



Allen Anderson, Head Coach & CEO

925-929 North Main Street  
Post Office Box 910  
Somerset, KY 42502-0910  
Telephone 606-678-4121  
Toll Free 800-264-5112  
Fax 606-679-8279  
[www.skrecc.com](http://www.skrecc.com)

October 20, 2005

RECEIVED

OCT 20 2005

PUBLIC SERVICE  
COMMISSION

Kentucky Public Service Commission  
Ms. Beth O'Donnell, Executive Director  
Post Office Box 615  
Frankfort, Kentucky 40602

Dear Ms. O'Donnell

SUBJECT: Phone Conference of October 18, 2005 Data Request - Case No. 2005-00261

Please find enclosed eight (8) copies and the original of the Data Requested by Commission Staff on Case No. 2005-00261, dated October 18, 2005.

Should you require further information, please let us know.

Sincerely,

SOUTH KENTUCKY RECC

A handwritten signature in cursive script that reads 'Jeffery Greer'.

Jeffery Greer  
Chief Financial Officer

JG:cgw

k: PSCDataMcCrearyCoLetter.jg



Allen Anderson, Head Coach & CEO

925-929 North Main Street  
Post Office Box 910  
Somerset, KY 42502-0910  
Telephone 606-678-4121  
Toll Free 800-264-5112  
Fax 606-679-8279  
[www.skrecc.com](http://www.skrecc.com)

October 20, 2005

Kentucky Public Service Commission  
Ms. Beth O'Donnell  
211 Sower Boulevard  
Frankfort, Kentucky 40602

Ms. O'Donnell:

I appreciate being allowed the opportunity to have a conference call with the Kentucky Public Service Commission Team working on our Case # 2005-00261. This will help eliminate some time loss in mail deliveries.

I have enclosed all the documentation in support of the answers given to all the questions asked by the PSC Team during the conference call on October 18, 2005.

Our building process started primarily in October of 2002 when we hired a consultant to evaluate all our existing facilities to see what our needs are now and 15 years into the future. When this report was completed our Board unanimously voted to build a new office in McCreary County based on the economics of building vs. remodeling or adding on, and due to other concerns raised in the report.

We appointed Board Committees to serve on a Land Search Committee and another group to serve on a Building Planning Committee, which also included employees through out all areas of the organization.

Several possible land options that fit the location and accessibility criteria were evaluated by the Committee. These properties were all appraised to assure the Committee and Board they were of fair market value. You will find documentation of all the sites that were reviewed and reasons why we decided upon the property that we have purchased.

Rick Stephens, Chairman of the Board, had a 99 year lease on the property we eventually bought, but our Board refused to consider leasing property and specifically preferred to own the land that we planned to build on.

We actually contacted both RUS and PSC asking if leasing land from a Director was permissible. Copies of letters are enclosed that document that it would be acceptable to lease from a Director. Our own Board refused to lease even with both the RUS and PSC's permission.

The original owner of our purchased property Larry Loudermilk, referred to as LEL, LTD, agreed to buy out Rick Stephens' 99 year lease and sell the property to South Kentucky RECC. I have enclosed the e-mail of approval from all Directors expressing their interest and approval of making this purchase.

I have enclosed description and photos on land sites, reviewed by the Committee with notes of concerns. I also have enclosed appraisals on our old site, new site we purchased, and other sites we considered, including the leased property.

Two very obvious explanations of why McCreary County Property is so outrageously expensive are:

- 1) 70 - 75% of land owned by the Federal Government.
- 2) Much of the remaining 30 - 35% has limited access due to a Federal fence installed which was mandated to limit the access to HWY 27 before funding would be appropriated.

The question relating to why we are building Community Rooms as a part of each District Office and why so large? All of our present offices have a Community Room that has been heavily used by both the Community and our own in-house use over the past 45 years. We once allowed both day and night usage, but due to parking limitation had to discontinue day use by the Public. We checked the log book on Community Rooms in all offices and found they were used by 47,000 people a year. There were 6,550 people using the McCreary County Community Room this past year. The rooms would be more widely used if they were larger, handicapped accessible, and properly wired for a meeting environment with availability for day time use assuming parking were available.

The Communities we serve have very limited access to any other Community Room options. We get a lot of Public Relations mileage from this service.

The Community Rooms are also used for our own in house use. We have employee meetings, Safety Training, Community Information Meetings, Electrician Meetings, Builders Meetings, and our own Annual Meeting. By having the Community Rooms we can meet with the District Office employees without having them drive to the main office which would be much less efficient.

We always use these rooms during major outages to stage workers for outage restoration, feed workers and in times past open up for emergency shelter for our members and the General Public. Our Board was very insistent upon our new offices having Community Rooms that were large enough to meet our needs 15 years into the future and be equipped to properly serve the membership.

This documentation supports the answers I gave to the question asked during our phone conversation on October 18, 2005.

I would appreciate any help and consideration you can give in expediting this case. We are in danger of losing all our bids on this project causing us to re-bid in a now higher market. We are presently leasing space until the new facilities are complete. Good building weather will soon be gone which will also slow our progress.

I would really appreciate being notified by phone, if possible, as soon as a decision can be reached so our Contractors on the project can plan their work.

Sincerely,

SOUTH KENTUCKY RECC

  
Allen Anderson  
Chief Executive Officer

AA:cgw

Enclosures

k:PSCExp.ofNewBuildingMcCrearyCo.aa

# **INDEX**

<b>TAB 1</b>	<b>Facility Analysis</b>
<b>TAB 2</b>	<b>Sites Considered</b>
<b>TAB 3</b>	<b>Existing Site Appraisal</b>
<b>TAB 4</b>	<b>New Site Appraisal</b>
<b>TAB 5</b>	<b>Adjoining Site Appraisal</b>
<b>TAB 6</b>	<b>Adjoining 2<sup>nd</sup> Appraisal</b>
<b>TAB 7</b>	<b>Appraisal for Lease</b>
<b>TAB 8</b>	<b>Addendums</b>



00011 NEILUCKY RECC  
Somerset KY

*Facilities Analysis*

October 2002

# Criteria for Electric Utility

## Facilities (General Plant)

- ◆ Member Concentrations and Load Centers.
- ◆ Growth in Load and Member.
- ◆ Key Account Locations.
- ◆ Transportation Corridors.
- ◆ Availability, Suitability and Cost of Land.
- ◆ Accessibility for Employees.

## Facilities Under Discussion

- ◆ Somerset, Russell Springs, Monticello Albany and Whitley City to Include:
  - Offices, Warehouses/Shops, Community Meeting Rooms, Storage Facilities and Acreage Needed for each area.
  - Annual Meeting Location.



# General Observations Somerset Facilities

- ◆ The facilities have clearly served their effective life and acreage available for expansion.
- ◆ Access and Egress is an issue of employee and member safety.
- ◆ Potentially liable for lack of ADA compliance.
- ◆ Fire regulation could preclude any renovation or expansion.
- ◆ Flood Plane

# General Observations Somerset Facilities

- ◆ Space is fragmented spreading same or like function on different floors and or separated areas of the building and facility. (reduced efficiency and potential loss of productivity)
- ◆ Impractical to retrofit most technological applications.
- ◆ Long & Narrow Hallways.
- ◆ Environmental Issues

## Employee Comments (Most Repeated)

- ◆ Always looking for a space for business meeting. (fellow employee and members)
- ◆ We're out of storage space, have to go up and down stairs several times a day to find or file documents.
- ◆ At certain times there are traffic jams for getting in and out. (Driveways)
- ◆ The drive-thru is hazardous, for members, public and employees. (most if not all facilities)

## Employee Comments (Most Repeated)

- ◆ It is difficult to share and communicate with colleagues. (Spread out and fragmented)

## Site Selection Issues at Somerset

- ◆ Size of property will depend on decision to sell or keep the approximately 75 acre farm.
- ◆ Identify appropriate site for new Somerset facility.

# Observations Russell Springs

- ◆ Access and Egress for Members and Employees can conflict at certain times.
- ◆ There appears to be sufficient acreage to build a new facility at the existing location if the rent house can be demolished.
- ◆ Present office, warehouse/storage, and community meeting room, will not accommodate projected growth.
- ◆ Transportation Corridors seems to Accommodate Needs and Criteria.

# Observations Russell Springs

- ◆ Present Building is Sited Inappropriately to Consider Expansion.

# Facility Considerations at Russell Springs (Option I)

- ◆ Building a New Facility on Existing Acreage Demolishing Existing Rent House.
- ◆ Depending on the site of new office there may be a need for temporary offices.
- ◆ Public Uses of Community Room and Associated Traffic Flow.
- ◆ Will Present 8+ Acres Provide Needed Space for Facilities with Minimum Disruption During Construction and into the Future.



