increase for union employees, any benefits or benefits level are the result of negotiation between Shelby Energy and the representatives of the IBEW.

Shelby Energy Cooperative, Inc.

2016	Total Healthcare Cost	Shelby's Healthcare Cost	Employees' Premiums Cost	Employees' Deductible	% Paid By Shelby	% Paid by Employees
	a	b	c	d	e	f
Single	\$ 5,520.16	\$ 4,360.93	\$ 759.23	\$ 400.00	79%	21%
Employee + Spouse	13,104.20	8,910.86	3,393.34	800.00	68%	32%
Employee + Children	12,322.92	8,379.59	2,743.33	1,200.00	68%	32%
Employee + Family	18,129.36	12,327.96	4,601.40	1,200.00	68%	32%
<b>Total</b>	<b>\$ 49,076.64</b>	<b>\$ 33,979.34</b>	<b>\$ 11,497.30</b>	<b>\$ 3,600.00</b>		

	Employee + Family	Employee + Spouse	Employee + Children	Single Only
Number of Participants	4	3	4	13

Test Year	Total Healthcare Cost	Shelby's Healthcare Cost	Employees' Premiums Cost	Employees' Deductible	% Paid By Shelby	% Paid by Employees
	a	b	c	d	e	f
Single	\$ 5,520.16	\$ 4,360.93	\$ 759.23	\$ 400.00	79%	21%
Employee + Spouse	13,104.20	8,910.86	3,393.34	800.00	68%	32%
Employee + Children	12,322.92	8,379.59	2,743.33	1,200.00	68%	32%
Employee + Family	18,129.36	12,327.96	4,601.40	1,200.00	68%	32%
<b>Total</b>	<b>\$ 49,076.64</b>	<b>\$ 33,979.34</b>	<b>\$ 11,497.30</b>	<b>\$ 3,600.00</b>		

	Employee + Family	Employee + Spouse	Employee + Children	Single Only
Number of Participants	4	3	4	13



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21. Refer to Shelby Energy's response to Staffs Second Request, Item 40.

a. Describe in detail the process the Rural Utilities Service ("RUS") undertakes in reviewing and approving/disapproving changes in depreciation rates by rural electric cooperatives.

b. Has RUS approved the changes in Shelby Energy's depreciation rates? If not, provide the timeline for gaining approval of the new depreciation rates.

**Response 21a:**

RUS requires a depreciation study to be submitted to adopt rates outside the high and low ranges established in Bulletin 184-1. Shelby would submit its depreciation study to the RUS using the same model that RUS will use when it prepares depreciation studies. It is Shelby's understanding that when the depreciation study is submitted to RUS, the review, approval or denial of depreciation rate changes are determined by a depreciation committee ("Committee"). If there are questions, the Committee will make a request for information.

**Response 21b:**

RUS has not approved the changes in Shelby Energy's depreciation rates. Recently, April 27, 2017, Shelby Energy submitted the Depreciation Study to RUS. As soon as any correspondence from RUS is received, it will be forwarded to the Commission.

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Based on the information provided by the RUS field accountant, the approximate timeline for gaining approval is approximately 3-4 months after receipt of the Depreciation Study.

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22. Refer to Shelby Energy's response to Staffs Second Request, Item 46.

Does Shelby Energy have any employees who are related? If so, provide the names and titles of such employees.

**Response 22:**

Shelby Energy has no employees who are related and follows the content of Board Policy No. 900 in regards to employment as provided in the following items of Section II, Content:

- A. *A "close relative" of a current Shelby Energy employee, director, or attorney shall not be employed by Shelby Energy on a permanent basis. "Close relative" shall be defined as a person who by blood or marriage, including half, step and adoptive kin is either a spouse, child, grandchild, parent, grandparent, brother, sister, aunt, uncle, nephew, or niece of the employee, board member, or attorney.*
- D. *If a Shelby Energy employee is in a domestic partnership with a current Shelby Energy employee, director, or attorney, or with a close relative of a current Shelby Energy employee, director or attorney, the employee will not be allowed to continue their employment with Shelby Energy. If two (2) Shelby Energy employees are affected, only one of the employees will be allowed to continue their employment with Shelby Energy. If the affected employees cannot decide which of them will terminate, the employee with the least service to Shelby Energy will be terminated at the end of thirty (30) days. A 'domestic partnership' as used in this policy shall be defined as an interpersonal relationship between two individuals of the same or opposite sex who live together and share a common domestic life, but are not married to each other.*
- Q. *Should two (2) employees marry after becoming employed at Shelby Energy, only one of the employees will be allowed to continue their employment with Shelby Energy. If the affected employees cannot decide which of them will terminate, the employee with the least service to Shelby Energy will be terminated at the end of 30 days.*

Shelby Energy Cooperative, Inc.  
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23. Refer to Shelby Energy's response to Staffs Second Request, Item 48.  
State the account(s) in which Renewable Energy Program tariff revenues are recorded.

**Response 23:**

The Renewable Energy Program tariff revenues are recorded in the applicable revenue class of the service to which the rider applies, which for all services is account 440.10 – Residential Energy Sales.

Shelby Energy Cooperative, Inc.  
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24. Refer to Staffs Second Request, Item 50. Provide the amount of Capital Credits Shelby Energy paid in 2016.

**Response 24:**

Shelby Energy retired the following Capital Credits in 2016:

<u>General Retirements</u>	<u>Estate Retirements</u>	<u>Total Retirements</u>
\$467,737	\$131,219	\$598,956