

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF SOUTH KENTUCKY	)	
RURAL ELECTRIC COOPERATIVE CORPORATION)	)	CASE NO.
FOR AN ADJUSTMENT OF RATES	)	2011-00096

COMMISSION STAFF'S FOURTH INFORMATION REQUEST  
TO SOUTH KENTUCKY RURAL ELECTRIC COOPERATIVE CORPORATION

Pursuant to 807 KAR 5:001, South Kentucky Rural Electric Cooperative Corporation ("South Kentucky") is to file with the Commission the original and 10 copies of the following information, with a copy to all parties of record. The information requested herein is due on or before October 28, 2011. Responses to requests for information shall be appropriately bound, tabbed and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

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

South Kentucky shall make timely amendment to any prior response if it obtains information which indicates that the response was incorrect when made or, though correct when made, is now incorrect in any material respect. For any request to which

South Kentucky fails or refuses to furnish all or part of the requested information, South Kentucky shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

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

1. Refer to South Kentucky's Response to Commission Staff's Second Request for Information, Item 46, and the National Association of Regulatory Utility Commissioners' ("NARUC") August 1996 Public Utility Depreciation Practices Manual (as compiled and edited by the Staff Subcommittee on Depreciation of the Finance and Technology Committee). Item 46 requested South Kentucky to state and explain the methods used to determine the appropriateness of the survivor curves assigned to each utility plant asset group using the Simulated Plant Record ("SPR") method. In its response, South Kentucky states that it relied entirely upon its computer model to assign each curve and that the only test of appropriateness was to compare the assigned curves to survivor curves used in depreciation studies of other rural electric cooperatives. The NARUC manual, at pages 92-103, discusses the use and limitations of the simulated plant record method, as well as methods to test the appropriateness of its results. Among those methods are the Conformance Index ("CI") and Retirement Experience Index ("REI"). See pages 96 and 97. Provide the calculations of the CI and

REI for each utility plant asset group included in the depreciation study. Include all workpapers used to make the calculations.

2. Refer to the 1996 NARUC Depreciation Manual, page 92.

a. In the last paragraph, three SPR models are listed: SPR Balances, SPR Period Retirements, and SPR Cumulative Retirements. State which SPR model was utilized in South Kentucky's depreciation study.

b. Explain why the SPR model used in the depreciation study was chosen over the other models.

c. Explain what differences would result if the other SPR models had been utilized for the depreciation study.

d. Provide the calculations of the CI and REI for each utility plant asset group utilizing the SPR models other than the model used in South Kentucky's Depreciation Study. Include all workpapers used to make the calculations.

3. Refer to South Kentucky's Application, Exhibit 20, Section 8.

a. Provide the workpapers detailing the calculation of the retirements to account 364 during 2008 and 2009 in the amounts of \$738,318 and \$619,317, respectively. These workpapers should clearly show the determination of the average plant balance for each record unit used to calculate the annual retirement amounts.

b. Provide the workpapers detailing the calculation of the retirements to account 365 during 2008 and 2009 in the amounts of \$664,278 and \$540,018, respectively. These workpapers should clearly show the determination of the average plant balance for each record unit used to calculate the annual retirement amounts.

4. Refer to South Kentucky's Application, Exhibit 3, page 5, and Exhibit 20, Section 8.

a. Provide the workpapers showing all the calculations for all plant retirements shown on page 5.

b. Explain why the test-year retirements listed in Exhibit 3 for distribution plant accounts are typically less than the retirements for distribution accounts in Exhibit 20 for recent years.



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DATED **OCT 14 2011** \_\_\_\_\_

cc: Parties of Record

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