# Facility Considerations at Russell Springs (Option II)

- ◆ Sell existing facility.
- ◆ Purchase 7—10 Acres and build new facility

## Observations for Albany

- ◆ The building does not lend to expansion or renovation due to sighting, traffic flow or available land area.
- ◆ Difficult and impractical to bring facilities to ADA or OSHA standards.
- ◆ Interior space will not accommodate projected growth in employees or member traffic.

# Albany Considerations

- ◆ Purchase land sufficient to accommodate facilities for future target growth. (7—10 Acres)

# Observations for Monticello

- ◆ Office in town will not provide needed space for conducting business or housing employees for future growth.
- ◆ The cooperative owns sufficient land (9.88 Acres) which meets requirement for conducting business plus the presence of the warehouse will be useful.

# Facility Considerations at Monticello

- ◆ The land owned by the cooperative provides good access and egress as well as being convenient for member contact.

# Facility Considerations at Whitley City

- ◆ Due to US Highway 27 Expansion Project there will be Insufficient Acreage to Accommodate the Cooperative.
- ◆ Access and egress for traffic flow presently and as highway project progresses will pose hazards and inconvenient in conducting business.
- ◆ Present property deed has restriction on sale.

# Facility Considerations at Whitley

## City

- ◆ Based on projected growth we find that most fully operation districts with the type of equipment and traffic flow will effectively utilize between 7 to 10 Acres.
- ◆ An interim office may be required during construction depending on the timing of the highway expansion.

# Build New Facilities on Existing

## Land (Russell Springs)

- ◆ Advantages
  - Perception of Effective Land Uses.
  - May be More Palatable to Members than a New Site
  - Defer potential Site preparation.
- ◆ Disadvantage
  - Demolition Expense
  - Disruption of Productivity.
  - Shuffling Employees During Construction.
  - Hazards and confusion to members.



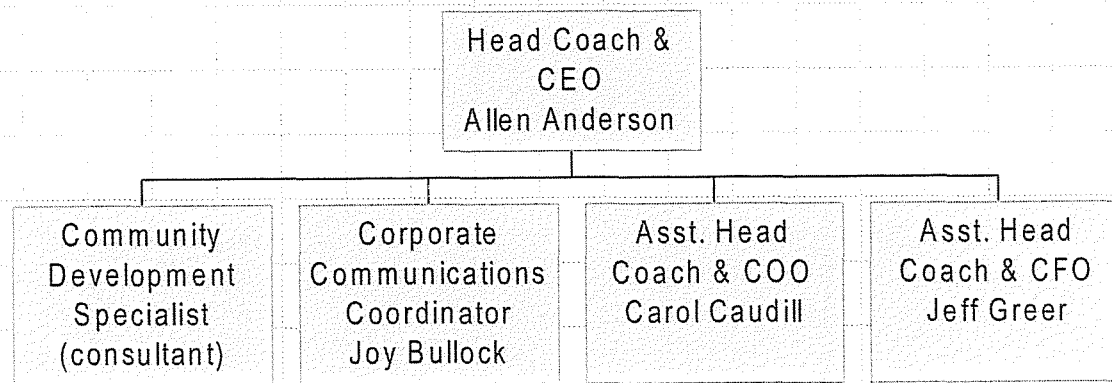
## Build New Facility at New Location(Somerset)

- ◆ Advantages
  - Designed for Technology Application.
  - Minimizes Work Disruption.
  - Built to Accommodate Growth.
  - Efficient Functional Layout
  - More Efficient Operation.
  - Lower Operating Cost
  - Create professional image.
- ◆ Disadvantages
  - Member perception (higher rates)
  - Perception of Higher Upfront Investment.

# Organization Staff

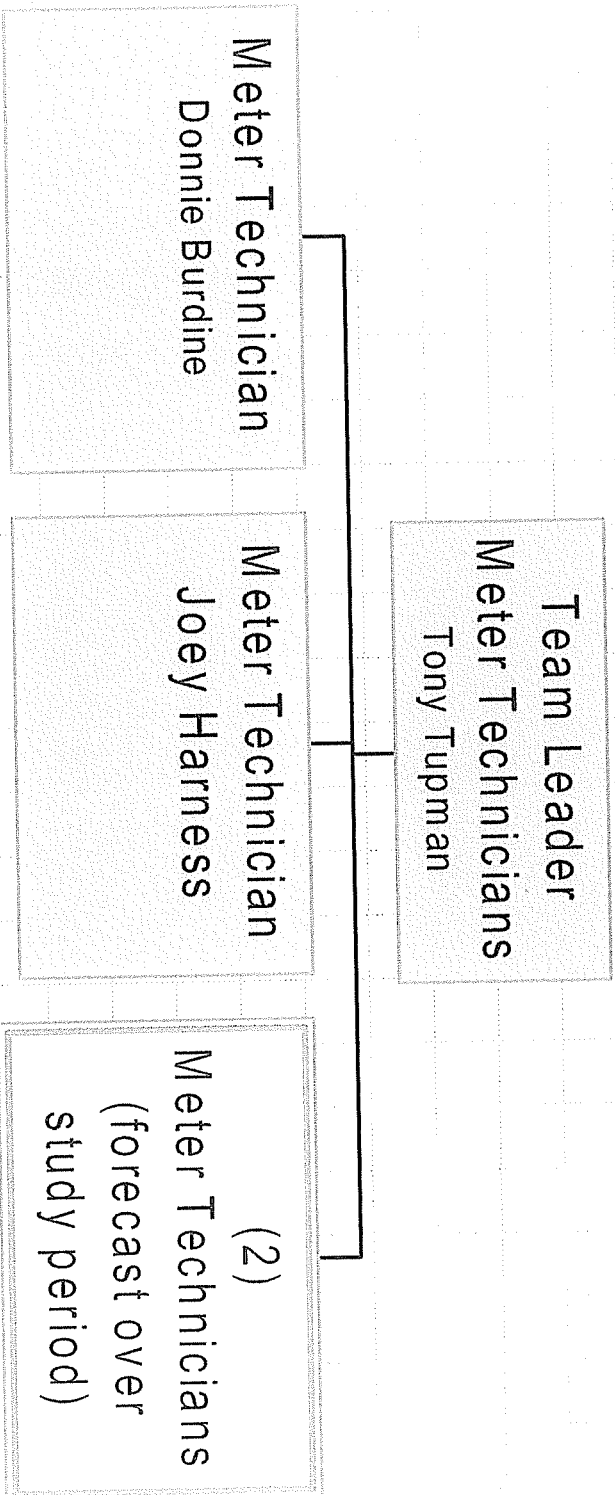
Projections Based on Forecast,  
Employee Interviews, and  
Consultant Data Base

