

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF INTER-COUNTY ENERGY) CASE NO.
COOPERATIVE FOR AN ADJUSTMENT OF RATES) 2006-00415

THIRD DATA REQUEST OF COMMISSION STAFF TO
INTER-COUNTY ENERGY COOPERATIVE

Inter-County Energy Cooperative ("Inter-County") is requested, pursuant to 807 KAR 5:001, to file with the Commission the original and 6 copies of the following information, with a copy to all parties of record. The information requested herein is due on March 14, 2007. Each copy of the data requested should be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Include with each response the name of the person who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure that it is legible. Where information requested herein has been provided, in the format requested herein, reference may be made to the specific location of said information in responding to this information request.

1. Refer to the Second Data Request of Commission Staff dated February 2, 2007 ("Staff's Second Request"), Item 4. Inter-County states that the term of the agreement with East Kentucky Power Cooperative ("East Kentucky") is 24 months with a clause for renewal.

a. Provide a copy of the written agreement with East Kentucky.

b. When did Inter-County originally enter into this agreement with East Kentucky?

c. Has Inter-County renewed the agreement with East Kentucky? If yes, how many times?

d. Provide the outstanding balance as of January 31, 2007.

2. Refer to the Staff's Second Request, Item 6. Inter-County states that it has invested amounts in local industrial development corporations to assist in bringing in new industry or expansion of existing industry.

a. When did Inter-County begin investing in local industrial development corporations?

b. Provide a list of the other participants in the local industrial development corporations.

c. Provide a detailed schedule showing the number of industries that have either located or expanded as a result of Inter-County's investment in the local industrial development corporations. Include the amount of Inter-County's investment, the number of jobs created, and the impact on Inter-County's system.

3. Refer to the Staff's Second Request, Item 12.

a. Provide a detailed description of the employee benefits that Inter-County provides to its employees. Include in the description the health insurance coverage for employees and family, the amount of life insurance provided, whether Inter-County matches the employee contribution for retirement savings, and any other benefits that impact Inter-County's financial statements.

b. It does not appear that Inter-County has recognized any change in health insurance premiums in the Application. What is the annual renewal period for Inter-County's health insurance plan?

c. Does Inter-County anticipate a change in the premiums at the annual renewal time? If an annual renewal has occurred since the filing of the Application, did Inter-County's health insurance premiums change from the test-year levels? If so, provide the updated information.

4. Refer to the Staff's Second Request, Item 16. Inter-County provides a copy of the written agreement with the new law firm.

a. Is Inter-County aware that the Commission has generally not included for rate-making purposes expenses for legal seminars, annual subscriptions, and National Rural Electric Cooperative Association ("NRECA") annual member meetings paid on behalf of its retained legal counsel?

b. Does Inter-County believe that the written agreement provides adequate justification to change the previous rate-making treatment for these expenses by the Commission? Explain the response.

5. Refer to the Staff's Second Request, Item 17.

a. Who are the members of the audit committee and how are they chosen?

b. Refer to page 17 of 30. Describe what action Inter-County has taken on the recommendation listed.

c. Refer to page 20 of 30. Describe what action Inter-County has taken on the cost-containment measures stated in the Plan Contributions and Dependent Coverage section.

6. Refer to the Staff's Second Request, Item 18. What is the basis for Inter-County's conclusion that the expenses are lower when Inter-County provides the lunch? Explain the response.

7. Refer to the Staff's Second Request, Item 19(g) and (h). Inter-County states that the NRECA annual meeting is a combination of training and education seminars for directors. Provide a copy of the agenda or any meeting materials provided to attendees from the NRECA annual meeting held during the test year.

8. Refer to Staff's Second Request, Item 2(c).

a. Explain in detail what types of expenses are included. If the expenses are for equipment, explain why the equipment was not capitalized and depreciated as general plant.

b. Provide a copy of the provision in Inter-County's insurance policies that allow for a reduction in insurance rates by the addition of a wellness program.

9. Refer to Staff's Second Request, Item 21(f) and (g). Explain in detail why these expense items were not capitalized and depreciated as general plant.

10. Refer to Staff's Second Request, Item 21(n). Explain in detail what types of programming changes were required. Provide a schedule of the number of times Inter-County has required programming changes in the 3 years preceding the test year and the corresponding expense for the changes.

11. Refer to the Staff's Second Request, Item 23. Does Inter-County purchase new annual meeting uniforms each year? When did Inter-County begin the practice of purchasing annual meeting uniforms? Explain the response.

12. Refer to the Staff's Second Request, Item 25. Provide a schedule of the gain or loss on disposition of general plant that Inter-County has experienced over the last five calendar years.

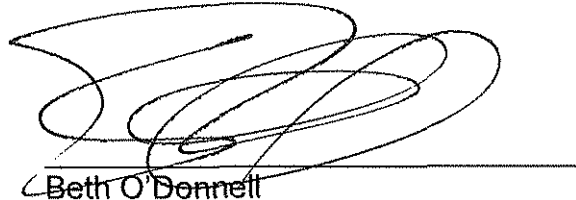
13. Refer to the Application, Exhibit 14, page 2.

a. Inter-County's cost justification includes 40 minutes of labor involved in processing a returned check. Provide a breakdown of the individual tasks involved in processing a returned check including the amount of time required by each task. If needed, include a narrative explanation of the procedure involved in processing a returned check.

b. Inter-County's cost justification includes 40 minutes of labor involved in meter testing. Provide a breakdown of the individual tasks involved in testing a meter, including, if applicable, the amount of time allocated for removing a meter and returning it for testing.

14. Refer to the Inter-County's Response to the AG's Initial Request for Information, Item 14. Inter-County states that it has not recognized \$5,613,034 as an expense for fuel and environmental surcharge; rather it has recognized \$5,321,946 as its expense. Inter-County's Statement of Operations included in its Application as Exhibit S, page 2, shows Inter-County's normalized adjustment for fuel and environmental expense is \$5,321,946, but that amount is not supported by Exhibit 15, page 3 of Inter-County's Application. Provide all necessary calculations and

workpapers that support the \$5,321,946 adjustment for fuel and environmental surcharge.

A handwritten signature in black ink, consisting of several overlapping loops and curves, positioned above a horizontal line.

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

DATED March 1, 2007

cc: All Parties

Case No. 2006-00415