

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF NOLIN RURAL)	
ELECTRIC COOPERATIVE CORPORATION)	CASE NO.
FOR A GENERAL RATE INCREASE)	2016-00367

COMMISSION STAFF'S FOURTH REQUEST FOR INFORMATION TO
NOLIN RURAL ELECTRIC COOPERATIVE CORPORATION

Nolin Rural Electric Cooperative Corporation ("Nolin"), pursuant to 807 KAR 5:001, is to file with the Commission the original and ten copies of the following information, with a copy to all parties of record. The information requested herein is due within ten days of the date of this request. Responses to requests for information shall be appropriately bound, tabbed, and indexed. Each response shall include the name of the witness responsible for responding to the questions related to the information provided.

Each response shall be answered under oath or, for representatives of a public or private corporation or a partnership or association or a governmental agency, be accompanied by a signed certification of the preparer or the 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.

Nolin 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 Nolin fails or

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

Careful attention shall 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 filing a paper containing personal information, Nolin shall, in accordance with 807 KAR 5:001, Section 4(10), encrypt or redact the paper so that personal information cannot be read.

1. Refer to the application, Exhibit D, page 2 of 4.
 - a. Explain why Nolin chose to eliminate its declining block rate for Schedule 3 - Large Power Rate in favor of a single energy charge.
 - b. Explain why there is at present no customer charge for Schedule 4, Industrial Rate.
2. Refer to the application, Exhibit K, page 7 of 7, line 13, and Exhibit W, page 5. Exhibit K shows that G&T Patronage Capital is \$34,290,633. Exhibit W, page 5, shows this amount for the month of March 2016. Confirm that the amount on Exhibit K, page 7 of 7, should be \$34,288,149 as reflected for April 2016 on Exhibit W, page 5, in account No. 123.10. Provide revised schedules as necessary.
3. 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.

4. Refer to the application, Exhibit 3, page 2 of 6, and to Case No. 2016-00434,¹ 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.

5. Refer to the application, Exhibit 3, and Nolin's response to the Attorney General's Second Request for Information ("AG's Second Request"), Item 21.

a. Provide the date that Nolin's current depreciation rates were approved and the case reference.

b. Provide a copy of Nolin's last depreciation study and reference the case in which it was approved.

c. State when Nolin's current rates were approved by the Rural Utilities Service ("RUS"). Provide all correspondence regarding RUS's approval of the current rates.

d. Explain how Nolin determined the depreciation rate for Account 362, Station Equipment should be 10.25 percent.

6. Refer to the application, Exhibit 8.

a. Refer to page 1. Explain why expenses associated with the Kentucky Association of Electric Cooperatives, Inc.'s ("KAEC") annual meeting and a legislative conference are excluded for ratemaking purposes.

b. Refer to page 1; page 3, line 77; and page 10, line 70. Explain why expenses associated with the KAEC annual meeting are not excluded for Directors David Brown or Lawrence Ireland.

¹ Case No. 2016-00434, *Application of Shelby Energy Cooperative, Inc. for an Increase in Its Retail Rates*, filed Feb. 1, 2017.

c. Refer to page 22. Provide information for Director Lawrence Ireland as provided for the other directors.

7. Refer to the application, Exhibit 10.

a. Refer to page 4, line 131. Explain whether this expense is for Director Raymond Thomas and confirm that it is not also included in Exhibit 8.

b. Refer to page 4, line 158, and Nolin's response to Commission Staff's Third Request for Information ("Staff's Third Request"), Item 3.a., Attachment 3A. Confirm that this item is not included in Industry Association Dues. If confirmed, provide a complete description of this expenditure.

c. Refer to page 6, line 41. Explain whether BILL CREDITS are prizes and explain why this item should be included for ratemaking purposes.

8. Refer to Nolin's response to Commission Staff's First Request for Information ("Staff's First Request"), Item 24. Confirm that it is Nolin's intent not to propose an adjustment for franchise fees and operating taxes, including property taxes. If this is not confirmed, provide Nolin's proposed adjustment and all supporting documentation and calculations.

9. Refer to Nolin's response to Staff's First Request, Item 24.a.

a. Provide the information for the test year.

b. Explain the payments identified as "Ky State Treasurer" and "Rev Cab – PSC Assess."

c. Confirm that the remaining payments are franchise fees.