# Executive Group



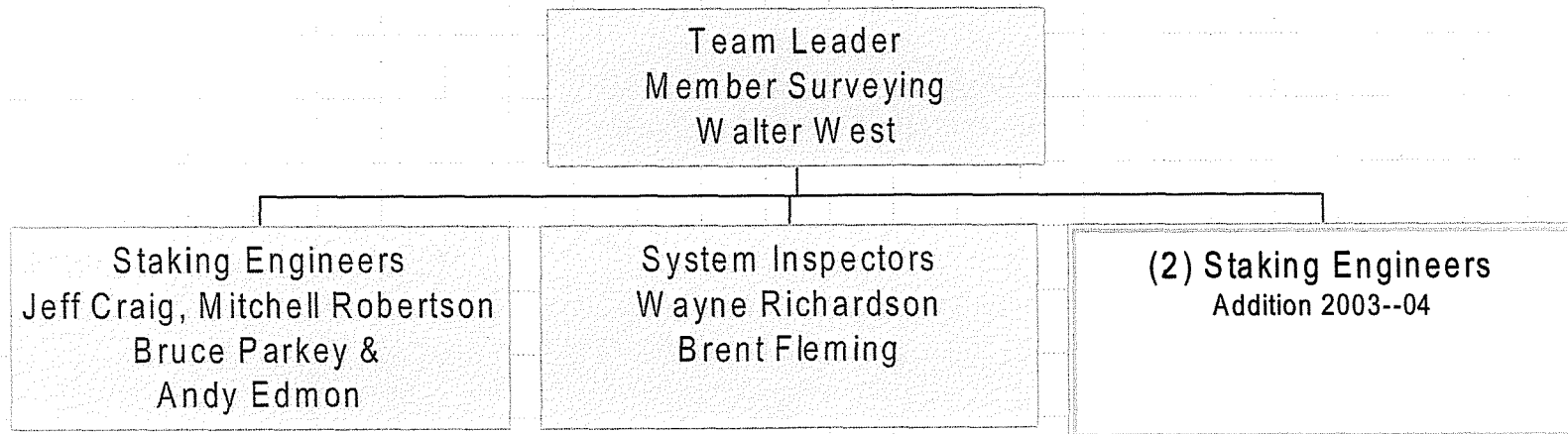
ASST. HC & COO'S

# Meter Tech. Team



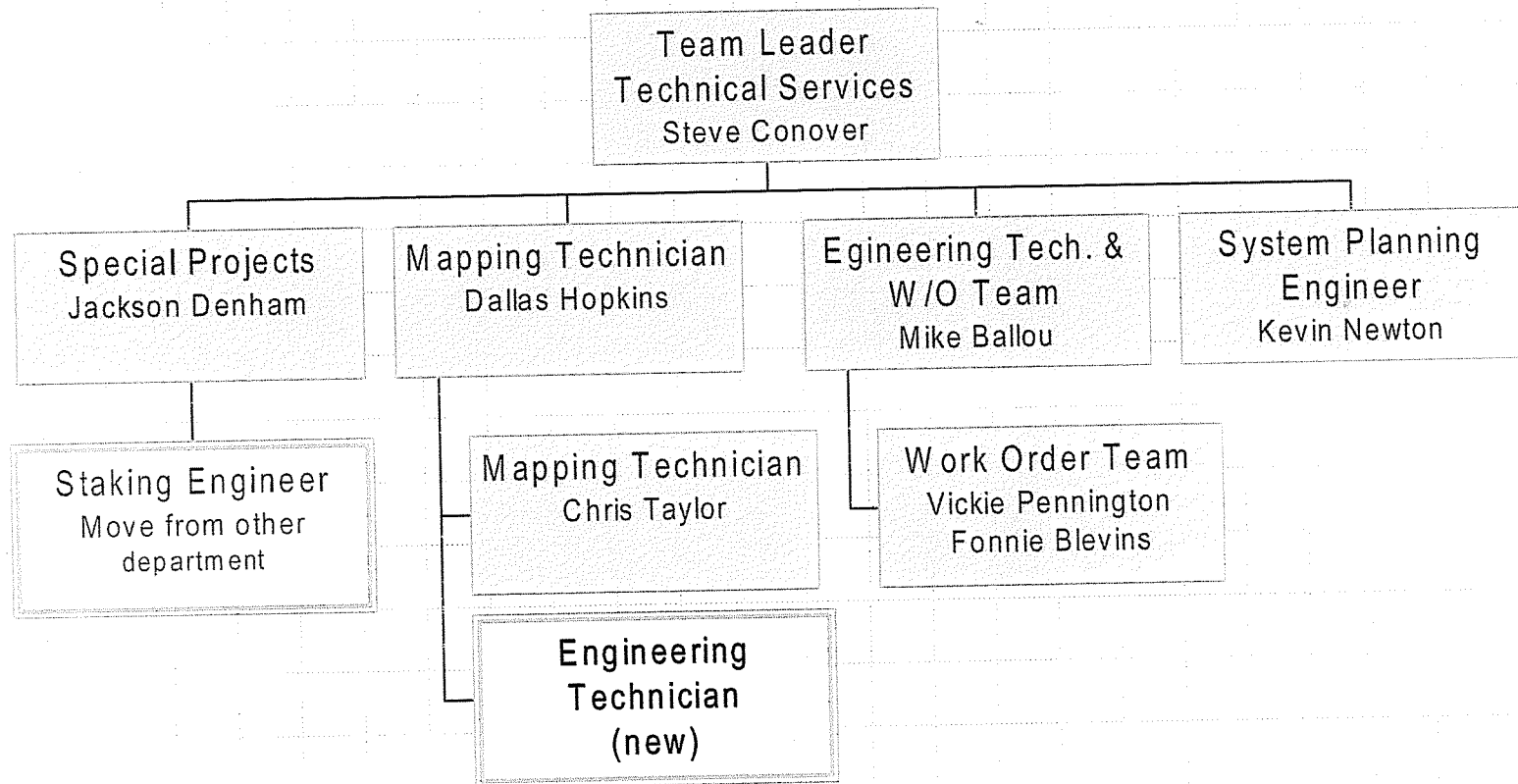
Asst. HC & COO's

# ***Member Survey Team***



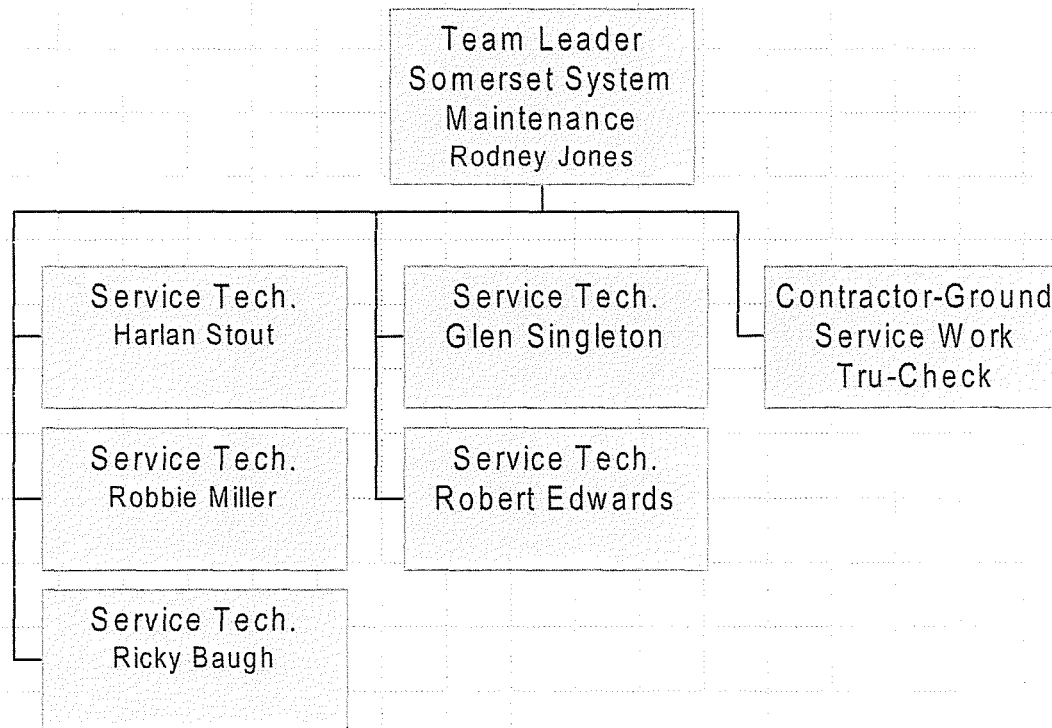
Asst. HC & COO's

# *Technical Services Team*



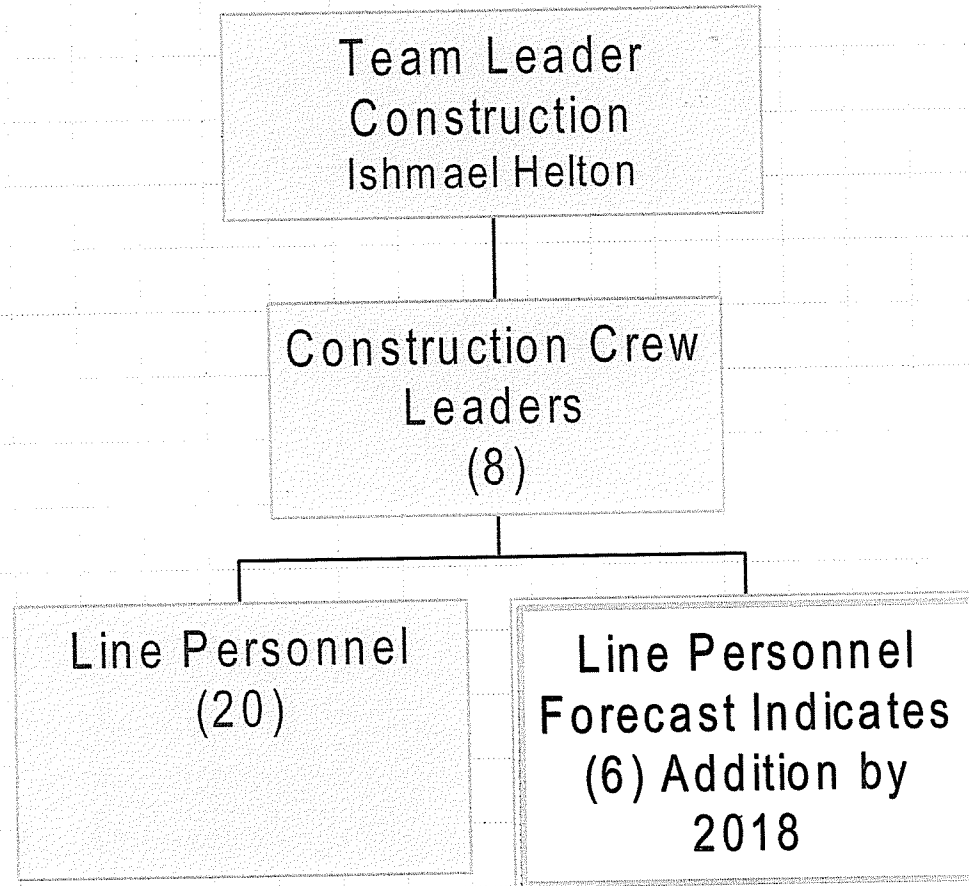
Asst. HC & COO's

