



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

August 18, 2005

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

RECEIVED

AUG 22 2005

PUBLIC SERVICE
COMMISSION

Dear Ms. O'Donnell

SUBJECT: Extension of Time -- Case No. 2005-00261

Please find enclosed five (5) copies and the original of the First Data Request of Commission Staff on Case No. 2005-00261, dated August 9, 2005.

Should you require further information, please let us know.

Sincerely,

SOUTH KENTUCKY RECC

A handwritten signature in black ink that reads 'Jeffery Greer'.

Jeffery Greer
Chief Financial Officer

JG:cgw

k: PSCEExtensionLetter.jg

**SOUTH KENTUCKY RURAL ELECTRIC
COOPERATIVE CORPORATION**

CASE NO. 2005 - 00261

RESPONSE TO PSC STAFF DATA REQUEST NO. 1

SOUTH KENTUCKY RECC
CASE NO. 2005-0026

Item No. 1
Page 1 of 1
Witness: Allen Anderson

REASONS FOR NEW BUILDING

- a. The current facility is extremely over crowded with the current work force reporting to the Whitley City Office. The current facility was constructed in 1959 and was never intended for the demands made upon it today. The limitations on the current facility include these.
- Three small areas is the only space in the building that may be called office space;
 - Hallways and storage space has been used to accommodate employees;
 - Staking and mapping software used at this facility have created a need for additional work areas for outside personnel to keep and maintain their computers and other equipment in the building which would be considered office space;
 - No private areas exist for discussion on matters that are of a confidential nature;
 - Daily cash receipts are counted at the front desk and can be viewed by customers paying their bills; and
 - Finally, ADA and OSHA requirements have added to our office space needs.
- b. 15
- c. 17

**SOUTH KENTUCKY RECC
CASE NO. 2005-00261**

Item No. 2

Page 1 of 1

Witness: Allen Anderson

- | | | |
|----|---|------------|
| a. | Value of existing building and property | \$ 325,000 |
| | Value of land for the proposed facility | \$ 650,000 |
- b. The existing land consists of 3.3 acres of which only 1.25 acres are usable. The existing land has a office type building and a garage / warehouse building located on the 1.25 acres. The existing land and buildings was used as partial payment for the 4.33 acres of usable land for the new facility.

South Kentucky RECC traded buildings and land valued at \$325,000 plus \$360,000 in cash and retain the use of the existing facility for 18 months.

**SOUTH KENTUCKY RECC
CASE NO. 2005-00261**

Item No. 3
Page 1 of 1
Witness: Jim Adkins

- a. South Kentucky RECC will have the need for an increase in rates to its members in 2009 whether it has the new branch office building or not. The reason for an increase in rates in 2009 is the fact that the financial forecast indicates that South Kentucky RECC will be in violation of its loan and mortgage agreements with the Rural Utilities Services ("RUS") dealing with the Times Interest Earned Ratio ("TIER") and Operating Times Interest Earned (OTIER"). South Kentucky RECC will meet these ratios in 2007 but by a very slim margin. The financial forecast indicates that South Kentucky will not meet these ratios in 2008. South Kentucky RECC has to meet these ratios on an average of the best two years out of every three.
- b. South Kentucky RECC does not wish to increase its rates to its members but at times it has the obligation to increase rates to meet its mortgage and loan agreements with the RUS. South Kentucky has forecasted that in 2008 it will not meet its agreements with RUS and will be spending that year in developing, filing and presenting a rate application to this Commission. The rate application process does take significant preparation and require much work and time. It is forecasted that the increase in rates will go into effect on January 1, 2009.

