

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

ELECTRONIC APPLICATION OF SHELBY)	
ENERGY COOPERATIVE, INC. FOR A GENERAL)	CASE NO.
ADJUSTMENT OF RATES PURSUANT TO)	2023-00213
STREAMLINED PROCEDURE PILOT PROGRAM)	
ESTABLISHED IN CASE NO. 2018-00407)	

COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION
TO SHELBY ENERGY COOPERATIVE, INC.

Shelby Energy Cooperative, Inc. (Shelby Energy), pursuant to 807 KAR 5:001, shall file with the Commission an electronic version of the following information. The information requested is due on September 12, 2023. The Commission directs Shelby Energy to the Commission's July 22, 2021 Order in Case No. 2020-00085¹ regarding filings with the Commission. Electronic documents shall be in portable document format (PDF), shall be searchable, and shall be appropriately bookmarked.

Each response shall include the question to which the response is made and 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

¹ Case No. 2020-00085, *Electronic Emergency Docket Related to the Novel Coronavirus COVID-19* (Ky. PSC July 22, 2021), Order (in which the Commission ordered that for case filings made on and after March 16, 2020, filers are NOT required to file the original physical copies of the filings required by 807 KAR 5:001, Section 8).

response is true and accurate to the best of that person’s knowledge, information, and belief formed after a reasonable inquiry.

Shelby Energy shall make timely amendment to any prior response if Shelby Energy obtains information that indicates the response was incorrect or incomplete when made or, though correct or complete when made, is now incorrect or incomplete in any material respect.

For any request to which Shelby Energy fails or refuses to furnish all or part of the requested information, Shelby Energy shall provide a written explanation of the specific grounds for its failure to completely and precisely respond.

Careful attention shall be given to copied and scanned 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. When filing a paper containing personal information, Shelby Energy 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 15, which provides a three-year history for propane income shown in the table below. Explain how Shelby Energy concluded that 2022 income did not justify a pro forma adjustment.

	Financial Year Ended:		
	2022	2021	2020
Propane Net Income	\$ 814,478	\$ 590,455	\$ 430,563

2. Refer to Application, Direct Testimony of Jack Bragg (Bragg Direct Testimony), page 86, and Direct Testimony of Michael Moriarty (Moriarty Direct Testimony), page 99.

a. Provide the number of miles of right-of-way maintenance, cost per mile, and total cost expended for each year 2019, 2020, 2021, and 2022.

b. Provide the number of miles of right-of-way maintenance, cost per mile, and total cost for 2023.

c. Provide the annual number of miles and cycle over which right-of-way maintenance is routinely conducted. Include in the response the total miles of right-of-way that Shelby Energy maintains.

d. State how the pro forma right-of-way maintenance expense of \$1,999,717 was determined. Include all calculations in the explanation.

e. State how much of the cost increase of right-of-way maintenance in the pro forma is due to prior deferral of maintenance versus costs per mile increases.

3. Refer to the Direct Testimony of John Wolfram (Wolfram Direct Testimony), page 23.

a. Explain why Shelby Energy proposed to primarily increase rates for residential rate classes.

b. Explain whether Shelby Energy considered other rate increase allocations. If so, provide the allocations that were considered. If not, explain why not.

4. Refer to the Wolfram Direct Testimony, Exhibit JW-2, page 157. Provide the following with respect to Non-Operating Margins – Interest of \$41,665.

a. List each investment, dollar amount, interest rate, and maturity that comprises the investments that will generate the interest income of \$41,665.

b. For each investment that has a maturity date during 2023, state the estimated interest rate at which the funds will be reinvested.

5. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.04. Provide the test-year expenses for Account 909.00 – Media Advertising Expense.

6. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.07, and the Application, Exhibit 36. Provide the total rate case expense incurred through September 1, 2023, and provide a revised estimate of the remaining expense.

7. Refer to the Wolfram Direct Testimony, Exhibit JW-2, Schedule 1.08.

a. Provide the balance, annual interest expense, and interest rate for each debt instrument as of December 31, 2022.

b. Identify any debt instrument with a variable interest rate.

c. Explain how the 2023 interest expense was determined and why it is appropriate to normalize interest expense past the end of the test-year.

8. Refer to the Wolfram Direct Testimony, Exhibit JW-3, page 1, and JW-4. Provide revised rate increase allocations that reduce the subsidy provided to the residential rate classes by 5, 10, 25, and 50 percent. Provide all supporting calculations and documentation in Excel spreadsheet format, with all formulas, columns, and rows unprotected and fully accessible. Include in the response a summary of present and resulting rates in the same format as Exhibit JW-9 for each scenario.

9. Refer to the Application, Exhibit 35 and Case No. Case No. 2019-00053, final Order, page 9.² Provide the adjustment necessary to reduce Shelby Energy's contribution to employee insurance premiums to the Bureau of Labor Statistics' average.

10. State the credit metrics which are used in Shelby Energy's debt covenants and provide the minimum required for each.

11. Provide the number of disconnections and reconnections for 2020, 2021, and per month for 2022 and 2023.



Linda C. Bridwell, PE
Executive Director
Public Service Commission
P.O. Box 615
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DATED AUG 28 2023

cc: Parties of Record

² Case No. Case No. 2019-00053, *Electronic Application of Jackson Purchase Energy Corporation for a General Adjustment in Existing Rates* (Ky. PSC June 20, 2019).

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