# *Maintenance Team*



Asst. HC & COO's

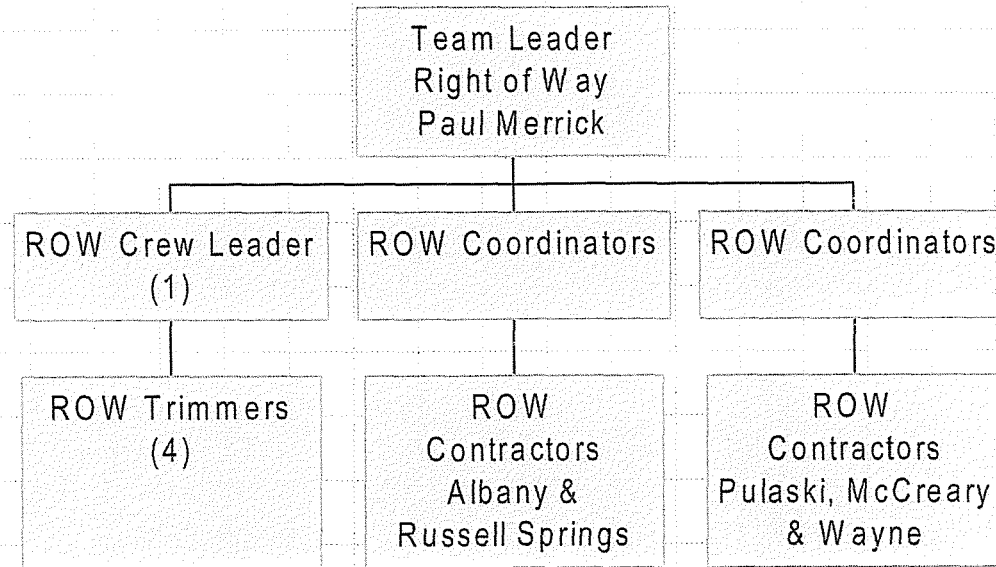
# ***Construction Team***



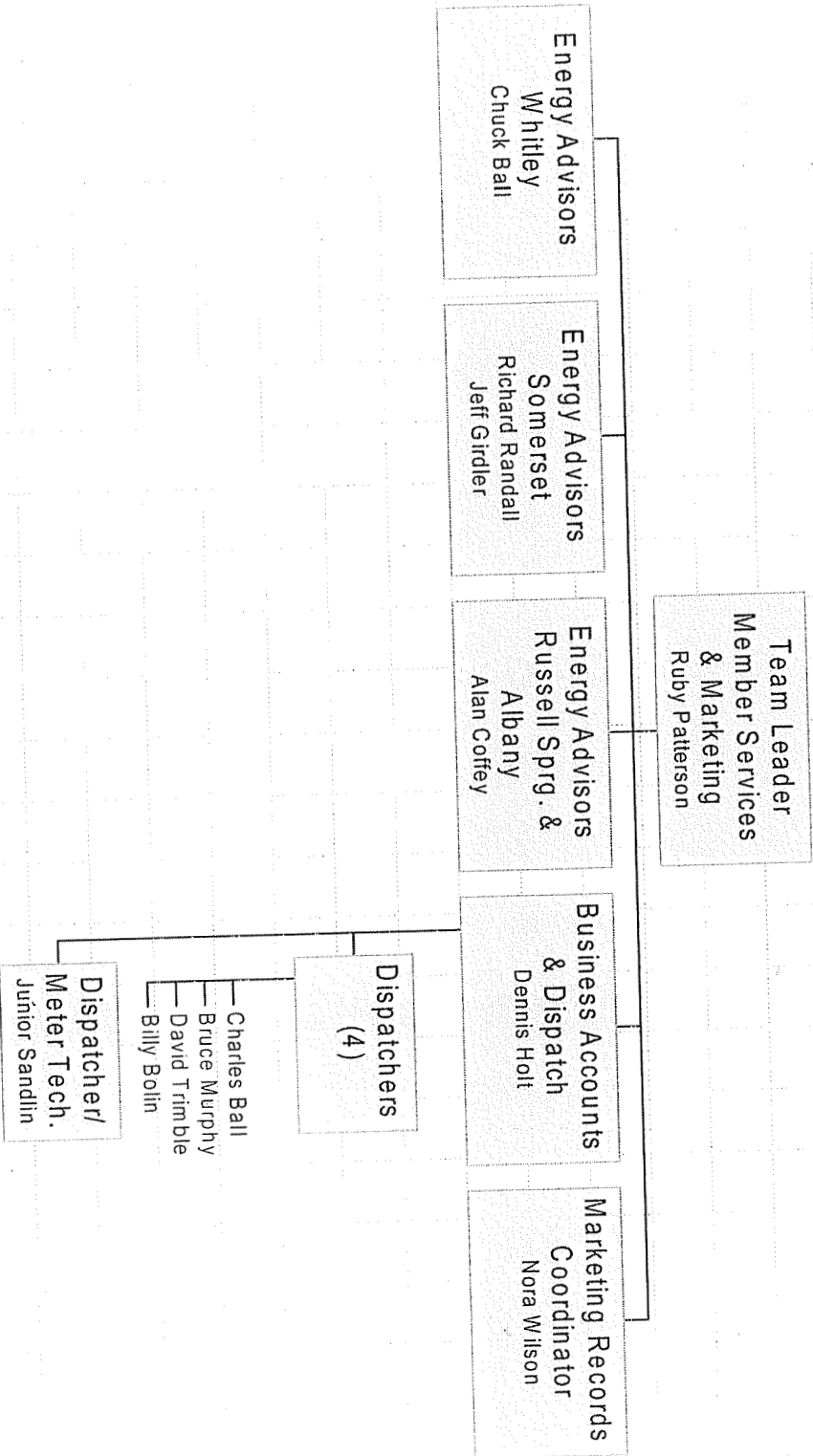


Asst. HC & COO's

# *Right of Way Team*

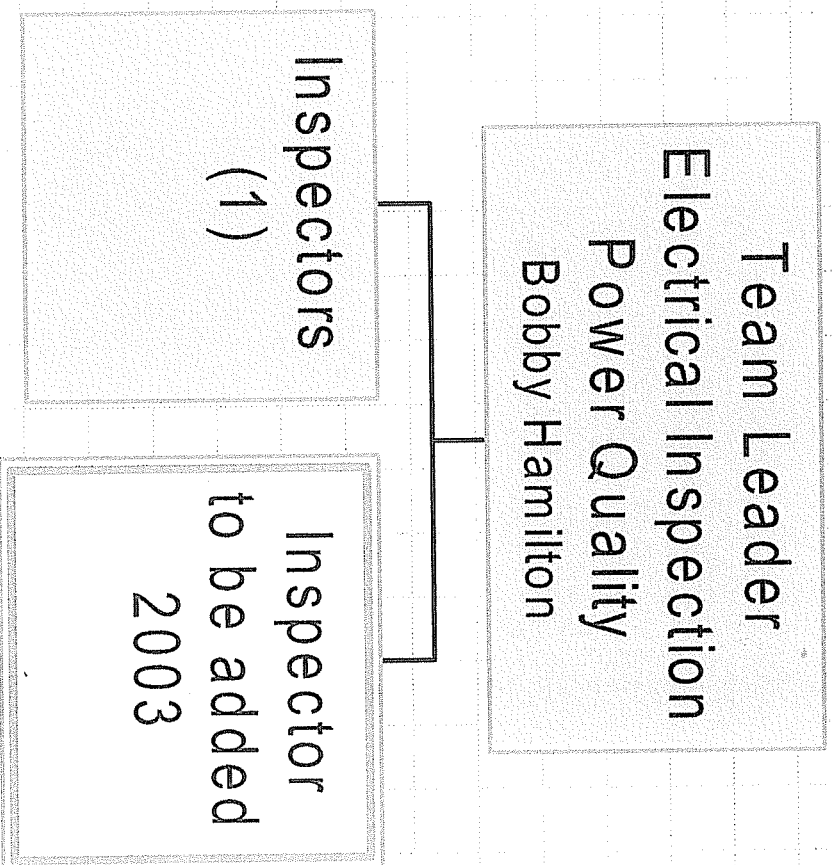


# ASST. HC & COO'S *Member Services & Marketing Team*



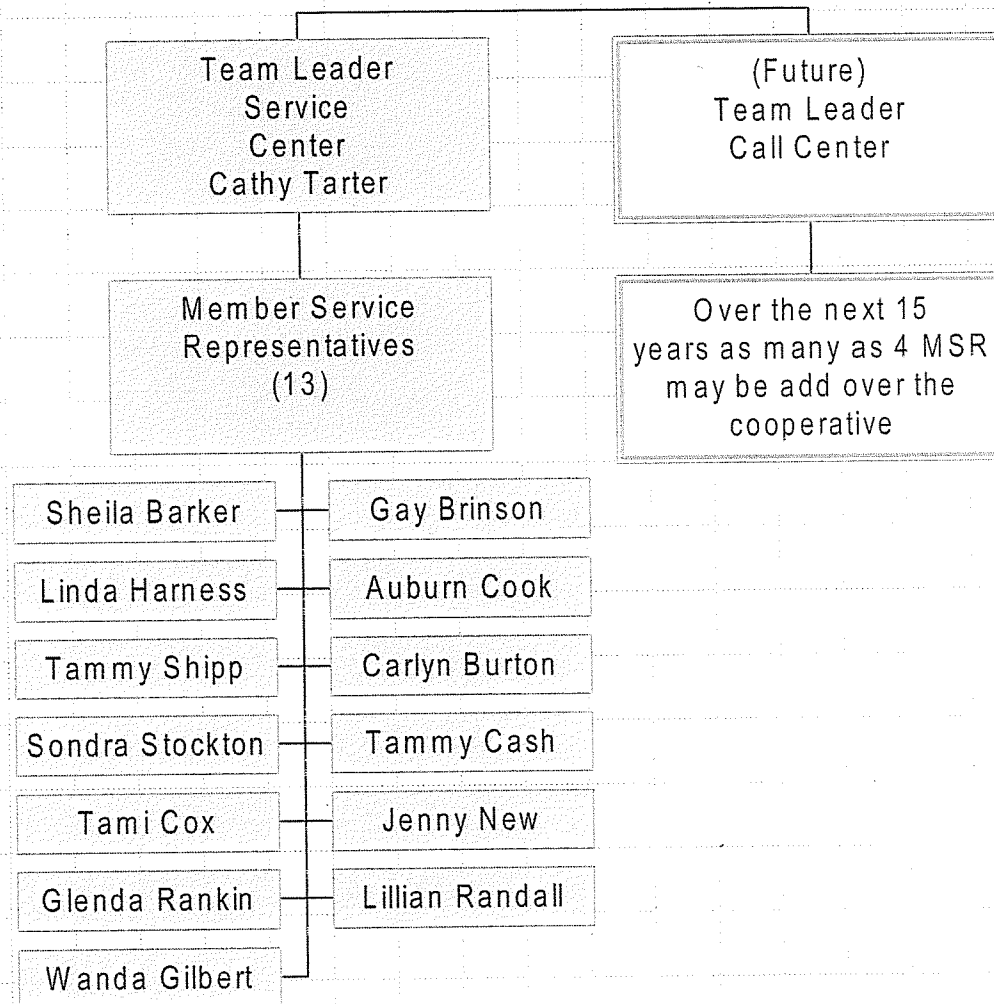