10. Refer to Nolin's response to Staff's First Request, Item 24.b. Explain the entries for Kentucky Retail in the amount of \$815,885.56 and Other Taxes in the amount of \$64,548.87.

11. Refer to Nolin's response to Commission Staff's Second Request for Information, Item 15.

a. Depreciation studies submitted with electric distribution cooperative rate applications in recent years have recommended that a depreciation review should be conducted every five years due to the changes in the factors affecting depreciation rates and accrued depreciation. Fully describe both Nolin's review process of its depreciation rates and the basis for Nolin's determination that a depreciation study was not necessary.

b. Identify the individuals involved in the annual review of Nolin's depreciation, and provide their qualifications with regard to their expertise in establishing appropriate depreciation rates.

12. Refer to Nolin's response to Staff's Third Request, Item 3.d., and the application Exhibit 10. Several items for Elizabethtown Laundry Co identified as related to retirement dinners/receptions have been excluded for ratemaking purposes. Confirm that the remaining expense items not included in "Items Disallowed for Rate Purposes" are not related to retirement dinners/receptions. If this cannot be confirmed, provide the amount related to retirement dinners/receptions.

13. Refer to Nolin's response to Staff's Third Request, Item 3, Attachment 3B, (Revised) Exhibit 10, pages 2 through 5 of 7. For the following VISA expenditures, provide a complete and detailed description of each item listed on the referenced

payments that Nolin has not removed from the test-year expense, and explain why Nolin believes these amounts should be included for ratemaking purposes: Check numbers 90109429, 90109680, 90110317, 90110596, 90111549, 15000190, 15000693, 15001127, 15001489, 15001822, and 15002251. It appears there are numerous charges for meetings, conferences, training, and seminars. The description for these charges should include attendees, dates of attendance, locations, nature of the conference or training, and full description of the training that occurred.

14. Refer to Nolin's response to Staff's Third Request, Item 20.b. and Attachment 20A.

a. Explain the benefit to Nolin's ratepayers of these special board meetings.

b. Confirm that the dates of these two meetings were November 21, 2015, and December 14, 2015, and not 2016 as provided in the response. If this cannot be confirmed, provide the dates of these special board meetings.

15. Refer to Nolin's response to the AG's Second Request, Item 1.b., and the application, Exhibit 12. Explain the increases in estimates for Legal, Advertising, and Other expenses.

16. Refer to Nolin's response to the AG's Second Request, Item 1.c. Receipts indicate that Nolin met with members of Farmers RECC. Explain why this meeting was necessary, why it should be included in Nolin's rate case expense, and the benefit to Nolin's ratepayers.

17. Refer whether Nolin's response to the AG's Second Request, Item 1.e.

a. Explain whether Nolin's employees and consultants are paid wages for time spent on "working lunches."

b. Explain whether Nolin has a formal written policy regarding paying for meals for employees and consultants when Nolin business is discussed related to the consultant's visit. If so, provide a copy of this policy.

18. Refer to Nolin's response to the AG's Second Request, Items 5 and 11, and Staff's First Request, Item 53. Explain where Nolin reviews compensation practices related to health insurance and other benefits. Provide copies of any studies or surveys used.

19. Refer to Nolin's Response to the AG's Second Request, Item 10. Confirm that Nolin does not conduct formal employee performance evaluations.

20. For each level of health insurance coverage available to Nolin's employees (i.e., single, family, etc.), provide the number of employees covered by Nolin's health insurance plan and the associated premiums for the test year.

21. Explain whether Nolin has any policies or procedures regarding employee repayment of employer-sponsored education or training expenses if an employee leaves the company within a specific period of time after completing the education. If so, provide a copy of this policy.

22. Provide an explanation of Nolin's treatment of the undepreciated value of the meters replaced as a result of the AMI meter upgrade approved in Case No. 2014-00436.²

² Case No. 2014-00436, *Application of Nolin Rural Electric Cooperative Corporation for an Order Pursuant to KRS 807 5:001 and KRS 278.020 Requesting the Granting of a Certificate of Public Convenience and Necessity to Install an AMI System*, (Ky. PSC Sept. 27, 2016).

23. Provide the current status of the meter project to install AMI meters approved in case 2014-00436. Include percentage of completion, completion date or estimated completion date if it is not complete, total expenditures to date, and the remaining estimated spending to be incurred, if any.



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DATED APR 11 2017

cc: Parties of Record

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