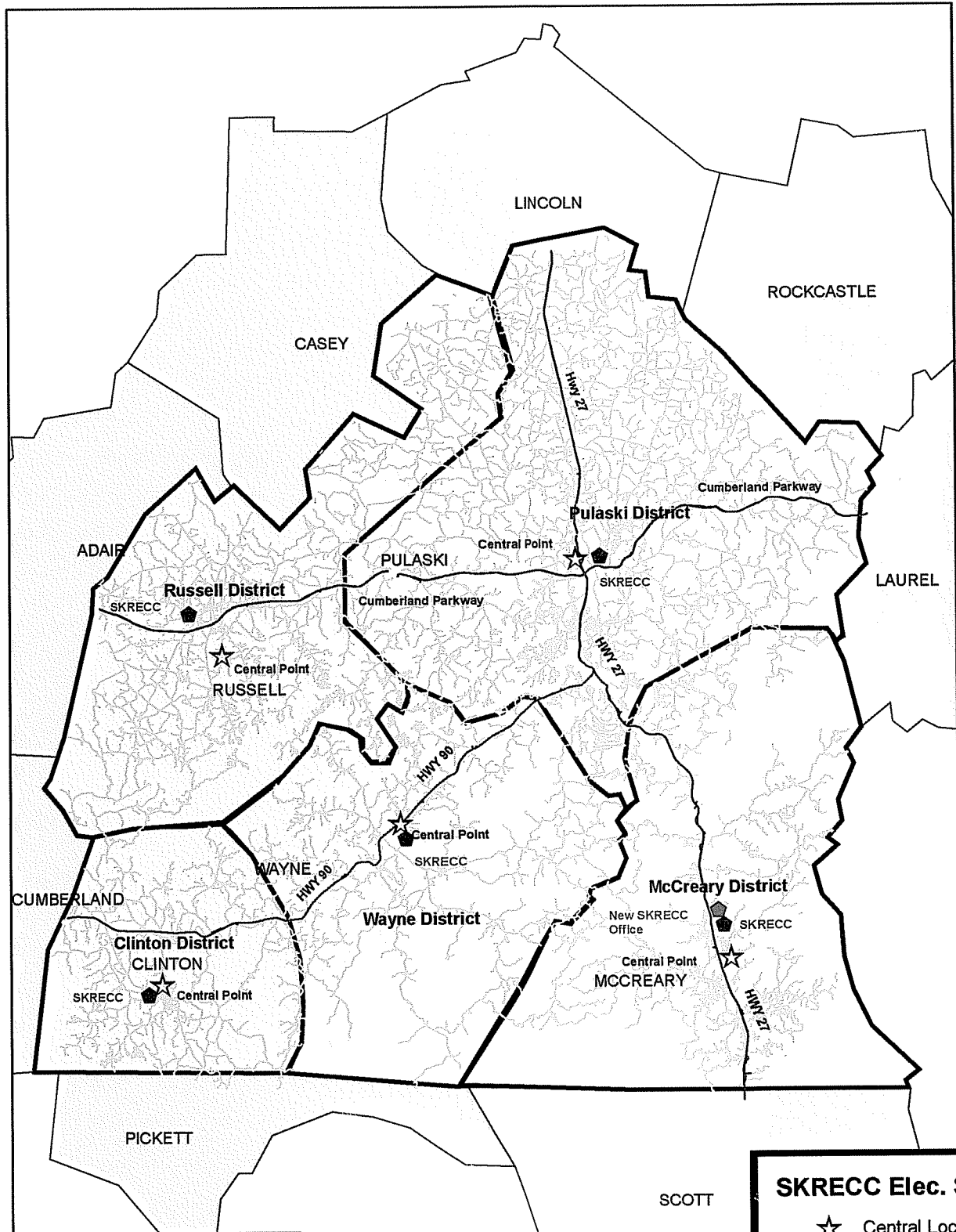
**SOUTH KENTUCKY RECC
CASE NO. 2005-00261**

Item No. 4
Page 1 of 1
Witness: Allen Anderson

- a. The attached map (1) contains the other district offices in South Kentucky RECC's service areas and the members' central location points for each service area. The typical travel radii for each district is as follows:

Clinton County /Albany	-	247 Sq. Miles
McCreary County /Whitley City	-	493 Sq. Miles
Russell County / Russell Springs	-	528 Sq. Miles
Pulaski County / Somerset	-	717 Sq. Miles
Wayne County / Monticello	-	448 Sq. Miles

- b. The proposed facility is located about two miles from the central location of all members in the McCreary-Whitley City service area. The proposed office will be located on the new four-lane Highway 27, among other businesses in which the membership may be traveling to other businesses. See attached - Map (2).



Pulaski- 717 Sq. Miles
Russell- 528 Sq. Miles
McCreary- 493 Sq. Miles
Wayne- 448 Sq. Miles
Clinton- 247 Sq. Miles

SKRECC Elec. System

- ☆ Central Locations
- District_Hwys
- Local&CountyRds.
- ▭ Service Areas
- COUNTIES
- ⬠ SKRECC Offices