Asst. HC & COO's

# ***Electrical Inspection/PWR Quality Team***



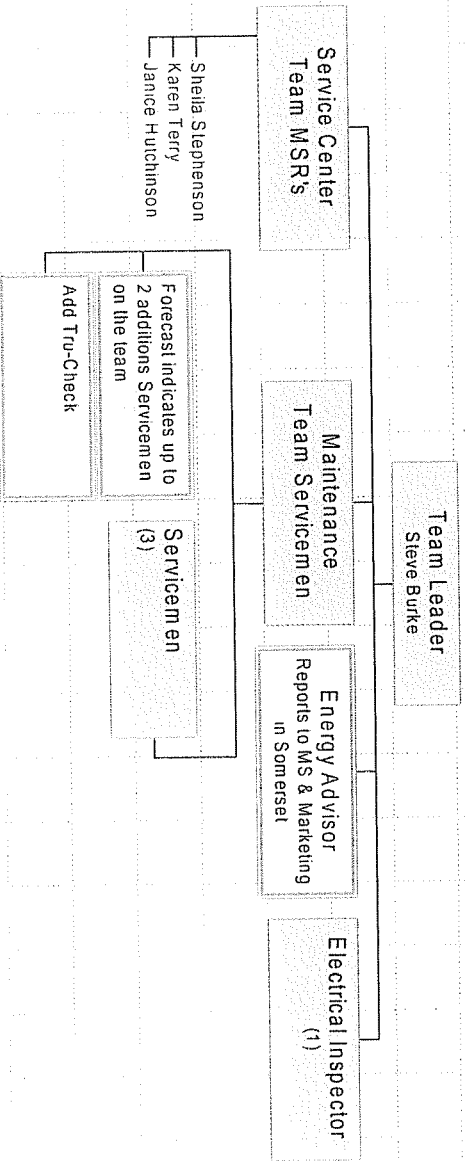
Asst. HC & COO's

# *Somerset Service Center*



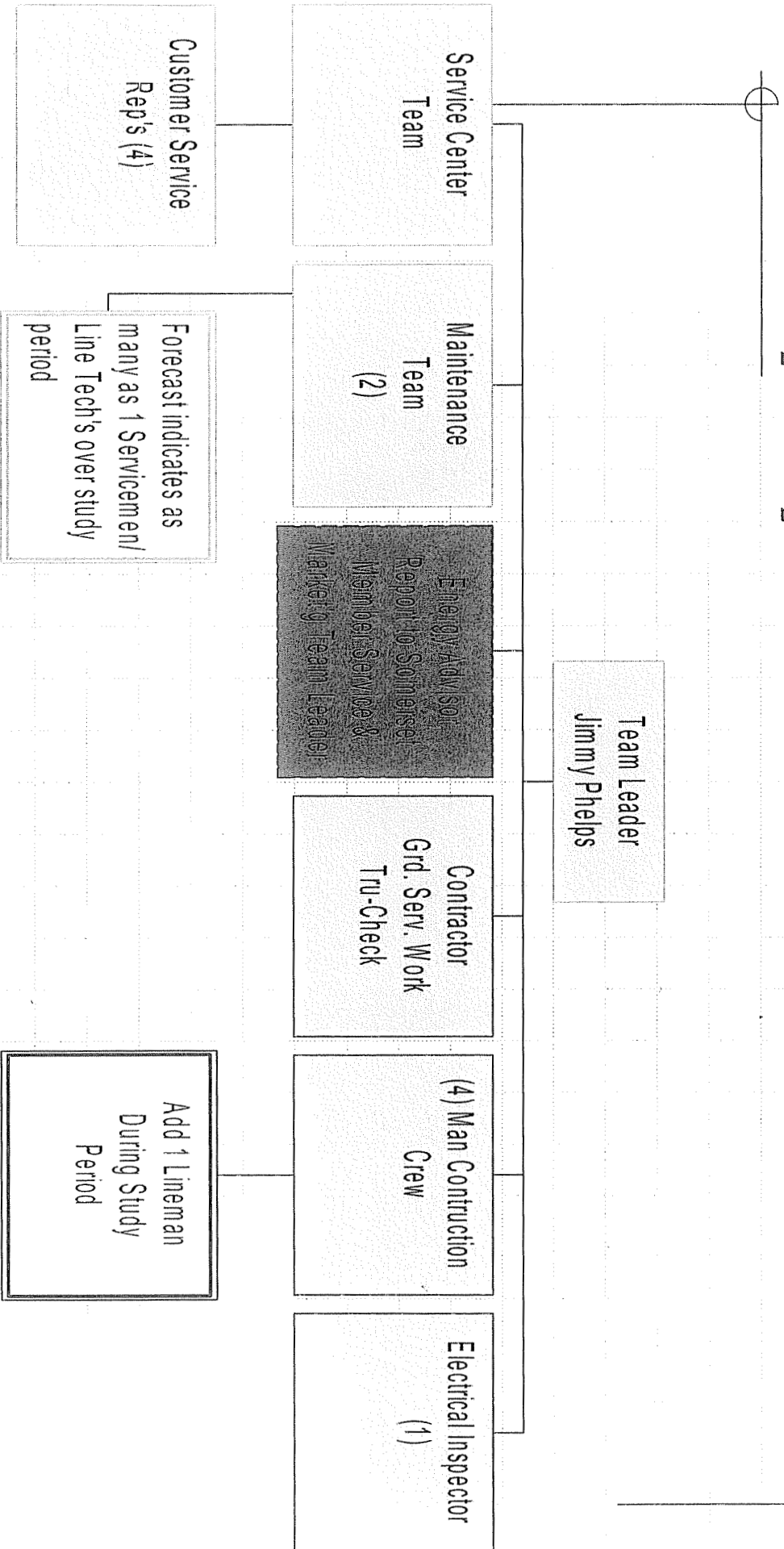
ASST. HC & COO'S

# Monticello Service Center

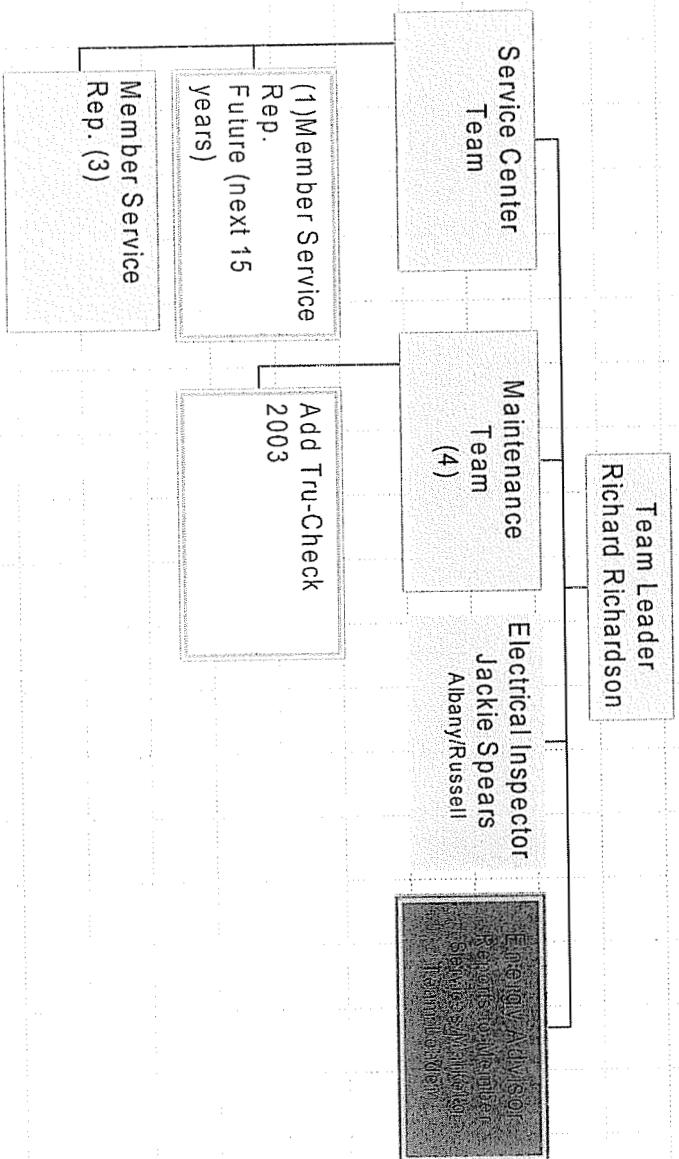


ASST. HC & COO'S

# Whitley City Service Center

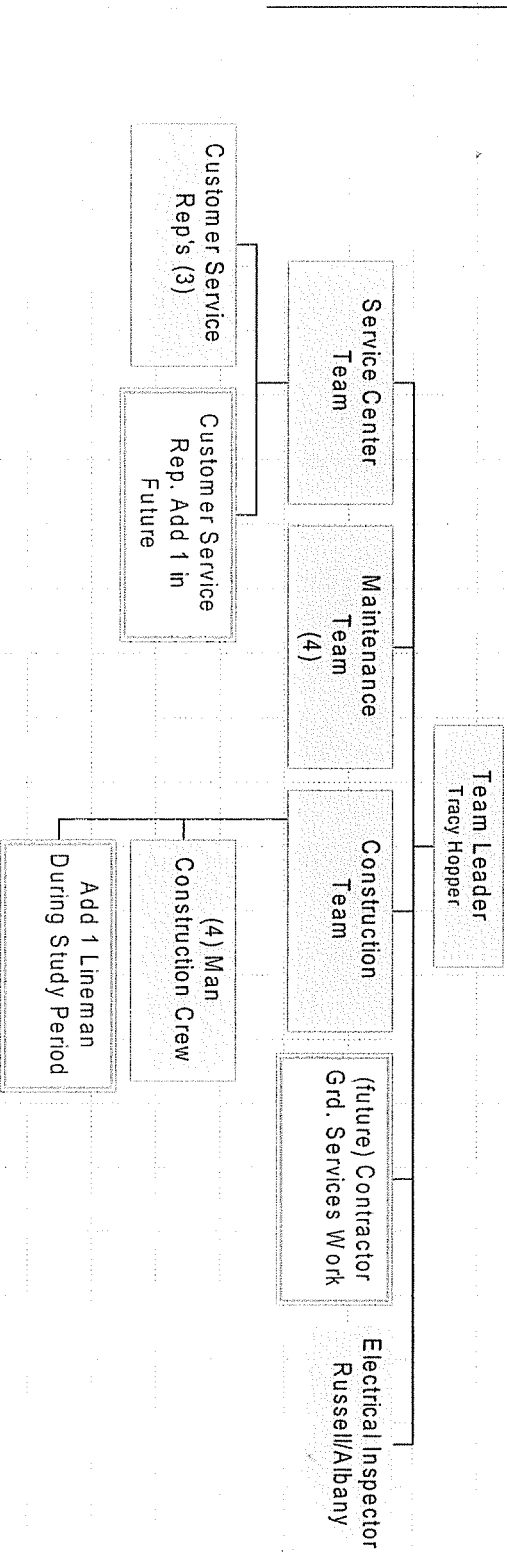


# ASST. HC & COO'S Albany Service Center



Asst. HC & COO's

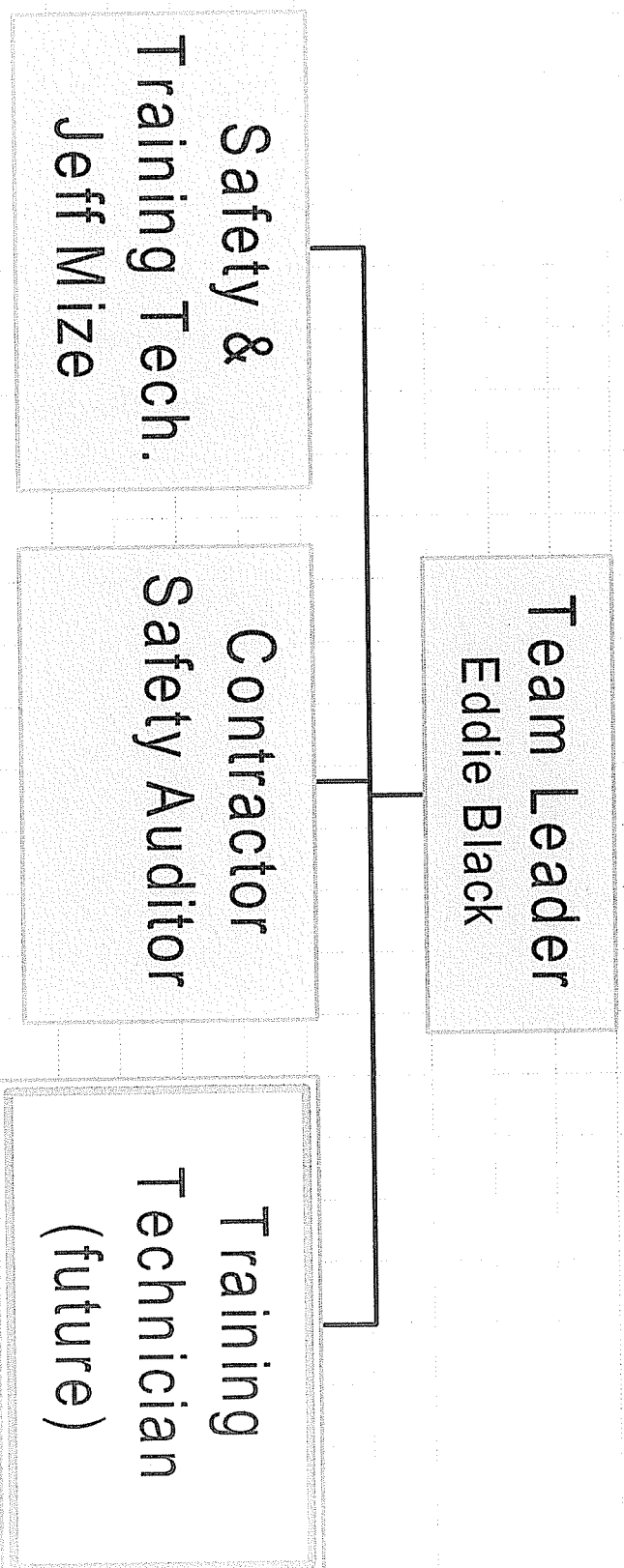
# Russell Springs Service Center





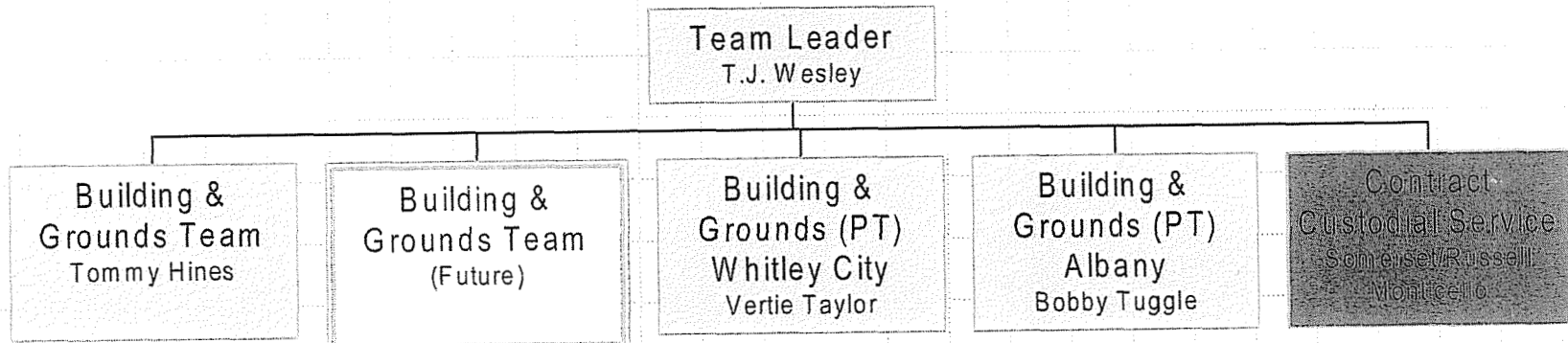
ASST. HC & COO'S

# ***Safety & Training Team***



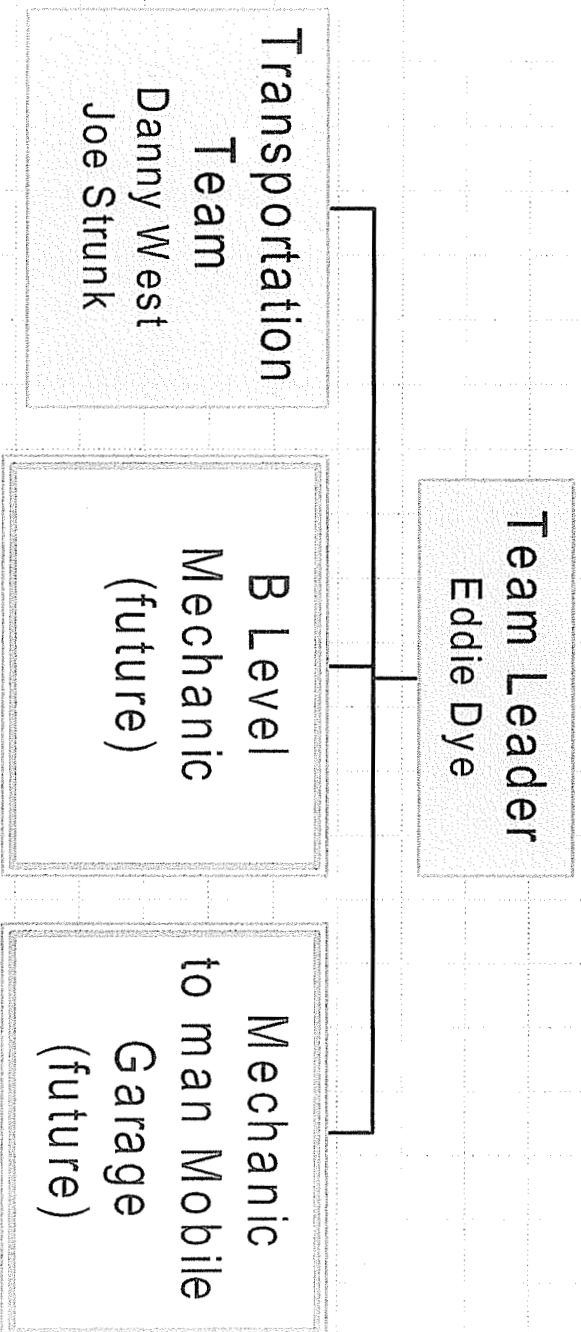
Asst. HC & COO's

# ***Buildings & Grounds Team***

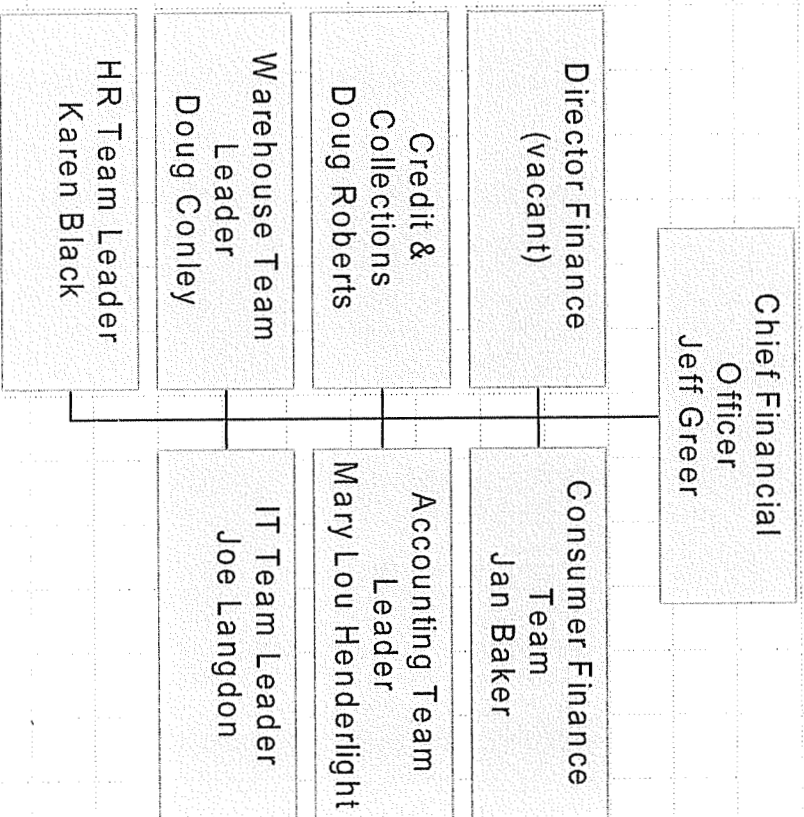


ASST. HC & COO'S

# *Transportation Team*

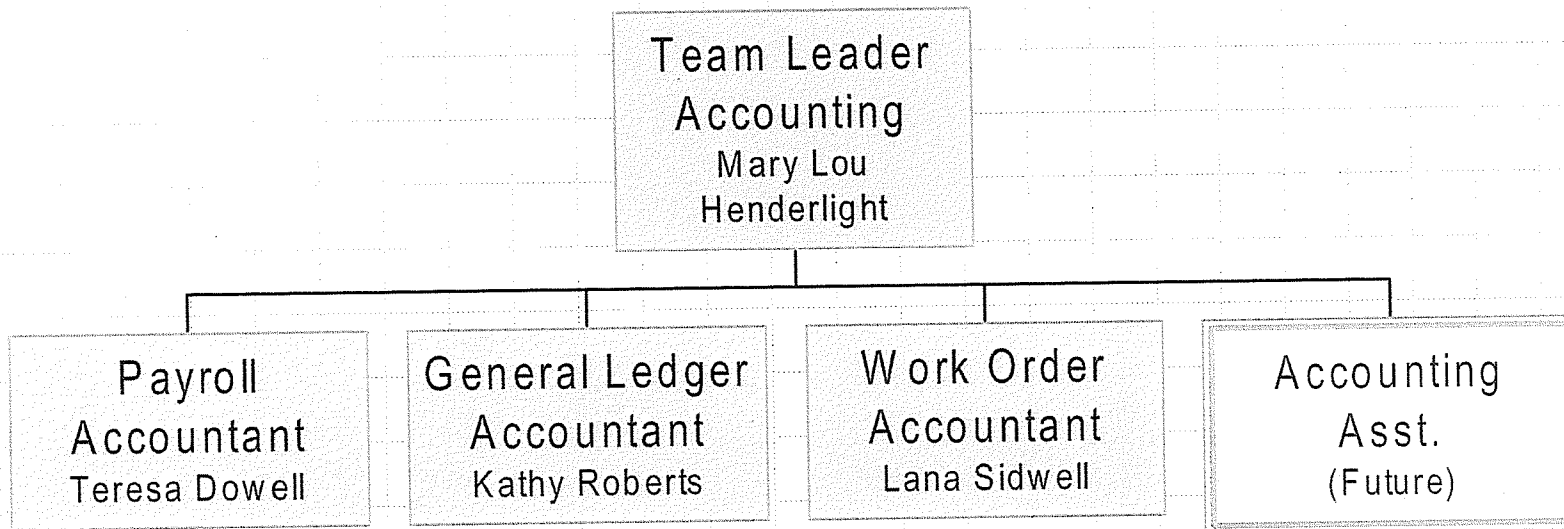


# Assistant HC & CFO



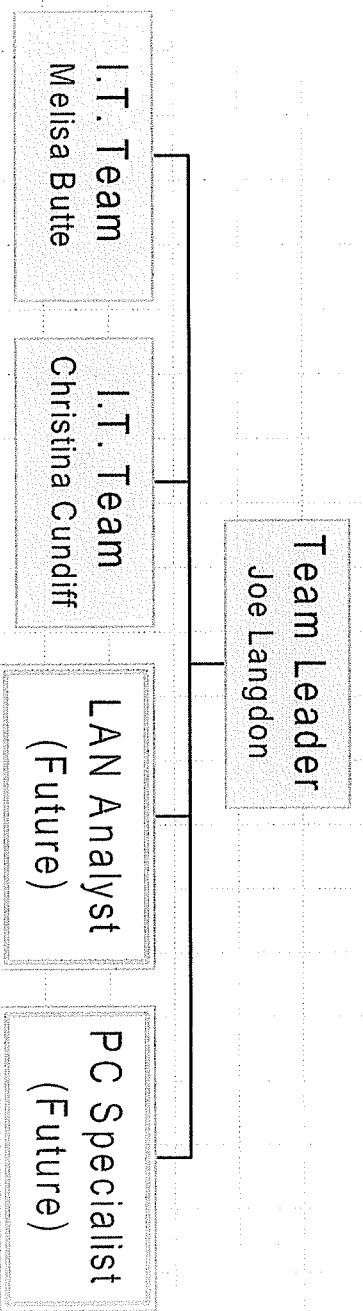
Asst. HC & CFO'S

# ***Accounting & Finance Team***

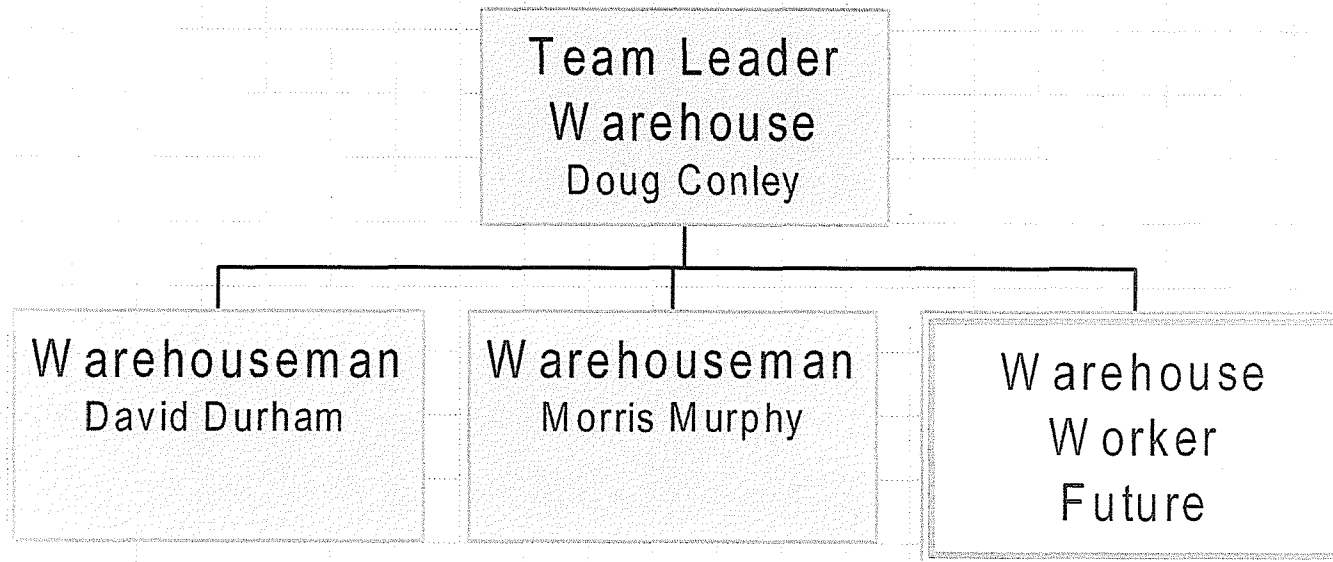


ASST. HC & CFO'S

# Management Information Systems Team

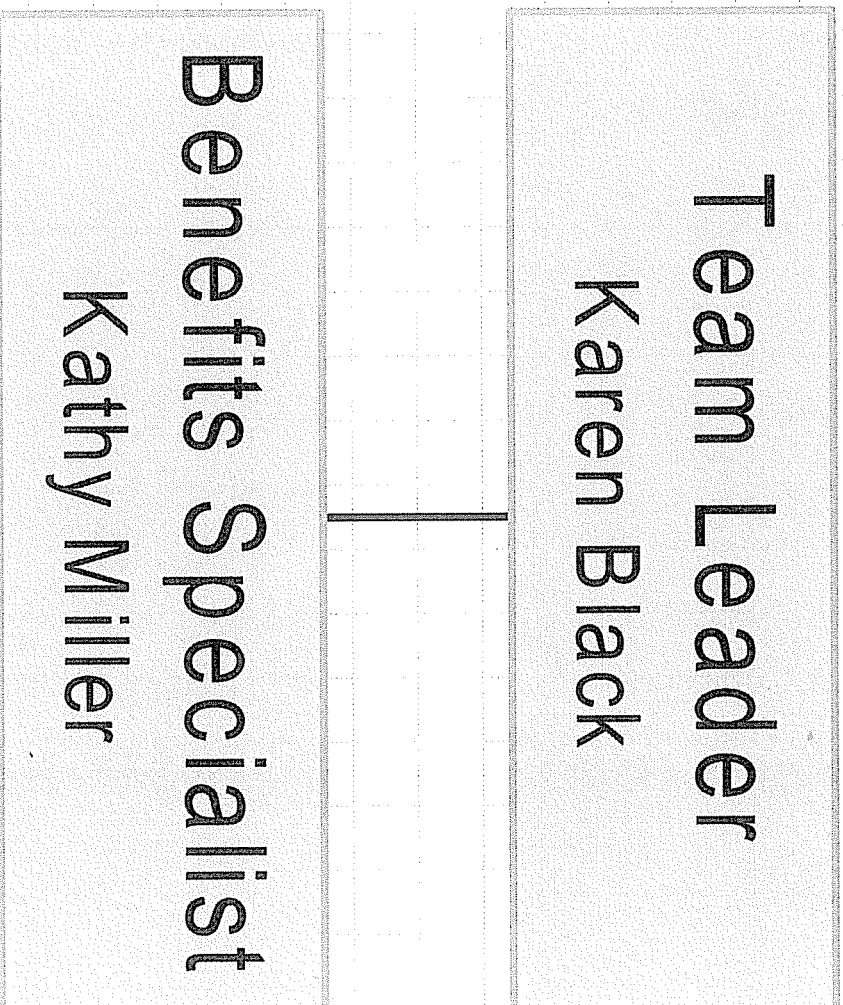


# Asst. HC & CFO'S *Logistics Team*



ASST. HC & CFO'S

***Human Resource Team***





# Asst. HC & CFO'S *Secretarial Team*

Interim Team Leader  
Connie Wilson

Secretarial Team  
(4)

# Analysis

General Observations,  
Forecast/Analysis, and Cost  
Estimates